

# Program Memorandum Intermediaries/Carriers

Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal AB-03-027

Date: FEBRUARY 24, 2003

CHANGE REQUEST 2601

## CONFIDENTIAL INFORMATION

**SUBJECT: Payment Change for the 2003 Medicare Physician Fee Schedule (MPFS) and Further Extension of the 2003 Participation Enrollment Process**

### I. GENERAL INFORMATION

#### A. Background:

Recently enacted legislation allows for an increase in the 2003 MPFS conversion factor effective March 1 through December 31, 2003. Since there will be a change to 2003 MPFS rate, CMS is extending the participation enrollment period. The enrollment period will continue an additional 45 days beyond February 28, 2003. Therefore, the new participation enrollment period will run March 1 through April 14, 2003. **The information in this Program Memorandum (PM) must be kept CONFIDENTIAL until publication of the final rule. We expect the rule to be published by March 1, 2003. CMS will send all contractors an email notice when the final rule is published.**

#### B. Scope:

The purpose of this PM is to announce the new payment rate change to Medicare contractors. This PM also gives additional information and direction to Medicare contractors on the new MPFS payment files that must be downloaded and used beginning March 1, 2003. The PM provides information to Medicare carriers regarding the extension of the participation enrollment period. (This instruction supplements information that was previously provided in Transmittal AB-02-181, dated December 23, 2002.)

### II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
01	<p>Medicare contractors must download the new 2003 MPFS files including the anesthesia file. The file names were provided to you via an email note from CMS. The new 2003 MPFS file is effective for calendar year (CY) 2003 dates of service processed on and after March 1, 2003.</p> <p><b>NOTE:</b> FIs should use the new MPFS files to process claims with dates of service March 1, 2003, and forward. (FIs should use the new anesthesia file in accordance with instructions in Transmittal 1870 (CR 2370) and from their data center to set fees for anesthesia, payable to Critical Access Hospitals effective April 1, 2003.)</p>	FIs/Carriers

02	<p>In addition to downloading the MPFS files, carriers can, at their discretion, hold CY 2003 MPFS claims in order to do complete file maintenance and testing. However, carriers must begin to process 2003 services no later than March 10, 2003.</p> <p>Carriers are not required to hold 2003 claims; those that are ready should begin processing services with the new 2003 MPFS pricing beginning March 1, 2003.</p>	Carriers
03	Carriers must begin to process any January and February dates of service claims containing <u>new</u> 2003 HCPCS (for physician and anesthesia services) codes that you have been holding.	Carriers
04	On March 1, 2003, FIs can begin to process claims using the new abstract files for dates of service March 1 and forward. In addition to downloading the new files, FIs can, at their option, hold outpatient claims until the files are loaded in their system and any needed maintenance/testing is completed. FIs should begin to process claims no later than March 10, 2003.	FIs
05	CMS is affording physicians/practitioners an additional 45 days to update their participation enrollment status. <b>The new enrollment period will run from March 1 through April 14, 2003.</b>	Carriers
06	CY 2003 will have two participation enrollment starting dates, January 1, 2003, and March 1, 2003. Any participation enrollment forms received prior to March 1, 2003, are effective back to January 1, 2003. Any participation enrollment forms received on or after March 1 will be effective March 1, 2003. (HPBSS is waived from this requirement, but HPBSS carriers must develop a work-around as stated in requirement 10.)	SSMs/Carriers
07	Claims for January and February dates of service processed on or after March 1, 2003, must be paid based on the participation status that was in effect prior to March 1, 2003.	Carriers/SSMs
08	Do not automatically adjust claims for March and April dates of service based on participation changes unless brought to your attention.	Carriers
09	<p>CMS will send out additional information regarding when to load the 2 participation periods for the 2003 MEDPARD and for reporting the Participation Data. This information will be contained in another instruction.</p> <p>(CMS is aware that MCS will not be able to send participation enrollment statistics until later in the year.)</p>	Carriers

10	HPBSS standard system is waived from carrying two participation status effective dates. <b>However</b> , the HPBSS carrier must develop a work-around in order to track physicians/practitioners who elect a participation change after March 1, 2003. At the appropriate time, this data should be transferred to the MCS system to be utilized for adjustments where appropriate.	HPBSS
11	HPBSS standard system must load the new 2003 MPFS file and process CY 2003 dates of service with the new rates beginning March 1, 2003.	HPBSS
12	As stated in Transmittal B-03-011, dated February 3, 2003, claims for January and February 2003 MPFS that are processed on or after March 1, 2003 will be paid at the 2003 rate. These claims will be adjusted in July to pay at the 2002 rate.	Carriers

**NOTE:** CMS is re-examining Transmittal B-03-011 to see where changes or corrections may be needed based on this recent legislative update; a new or corrected version of this transmittal will be issued shortly.

### III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions:

X-Ref Requirement #	Instructions
01, 04	<p><b>Provider Education for Carriers:</b> You must inform physician/practitioners on your provider education Web site <b>immediately after the rule is published and you are notified by CMS of such publication</b> and in your next regularly scheduled bulletin of the following:</p> <p style="text-align: center;"><b>Announcement About Medicare Participation for 2003</b></p> <p>“We have great news to share with physicians and other practitioners throughout the country. As you know, CMS was scheduled to implement a negative 4.4 percent update effective March 1, 2003. CMS has worked with Congress for many months in an effort to correct a defect in the formula generated in part by unanticipated changes in economic conditions. We are pleased to announce that Congress has acted – this flaw will be corrected and, instead of a negative 4.4 percent update, we are now preparing to implement a positive 1.6 percent update effective March 1, 2003.</p> <p>Medicare remains a lifeline to millions of seniors and disabled Americans, and your commitment and participation in the Medicare program make this lifeline possible. We hope that you will keep this in mind as you make your decision regarding your participation in 2003.</p> <p>All physicians and practitioners now have until April 14, 2003, to make their 2003 Medicare participation decisions.</p>

As stated above, the 2003 Participation Enrollment Period is being extended an additional 45 days from March 1, 2003 to April 14, 2003, in order to allow physicians/practitioners an opportunity to make changes to their participation status. The participation period is the period of time in which providers can elect to participate in Medicare or to change their enrollment status. Any change in the participation status made during this period will be effective March 1, 2003. Any change to the participation status made before March 1, is effective back to January 1, 2003.”

**Reminder:** Claims paid under the Medicare Physician Fee Schedule (MPFS) with dates of service January 1 through February 28, 2003, that are processed after March 1, will pay at the new 2003 rate. However, these claims containing 2003 MPFS services will be automatically adjusted in July to be paid correctly at the 2002 rate. Please note that some overpayments may result due to these adjustments and they will be recouped using normal procedures. Calendar year 2003 payment amounts for all services not paid under the MPFS are effective January 1, 2003.”

**Lists-Serves and Remittance Advice**

Carriers should use their list-serves to notify subscribers that new and important information about the MPFS and Participation Enrollment Period is available on their Web site. If possible, add language to the narrative portion of the physicians’ remittance advice directing physicians to go to the carrier’s Web site for information on the MPFS and participation enrollment period.

**Automatic Response Units (ARUs)/Interactive Voice Response Units (IVRs)**

Those carriers that have information on their ARUs or IVRs for physicians/practitioners, as directed in Transmittal AB-02-181, must replace the message with the following:

- Recently enacted legislation allows for a 1.6 percent increase in the 2003 MPFS conversion factor;
- the CY 2003 participation enrollment period is being extended from March 1 through April 14, 2003. Any enrollment changes made during this period will be effective March 1, 2003; and
- January and February 2003 MPFS services billed after March 1, 2003 will be priced at the 2003 payment rate. These claims will automatically be adjusted in July, to be paid correctly at the 2002 rate.

To avoid burdening callers with the need to listen to the message on multiple calls, the carrier shall:

1. Provide an opt-out capability during the

	<p>message; or</p> <p>2. provide the message as an optional selection on their IVR.</p> <p>The carrier shall remove the message entirely from their ARU/IVR after 60 days following the effective date of this PM.</p>
03	<p><b>Provider Education for Intermediaries</b></p> <p>FIs must prepare an article to be published on their Web site and in their next regularly scheduled bulletin announcing the new legislative change by Congress that increased the payment for services paid under the 2003 MPFS. The 2003 MPFS is effective for dates of service on or after March 1, 2003. <b>However, no information should be published until publication of the final rule. CMS will notify you via email when the rule is published.</b></p>

**B. Design Considerations: NONE**

**C. Interfaces: N/A**

**D. Contractor Financial Reporting /Workload Impact: N/A**

**E. Dependencies: N/A**

**F. Testing Considerations: N/A**

**IV. ATTACHMENT(S)--None**

<p>Implementation Date: March 1, 2003</p> <p>Discard Date: March 1, 2004</p> <p>Post-Implementation Contact: Your CMS Regional Office</p>	<p>Effective Date: March 1, 2003</p> <p>Funding: <b>These instructions should be implemented within your current operating budget.</b></p>
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