



13 British American Blvd., Suite 2, Latham, New York 12110 Telephone (518) 867-8383 Web [www.nyahsa.org](http://www.nyahsa.org)

## MEMORANDUM

**TO:** RHCF and Community Services Members

**FROM:** Patrick Cucinelli, Senior Director of Public Policy Solutions

**DATE:** February 8, 2011

**SUBJECT:** **2011 Medicare Part B Rates**

**ROUTE TO:** Administrator, CFO, Billing Director

---

ABSTRACT: NYAHS provides guidance on Medicare Part B rates for 2011.

### Introduction

The Centers for Medicare and Medicaid Services (CMS) has issued two important Medlearn Matters articles regarding the calendar year 2011 Medicare Part B rates as determined by the Medicare Physician Fee Schedule (MPFS).

Article [MM7300](#) provides details on adjustments to the 2011 Medicare Part B rates and [MM7050](#) details the new Multiple Procedure Payment Reduction (MPPR).

### Medicare and Medicaid Extenders Act (MMEA) of 2010

On December 15, 2010, President Obama signed into law the Medicare and Medicaid Extenders Act (MMEA) of 2010. This new legislation contains a number of Medicare provisions which change or extend current Medicare Fee-For-Service program policies. A summary of important MPFS-related provisions follows.

### Physician Payment Update

Section 101 of the MMEA averts the negative update that would otherwise have taken effect on January 1, 2011, in accordance with the CY 2011 MPFS Final Rule. The MMEA provides for a zero percent update to the MPFS for claims with dates of service January 1, 2011, through December 31, 2011. While the MPFS update will be zero percent, other changes to the RVUs (e.g., miss valued code initiative and rescaling of the RVUs to match the revised Medicare Economic Index weights) are budget neutral. To make those changes budget neutral, CMS must make an adjustment to the conversion factor so the conversion factor will not be unchanged in

CY 2011 from CY 2010. The revised conversion factor to be used for physician payment as of January 1, 2011, is \$33.9764.

**The change results in minor adjustments to the rates that providers use to bill Part B. Leading Age (AAHSA) has posted on its Web site ([www.aahsa.org](http://www.aahsa.org)) an Excel™ based spread sheet that can be used to determine the new rates to be used in billing certain common Medicare therapy services. To access the template please go to the Leading Age Web site and click on *Providers*, then click on *Therapy Payment*, and finally click on *Part B Therapy Rate Calculation Tool*. If you have difficulty accessing the tool, please contact me and I will provide it for you.**

### **Extension of Exceptions Process for Medicare Therapy Caps**

Section 104 of the MMEA extends the exceptions process for outpatient therapy caps through December 31, 2011. **Outpatient therapy service providers may continue to submit claims with the KX modifier, when an exception is appropriate**, for services furnished on or after January 1, 2011, through December 31, 2011. The therapy caps are determined on a calendar year basis, so all patients begin a new cap year on January 1, 2011. For physical therapy and speech language pathology services combined, the limit on incurred expenses is \$1,870. For occupational therapy services, the limit is \$1,870. Deductible and coinsurance amounts applied to therapy services count toward the amount accrued before a cap is reached.

Please refer to [MM7300](#) for more details.

### **Affordable Care Act Provisions**

Effective January 1, 2011, the Affordable Care Act (ACA) waives the Part B deductible and the 20 percent coinsurance that would otherwise apply to most preventive services. Specifically, the provision waives both the deductible and coinsurance for Medicare-covered preventive services that have been recommended with a grade of A (“strongly recommends”) or B (“recommends”) by the U.S. Preventive Services Task Force, as well as the initial preventive physical examination and the new annual wellness visit. The Affordable Care Act also waives the Part B deductible for tests that begin as colorectal cancer screening tests but, based on findings during the test, become diagnostic or therapeutic services.

### **Multiple Procedure Payment Reduction Policy for Therapy Services**

The ACA requires CMS to adjust the relative values for multiple services that are frequently billed together when a comprehensive service is furnished. As a result, CMS is adopting a multiple procedure payment reduction (MPPR) policy for therapy services. This is designed to recognize the efficiencies when combinations of therapy services are furnished together. The policy, as described in the CY 2011 MPFS final rule, states that the MPPR for “always” therapy services will be reduced by 25 percent for the payment of the practice expense component of the second and subsequent therapy services furnished by a single provider to a beneficiary on a single date of service. This policy will apply to all outpatient therapy services paid under Part B, including those furnished in home and facility settings.

Since publication of the CY 2011 MPFS final rule with comment period, this policy has been modified by the Physician Payment and Therapy Relief Act of 2010. Full payment is made for the unit or procedure with the highest PE payment. For subsequent units and procedures, furnished to the same patient on the same day, full payment is made for work and malpractice

and 80 percent payment for the PE for services furnished in office settings and other non-institutional settings and at 75 percent payment for the PE services furnished in institutional settings.

For therapy services furnished by a group practice or “incident to” a physician’s service, the MPPR applies to all services furnished to a patient on the same day, regardless of whether the services are provided in one therapy discipline or multiple disciplines; for example, physical therapy, occupational therapy, or speech-language pathology.

The reduction applies to the HCPCS codes contained on the list of “always therapy” services that are paid under the MPFS, regardless of the type of provider or supplier that furnishes the services (e.g. hospitals, nursing homes, home health agencies, and Comprehensive Outpatient Rehabilitation Facilities). For more details, see refer to [MM7050](#).

Please contact me with any questions at [pcucinelli@nyahsa.org](mailto:pcucinelli@nyahsa.org) or call 518-867-8827.