Medicare Learning Network
MLN Matters
CMS Centers for Medicare & Medicaid Services
Information for Medicare Fee-for-Service Health Care Professionals

MLN Matters Special Edition: SE0543

Related Change Release (CR) Date: N/A

Key Medicare News for 2006 for Physicians and Other Health Care Professionals

Provider Types Affected

Physicians and health care professionals and their billing staffs billing Medicare carriers

Introduction

This Special Edition article is being provided to help you, the Medicare physician and health care professional, keep informed about important Medicare initiatives and additional new Medicare benefits available in Calendar Year (CY) 2006.

As you once again make your decision to enroll in or terminate enrollment in the Medicare participation program, the Centers for Medicare & Medicaid Services (CMS) would like to take this opportunity to review some important news, especially upcoming news for 2006.

CMS believes this information provides significant benefits to providers and their Medicare patients, and it will encourage providers to enroll in, or stay in, the Medicare participation program in order to take full advantage of the upcoming changes.

Information You Need to Know

Ending the Medicare HIPAA Contingency Plan

Based on the progress made by the health care community in implementing the administrative simplification standards of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) since October 2003, CMS ended the *Medicare HIPAA Contingency Plan* for incoming claims as of October 1, 2005.

October 16, 2003, was the deadline for compliance with the electronic transaction and code set standards of HIPAA. While the vast majority of Medicare providers are in compliance with the HIPAA standards, more

work remains to be done to get all electronic billing Medicare providers into compliance. To be in compliance with the law, every Medicare electronic billing provider must submit HIPAA-compliant claims.

To ensure that you stay informed about HIPAA issues, CMS encourages you to visit the following web pages for the latest news affecting you. To access the national educational articles distributed as part of the *MLN Matters* process, visit *http://www.cms.hhs.gov/MLNMattersArticles/01_Overview.asp#TopOfPage* on the CMS web site. Take special note of *MLN Matters* article MM3956. To access a variety of issues related to HIPAA policies affecting Medicare providers, visit *http://www.cms.hhs.gov/ElectronicBillingEDITrans/* on the CMS website.

Release of HIPAA Security Rule

By April 21, 2005, all covered entities under HIPAA (except small health plans) were required to ensure the security of electronic protected health information. Small health plans have until April 21, 2006, to meet the *HIPAA Security Compliance Deadline.*

CMS has released the HIPAA Security Rule, which outlines the administrative, physical, and technical safeguards that a covered entity must implement to be in compliance with the HIPAA security standards. A copy of the rule may be downloaded from *http://www.cms.hhs.gov/HIPAAGenInfo/* on the CMS website.

CMS is eager to help you understand and implement the strategies for complying with the Security Rule and has developed educational materials that are available at *http://www.cms.hhs.gov/HIPAAGenInfo/* on the CMS website. In addition, there are a number of professional and standards-setting organizations that offer listservs, white papers, and other helpful resources on security implementation.

National Provider Identifier

Health care providers who are covered entities under HIPAA are required by law to apply for a *National Provider Identifier (NPI)*. The NPI will replace health care provider identifiers in use today in standard health care transactions. The health plans with which you do business will instruct you as to when you may begin using the NPI in standard transactions. All HIPAA-covered entities except small health plans must begin using their NPI in standard electronic transactions by May 23, 2007; small health plans have until May 23, 2008.

To apply online, visit *https://nppes.cms.hhs.gov/NPPES/Welcome.do*, or call 1-800-465-3203 to request a paper application. Also, visit *http://www.cms.hhs.gov/apps/npi/01_overview.asp* for the latest information regarding the NPI.

Therapy Services

Therapy Services are defined as outpatient physical therapy, occupational therapy, and speech-language pathology. These services were limited through the Balanced Budget Act of 1997. Limits have been imposed twice, once in 1999 and for a few months in 2003. These limits are scheduled to be implemented again on January 1, 2006. Therapy services will be limited for each beneficiary for the year.

The allowable amount is estimated to be $1,750, but this may change based on the Medicare Economic Index at the end of the year. The amount applies for physical therapy and speech-language pathology combined, and for occupational therapy alone.

Therapy services performed in a physician's office must follow the standards and conditions listed in the manuals and must be identified with a modifier for physical therapy, occupational therapy, or speech-language pathology.

Those services identified as outpatient "therapy" are listed in the *Medicare Claims Processing Manual* (Pub 100-04), Chapter 5, Section 20. The benefit policies are in the *Medicare Benefit Policy Manual* (Pub 100-02), Chapter 15, Sections 220 and 230.

Medicare Contracting Reform

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA, Section 911) requires CMS to take the necessary steps between now and October 2011, to implement *Medicare Contracting Reform.* Although health care delivery in the United States has evolved through four decades of advances in medicine and technology, the contracting portion of Medicare's fee-for-service administrative structure has not.

Medicare Contracting Reform will bring standard contracting principles to Medicare, such as competition and performance incentives that the government has long applied to other federal programs under the Federal Acquisition Regulation.

Medicare Administrative Contractor (MAC) Authority

CMS is required to replace the current contracting authority with the new *Medicare Administrative Contractor (MAC)* authority. The law directs CMS to conduct full and open competitions for these new MACs. A/B MACs will administer both the Part A and Part B work currently being handled by Fiscal Intermediaries (FI) and carriers in 15 designated geographical jurisdictions.

Home health/hospice MACs will perform work currently performed by Regional Home Health Intermediaries (RHHIs) in four designated geographical jurisdictions, while Durable Medical Equipment (DME) MACs will perform the work of the current Durable Medical Equipment Regional Carriers (DMERCs) in four designated geographical jurisdictions that correspond to the jurisdictions of the home health/hospice MACs.

Start-Up Acquisition and Transition Cycles

CMS plans to begin to compete these workloads with a start-up acquisition and transition cycle. This start-up cycle is the competition of the current DMERC workloads and the A/B workload for Jurisdiction 3, a first step that focuses on a small discrete workload. The start-up cycle is currently ongoing. The procurement schedule anticipates the DME workload will be awarded in December 2005 and the Part A/Part B workload for Jurisdiction 3 will be awarded in June 2006.

That start-up cycle will be followed by MAC acquisition and transition Cycles One and Two. CMS anticipates each of these acquisition cycles will take approximately 9 to 12 months, from solicitation to award. CMS expects to award the Cycle One procurement in September 2007 and Cycle Two in September 2008. The subsequent transition of workload from the existing contractors to the new MACs will last from approximately 7 to 13 months. Under this schedule, the full fee-for-service workload will be transitioned to MACs by October 2009.

For the most current information available, including the acquisition schedule for each MAC jurisdiction, visit the Medicare Contracting Reform web site at *http://www.cms.hhs.gov/MedicareContractingReform/* on the CMS web site.

New Benefits for People with Medicare

The 2006 calendar year introduces new health benefits for people with Medicare, resulting from the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). The full text of this Act can be found at *http://www.cms.hhs.gov/MMAUpdate/01_Overview.asp#TopOfPage* on the CMS web site.

Preventive Services Benefits

This MMA initiative was implemented in 2005. This is a reminder to you that newly covered preventive services include diabetes screening tests for seniors at risk for diabetes and blood tests to screen for cardiovascular disease. Also beginning in 2005, people enrolling in Medicare for the first time were eligible for an initial preventive physical exam, including an exam and an electrocardiogram, in addition to the other preventive and screening services that were already available: adult immunizations; electrocardiograms; pelvic exams; pap smears; mammograms; screenings for prostate and colorectal cancer, glaucoma, diabetes, and cardiovascular disease; and other preventive services.

Visit *http://www.cms.hhs.gov/PrevntionGenInfo/* on the CMS website to access educational materials about these benefits for you, your staff, and Medicare patients.

Medicare Prescription Drug Coverage

Beginning January 1, 2006, Medicare Prescription Drug Coverage will be available to all people with Medicare. Insurance companies and other private companies will be working with Medicare to offer drug plans and negotiate discounts on drug prices. These plans are different from the Medicare-approved drug discount cards that phase out by May 15, 2006 (or when a beneficiary's enrollment in a Medicare prescription drug plan takes effect, if earlier). Where the cards offered discounts, the plans will offer insurance coverage for prescription drugs. Visit *http://www.cms.hhs.gov/MLNProducts/23_drugcoverage.asp* to access educational materials about this proposed benefit for you, your staff, and Medicare patients.

The Medicare Chronic Care Improvement Initiative ("Medicare Health Support")

This initiative, which currently consists of eight regional pilot programs, is the first large-scale chronic care improvement initiative for targeted groups of beneficiaries under the Medicare Fee-For-Service (FFS) program. CMS selected Medicare Health Support Organizations (MHSOs) that offer self-care guidance and support to chronically ill beneficiaries. MHSOs help beneficiaries manage their health, adhere to their physicians' plans of care, and ensure that they seek or obtain medical care that they need to reduce their health risks. The pilot programs all have the following features:

- Initially, the programs are focused on beneficiaries who have Congestive Heart Failure (CHF) and/or Complex Diabetes, because these beneficiaries have heavy self-care burdens and high risks of experiencing poor clinical and financial outcomes. Approximately 20,000 beneficiaries have been invited to participate in each pilot program.

- The new programs are **not** single-disease focused. They are to help participants manage **all** their health problems.
- Participation is voluntary. Eligible beneficiaries do not have to change plans or providers or pay extra to participate. Their Medicare benefits remain unchanged.
- The pilot programs are currently available in 6 areas of the United States; another two programs will be operational by January 1, 2006.

For an overview of the initiative, download the fact sheet that describes "Medicare Health Support" at *http://www.cms.hhs.gov/CCIP/* on the CMS website. Also, an informative *MLN Matters* article is available on this program at *http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3953.pdf*, also on the CMS website.

Payment Information

Competitive Acquisition Program

The MMA requires the implementation of a *Competitive Acquisition Program (CAP)* for Medicare Part B drugs and biologicals not paid on a cost or prospective payment system basis. Under the new program, scheduled to be implemented by July 1, 2006, physicians will be given a choice between buying and billing these drugs under the Average Sales Price (ASP) system, or selecting a Medicare-approved CAP vendor that will supply these drugs.

If the physician elects to obtain drugs through the CAP, the vendor will bill Medicare for the drug. The vendor will also bill the beneficiary for any applicable coinsurance and deductible. Physician enrollment in the program is anticipated to begin in the spring of 2006 for July through December 2006, and will then be conducted annually, in the fall of each year, for the following calendar year.

To access MMA, Section 303(d), go to *http://www.cms.hhs.gov/MMAUpdate/01_Overview.asp#TopOfPage* on the CMS website. More information about the ASP system can be found at *http://www.cms.hhs.gov/McrPartBDrugAvgSalesPrice/* on the CMS website. The following web site is meant to keep physicians informed about enrollment procedures, approved drug vendors, and drugs that may be obtained through the program: *http://www.cms.hhs.gov/CompetitiveAcquisforBios/01_overview.asp#TopOfPage*. In addition, a full press release and fact sheet can be viewed at *http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1490* on the CMS website.

Geographic Discrepancies and Scarcity Bonus Payments

Starting in 2004 and continuing through 2006, the MMA required that the geographic practice costs indices (GPCIs) applied to the physician work portion of the physician fee schedule may not be below 1.0. This provision increases payment rates in 57 of the country's 89 payment localities, and payments will go up for services provided up to the national average rate in areas that were previously below the national average.

Starting in 2005 and continuing through 2007, *Scarcity Bonus Payments* (a five percent (5%) bonus payment) will be paid to primary care and specialists providing care to Medicare beneficiaries in newly

defined shortage areas. The new shortage areas are those counties with the lowest ratio of primary care/specialist physicians to Medicare beneficiaries and which represent an aggregate total of twenty percent (20%) of the total Medicare beneficiaries in the county.

Within the official instructions issued by CMS are detailed instructions regarding services eligible for Health Professional Shortage Areas (HPSA) and Physician Scarcity Area (PSA) bonus payments, HPSA incentive payments for services rendered in a critical access hospital (CAH), as well as HPSA designations and information regarding zip codes.

The official instruction issued to your carrier and intermediary regarding this change in the HPSA modifier may be found by going to: *http://www.cms.hhs.gov/Transmittals/downloads/R608CP.pdf* on the CMS website. A *MLN Matters* article is also available related to this transmittal at *http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3935.pdf* on the CMS website. Additional information on the PSA bonus can be found in *The Guide for Using the HPSA/PSA Web Page*, *http://www.cms.hhs.gov/HPSAPSAPhysicianBonuses/Downloads/instructions.pdf* on the CMS website.

Medicare Incentive Payment Program

Also beginning in 2005, the MMA modified the bonus payment program, which provides ten percent (10%) bonus payments to physicians in HPSAs. The bonus payments will be automatic for physicians practicing in counties that qualify as full HPSAs.

The PSA bonus payment was established in 2005 and per the MMA is currently scheduled to continue through 2007. This five percent (5%) bonus payment is paid to primary care physicians and specialists providing care to Medicare beneficiaries in PSA shortage areas. The PSA shortage areas are those counties with the lowest ratio of primary care/specialist physicians to Medicare beneficiaries and which represent an aggregate total of twenty percent (20%) of the total Medicare beneficiaries in the country.

Additional information for physicians to use to determine whether the location where they provide a service is eligible for a bonus payment and how they should code their claims to receive that payment can be found at *http://www.cms.hhs.gov/HPSAPSAPhysicianBonuses* on the CMS website.

Medicare Payment for Insertion of Presbyopia-Correcting Intraocular Lenses Following Cataract Surgery

An Administrative Ruling on the *Requirements for Determining Medicare Payment for Insertion of Presbyopia-Correcting Intraocular Lenses following Cataract Surgery* was announced in 2005 The CMS Ruling (No. 05-01) can be found at *http://www.cms.hhs.gov/Rulings/downloads/CMSR0501.pdf* on the CMS website.

Payment for Influenza and Pneumococcal Vaccines

CMS has increased the Medicare payment rate for *Influenza* and *Pneumococcal* vaccines. The 2005 influenza vaccine payment increased to $12.056 and the pneumococcal vaccine payment increased to $24.57. As always, CMS urges you to place your vaccine orders early to ensure timely receipt.

Education Updates

The Medicare Learning Network

The Medicare Learning Network (MLN), the brand name for official CMS provider educational products, is designed to promote national consistency in Medicare provider information developed for CMS initiatives. The MLN products available on the MLN web page provide easy access to web-based training courses, comprehensive training guides, brochures, fact sheets, CD-ROMs, videos, educational web guides, electronic listservs, and links to other important Medicare Program information.

All educational products are available free of charge and can be ordered and/or downloaded from the MLN web page located *http://www.cms.hhs.gov/MLNGenInfo/* on the CMS website. As always, CMS welcomes your comments and suggestions for Medicare educational products. Some of the information on the MLN web page is described in the table below.

New and Revised Brochures and Fact Sheets
The Medicare Appeals Process: Five Levels to Protect Physicians and Other Suppliers (*http://www.cms.hhs.gov/MLNProducts/downloads/MedicareAppealsProcess.pdf*)
The CMS Online Manual System: A Web-based Manual System for Providers, Contractors, and State Agencies (*http://www.cms.hhs.gov/MLNProducts/downloads/on-linebrochure.pdf*) – Two-sided trifold brochure
The Medicare-Medicaid Relationship (*http://www.cms.hhs.gov/MLNProducts/downloads/Relationship_Brochure.pdf*) - Brochure ;Please note file size before downloading.
Quick Reference Information: Medicare Preventive Services (*http://www.cms.hhs.gov/MLNProducts/downloads/MPS_QuickReferenceChart_1.pdf*) - This two-sided job aid provides a quick reference to Medicare's preventive services and screenings, identifying coding requirements, eligibility, frequency parameters, and copayment/coinsurance and deductible information for each benefit.
The Guide to Medicare Preventive Services for Physicians, Providers, Suppliers, and Other Health Care Professionals (http://www.cms.hhs.gov/MLNProducts/downloads/PSGUID.pdf) - This guide provides information on Medicare's preventive benefits including coverage, frequency, risk factors, billing, and reimbursement.
Expanded Benefits (*http://www.cms.hhs.gov/MLNProducts/downloads/expanded_benefits.pdf*) - This two-sided tri-fold brochure provides a basic overview of Medicare's three new preventive benefits: the Initial Preventive Physical Examination (IPPE); cardiovascular screening blood tests; and diabetes screening tests.
Bone Mass Measurements (*http://www.cms.hhs.gov/MLNProducts/downloads/bone_mass.pdf*) - This two-sided tri-fold brochure provides a basic overview of Medicare's bone mass measurements (bone density studies) benefit.
Cancer Screenings (*http://www.cms.hhs.gov/MLNProducts/downloads/cancer_screening.pdf*) - This two-sided tri-fold brochure provides a basic overview of Medicare's mammography screening, screening Pap test, pelvic screening examination, colorectal cancer screening, and prostate cancer screening benefits.
Glaucoma Screening (*http://www.cms.hhs.gov/MLNProducts/downloads/glaucoma.pdf)* - This two-sided tri-fold brochure provides a basic overview of Medicare's glaucoma screening benefit.
Adult Immunizations (*http://www.cms.hhs.gov/MLNProducts/downloads/adult_immunization.pdf*) – This brochure provides a basic overview of Medicare's Influenza Vaccine, Pneumococcal Polysaccharide Vaccine (PPV), and Hepatitis B Vaccine benefits. (January 2005)

Information and Education Resources for Medicare Providers, Suppliers, and Physicians - http://www.cms.hhs.gov/mlnproducts/downloads/FFS_health_care_professionals_fact_sheet.pdf

ESRD Composite Payment Rate System - Fact Sheet (January 2005) - http://www.cms.hhs.gov/MLNProducts/downloads/ESRDCompRatePaymentSys.pdf

Physician's Guide to Medicare Coverage of Kidney Dialysis and Kidney Transplant Services - http://www.cms.hhs.gov/MLNProducts/downloads/Book_Kidney_Dialysis-Final.pdf

Comprehensive Error Rate Testing Program - http://www.cms.hhs.gov/cert/

Medicare Learning Network Products Catalog (http://www.cms.hhs.gov/MLNProducts/downloads/MLNCatalog.pdf) - This catalog provides a list of all available Medicare Learning Network products and a description of each product. (zip file 12MB)

Remittance Advice

CMS is also pleased to announce the release of a national educational guide for Medicare Fee-for-Service providers, physicians, suppliers, and their billing staff to help increase their understanding of the *Remittance Advice (RA)*. This guide should help the provider community better understand the components of the RA, including the Claim Adjustment Reason Codes and Remittance Advice Remark Codes. The guide, titled *Understanding the Remittance Advice: A Guide for Medicare Providers, Physicians, Suppliers, and Billers*, is now available for download on the Medicare Learning Network's (MLN) web page at http://www.cms.hhs.gov/MLNProducts/downloads/RA_Guide_Full_03-22-06.pdf on the CMS website.

Medicare Remit Easy Print

Also coming soon is *Medicare Remit Easy Print (MREP)*. With MREP, providers can view and print Standard Paper Remittances (SPRs) from their own personal computers. Benefits include the following:

- No more waiting for SPRs to arrive in the mail;
- The capability to print an individual's claim to send to other insurers; and
- The capability to create reports on Denied, Adjusted, and Deductible Claims.

In addition, MREP is easy to use and is free. CMS will provide more information on MREP soon.

For Physicians

As a reminder, the very popular *Medicare Resident & New Physician Training (MRNPT) Program Facilitator's Kit* is still available from the MLN web site. To order a copy, go to the MLN Product Ordering page at http://www.cms.hhs.gov/MLNProducts/ and select *Medicare Learning Network Products Catalog* at the link above.

Don't forget to check the *Medicare Physician Web Page*, which is designed to meet the Medicare information needs of physicians. The page is available on the CMS website at http://www.cms.hhs.gov/center/physician.asp and includes links to general information on enrollment, billing, conditions of participation, publications, education, data, and statistics. A special feature link on the page is the Medicare Physician Fee Schedule Look-up, an application that enables users to look up physician service information regarding fee schedule amounts and geographic practice cost indices for every carrier and locality.

Advocacy Resources for Physicians

The *Physicians Regulatory Issues Team (PRIT)* is a team of CMS subject matter experts who work to reduce the regulatory burden on physicians who participate in the Medicare Program. Physicians play the central role in our health care system; they not only care for the health of individual patients, but also help to shape the broad health care delivery system.

As the federal agency that manages the Medicare program, CMS is committed to helping physicians focus on quality patient care by being their best business partner. The Medicare program and physicians share a common mission: providing high-quality medical care to patients. CMS encourages you to share your suggestions on how to improve the Medicare program by contacting the PRIT at 202-690-5907, or by sending an email to PRIT@cms.hhs.gov. That website can be found at *http://www.cms.hhs.gov/PRIT/* on the CMS website.

The PRIT is not the only advocate physicians have at Medicare. The *Physicians and Allied Health Open Door Forum* initiative is a monthly conference call with CMS policy experts and CMS senior staff. Physicians and their office staff are encouraged to participate. They can ask questions about Medicare issues or simply listen to stay current on Medicare policy. For the date and time of the next Open Door Forum, visit the Open Door web site at *http://www.cms.hhs.gov/OpenDoorForums/* on the CMS website.

Beneficiary Related News

Medicare and You 2006

The national edition of *Medicare and You 2006* is available for order. Call 1-800-MEDICARE (1-800-633-4227) to request up to 25 copies, or fax an order to 410-786-1905 for more than 25 copies.

BenefitsCheckUpRx

A new *web-based service* will help Medicare beneficiaries of limited income and resources gain access to the extra help available to them through the Medicare Modernization Act of 2003. The service, which will also help them enroll in other health care and prescription drug assistance programs, was developed by the Administration on Aging (AoA) with the assistance of CMS and the National Council on the Aging (NCOA).

The new service is a special version of *BenefitsCheckUpRx,* updated for the extra help with Medicare drug coverage. It is available at *http://www.BenefitsCheckUp.org/rx* on the Internet. BenefitsCheckUpRx will help older adults and the advocates who work with them take advantage of the Medicare low-income subsidy, the comprehensive extra help that covers 95 percent of drug costs on average for people with Medicare who have limited means. Applications are available now and, all together, about one in three Medicare beneficiaries are eligible for the extra help. A press release describing the service can be found at *http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1502* on the CMS web site.

Hospital Compare

CMS launched *Hospital Compare* nationally on its web site on April 1, 2005. For the first time, consumers are better able to compare the quality of care in nearly all of the nation's hospitals using quality information now available from CMS and the Hospital Quality Alliance (HQA). The new information provides consumers with standardized assessments of the care that nearly 4,200 hospitals across the country provide to all adult patients, based on valid and reliable measures that have been shown to reflect quality of care.

Hospital Compare is available on the Internet at *http://www.hospitalcompare.hhs.gov* or *http://www.medicare.gov* on the Internet.

New Beneficiary Publications

The following beneficiary publications are available at the Medicare.gov publications website.

- 10969-S "Medicare and Home Health Care" (Spanish), (*http://www.medicare.gov/Publications/Pubs/pdf/10969_S.pdf*);
- 02154 "Medicare Hospice Benefits", (*http://www.medicare.gov/Publications/Pubs/pdf/02154.pdf*); and
- 11100 "Staying Healthy: Medicare's Preventive Services", (*http://www.medicare.gov/Publications/Pubs/pdf/11100.pdf*).

There is also a prevention Toolkit, which contains that you may find useful information in communicating about Medicare preventive benefits at *http://www.cms.hhs.gov/PrevntionGenInfo/Downloads/Prevtoolkit2.zip* on the CMS website.

Additional Information

If you have any questions, please contact your carrier at their toll-free number, which may be found at *http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip* on the CMS website.