



150 State Street, Suite 301 Albany, New York 12207-1698 Telephone (518) 449-2707 Fax (518) 455-8908 Web www.nyahsa.org

MEMORANDUM

TO: RHCF and Community Services Providers

FROM: Patrick Cucinelli, Senior Financial Policy Analyst

DATE: July 16, 2008

SUBJECT: CMS Update on Medicare Physician Fee Schedule

ROUTE TO: Administrator, CFO, Billing Director

ABSTRACT: CMS issues guidance on Part B rates effective July 1, 2008.

Introduction

[NYAHS Doc # N00002572](#) advised members of recent Congressional passage of *The Medicare Improvements for Patients and Providers Act of 2008 (the Act)*, which implements an extension of the therapy caps exception process and a moratorium on the 10.6 percent reduction in the Medicare Physician Fee Schedule (MPFS). In that memo, NYAHS advised members that the Centers for Medicare and Medicaid Services (CMS) is expected to issue additional guidance on claims processing procedures.

CMS Guidance

Regarding the MPFS payment changes, CMS has issued the following guidance:

*New 2008 Medicare Physician Fee Schedule Payment Rates Effective for
Dates of Service July 1, 2008 through December 31, 2008*

The Medicare Improvements for Patients and Providers Act of 2008 was enacted on July 15, 2008. As a result, the mid-year 2008 Medicare Physician Fee Schedule (MPFS) rate of -10.6 percent has been replaced with a 0.5 percent update, retroactive to July 1, 2008. Physicians, non-physician practitioners and other providers of services paid under the MPFS should begin to receive payment at the 0.5 % update rates in approximately 10 business

days, or less. Medicare contractors are currently working to update their payment system with the new rates.

In the meantime, to avoid a disruption to the payment of claims for physicians, non-physician practitioners and other providers of services paid under the MPFS, Medicare contractors will continue to process the claims that have been on hold on a rolling basis (first in/first out) for payment at the -10.6% update level. After your local contractor begins to pay claims at the new 0.5% rate, to the extent possible, the contractor will begin to automatically reprocess any claims paid at the lower rates.

Under the Medicare statute, Medicare pays the lower of submitted charges or the Medicare fee schedule amount. Claims with dates of service July 1 and later billed with a submitted charge at least at the level of the January 1 – June 30, 2008, fee schedule amount will be automatically reprocessed. Any lesser amount will require providers to contact their local contractor for direction on obtaining adjustments. Non-participating physicians who submitted unassigned claims at the reduced nonparticipation amount also will need to request an adjustment.

Contractor websites are being updated with the new rates and these should be available shortly.

Be aware that any published MLN Matters articles affected by the new law will be revised or rescinded as appropriate.

Finally, be on the alert for more information about other legislative provisions which may affect you.

Further instructions regarding other provisions of the Medicare Improvements for Patients and Providers Act of 2008 will be forthcoming.

Please note that the language referring to a 0.5 percent increase is relative to the 2007 calendar year conversion factor. This is the same increase that was applied effective January 1, 2008 and essentially extends the rates that have been in effect for the first half of this year to the remainder of 2008 (please refer to [NYAHS Doc ID # N00001708](#) for details on the 2008 calendar year MPFS rates). The Act also provides for a 1.1 percent increase effective January 1, 2009.

Please contact me with any questions at pcucinelli@nyahsa.org or call 518-449-2707 ext. 145.