

M.E.D.I.C., Inc.'s Inaugural Newsletter

SPECIAL POINTS OF INTEREST:

- Learn about the 2006 Medicare Fee Schedule debate (pages 1 & 3)
- Why might Medicare withhold payments to providers? (page 2)
- What is the NPI and how do you get one? (pages 2 & 4)
- M.E.D.I.C.'s new Certified Professional Coder (page 4)

Happy New Year! As we find ourselves at the beginning of yet another year, faced with dozens of personal New Year's resolutions, we at M.E.D.I.C. have decided to make a corporate resolution: to further expand the lines of communication between our staff and our clients. Most notably, we will begin the production of a quarterly newsletter which will be distributed to all of our clients. The newsletter will contain articles regarding trends facing the medical community, billing issues, points of information for our

clients, and information regarding M.E.D.I.C. and its operations. If there is an issue or subject area that you would like to see discussed, please let us know, and we will try to accommodate in an upcoming issue. So, please, enjoy this inaugural issue of the M.E.D.I.C. News Quarterly, and again, any questions, comments or requests can be sent to my attention at: lsneathern@medicbizservices.com.

Thank you! Larissa LPC Sneathern, Esq.

2006 Medicare Fee Schedule

Timeline of Events:

Aug. 2005 — Centers for Medicare & Medicaid Services ("CMS") issued a proposed rule having various effects on the medical community, most notably, a 4.4% reduction in payment rates for physician services.

Dec. 19 — House of Representatives passes the 2005 the Deficit Reduction Act ("DRA"), which contained provisions modifying the CMS proposed rule — again, most notably, repealing the 4.4% reduction in the physician fee schedule.

Dec. 21 — Senate passes the DRA.

Dec. 22 — point of order raised, asserting that the House and Senate passed 2

different versions of the bill... needs to be re-voted on by the House.

So, what is going to happen? The House adjourned its session without considering the Senate-approved version of the DRA. The House will resume business on January, 31, 2006, at which time they will consider the legislation.

Until the House passes the legislation and it is signed by the President, CMS must implement the previously announced 2006 physician fee schedule, which includes the 4.4% Medicare reimbursement cut.

In response to mounting concerns regarding the fee schedule legislation issue, CMS has issued a press release stating

that while they must implement the fee cut effective Jan. 1, 2006, they will work expeditiously with insurance carriers to adjust the Medicare claims retroactively once the DRA has been enacted.

How does the DRA change CMS's proposed rule?

- 4.4% reduction in physician fee schedule is to be repealed for 2006 (will need to be revisited next year)
- Minimum number of days that Medicare requires after submission of a non-electronic claim before it will pay on the claim will remain at 27 days, rather than ...

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I n c o r p o r a t e d

"Be prepared
for a gap in
Medicare
receipts at the
end of
September!"

NPI-what it is & how to get it

When Congress enacted HIPAA (Health Insurance Portability & Accountability Act of 1996), its mandate included the adoption of a standard unique identifier for all health care providers. The result is the National Provider Identifier ("NPI").

What is an NPI? An NPI is a 10-digit numeric identifier which will be assigned to all health care providers upon application. The NPI will replace *all other provider numbers* that are currently being used in HIPAA standard transactions. A provider's NPI will never change... it will stay with the provider through job and location changes.

Who gets an NPI? All individual health care providers, which includes physicians, dentists, pharmacists, therapists; and organizational providers, including hospitals, group practices, nursing homes, pharmacies, etc....

When do you need an NPI? All health care providers must have applied for and obtained an NPI by **May 23, 2007**, however, the rule became effective on May 23, 2005, so some providers may already have their NPIs.

When do you begin using your NPI?

In addressing the issue of the unique identifier, Congress has mandated that health plans must be prepared to accommodate (i.e., accept) NPIs no later than May 23, 2007, but it is important to note that some plans may implement and begin accepting NPIs sooner. In any event, providers are not to begin using their NPIs in HIPAA standard transactions until health plans have issued specific instructions on their acceptance of the NPI.

Major changes with the NPI?

Taxonomy Codes: When applying for an NPI, all providers must designate specific taxonomy(ies). This is significant, for providers having multiple taxonomies may be "requested" by health plans to use one code over another when submitting claims for certain services.

Subparts: organizational health care providers will likely have to obtain an overall NPI and separate NPIs for designated subparts (such as pharmacy(ies), clinic location(s), inpatient facilities, outpatient facilities, etc...)

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Medicare's Withholding Policy

When negotiating & drafting legislation in response to outcries from the medical community regarding cuts in physicians' fee schedules, Congress must necessarily find funding correspondent to the moneys that it will be foregoing by repealing the 4.4% fee schedule cut. The budget bill (also known as the Deficit Reduction Act) that is currently on the table and up for vote upon the reconvening of Congress at the end of January contains such a provision. Specifically, if the budget bill passes as currently drafted, Congress will have legislated that

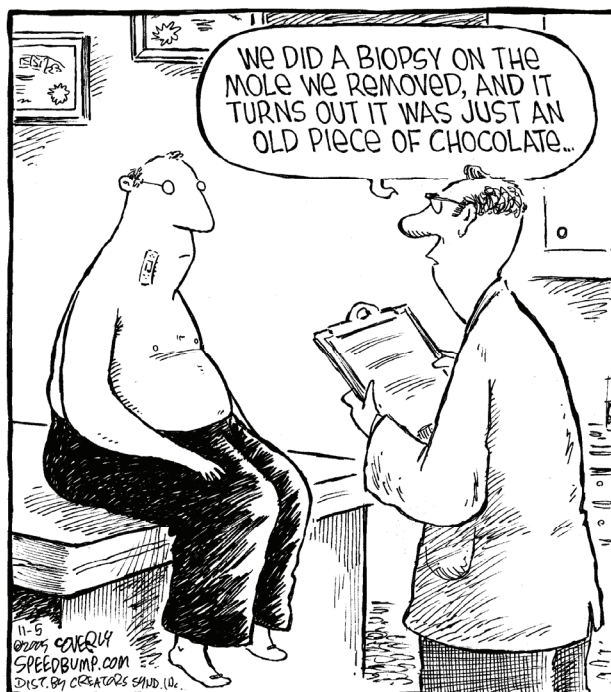
any payments for claims submitted under either Part A or Part B Medicare for services rendered which would be payable between the dates of September 22, 2006 through September 30, 2006 are to be withheld until October 1, 2006. Essentially, by holding payment for all claims that would otherwise be paid in the last week of September, Congress is shifting those costs to the first week of its new fiscal year, thereby "saving" millions of dollars in the 2006 fiscal year. So, be prepared for a gap in Medicare receipts at the end of September!

2006 Fee Schedule

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- ... increasing to 29 days under CMS's proposed rule
- PT clients — \$1740/beneficiary/year caps on payments for outpatient therapy will still go into effect on January 1, 2006 — the DRA did not address this! The DRA did, however, provide an exceptions process: a waiver of the cap may be sought for medically necessary services on an *ad hoc* basis. The Secretary has 10 days to rule on the request; if no action within 10 days then the cap is deemed waived.

Feb. 1, 2006 House Vote. The House narrowly passed the DRA, thereby allowing for the bill's presentation to the President for signature into law. Absent a presidential veto (which is not anticipated), the DRA is in effect, including all elements relating to Medicare and the 2006 fee schedule (i.e., the repeal of the 4.4% fee cut, which is retroactive to 1/1/06). Providers who have already filed claims in 2006 **need not resubmit** claims already paid for services provided in 2006 — carriers will be directed to automatically reprocess those claims and remit corrected payments. Note that this process could take up to six months to complete.



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What would you like to see in upcoming newsletters?

Please use the space below to inform M.E.D.I.C., Inc. as to topics and issues in medical billing practice administration, medical law, etc... that you would find helpful and interesting. We will make every effort to include discussions of such topics in future issues of *The M.E.D.I.C. News Quarterly*. Feel free to e-mail, fax, telephone, or mail in your comments using the contact information found on page 4 of this newsletter.

Comments:

Name _____

Address _____

Phone _____



Medic™

Incorporated

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NPI-what it is & how to get it, con't.

Single Number: Rather than having multiple provider numbers for each company that you have contracted with, you will merely have the NPI in the future.

How do you obtain an NPI? There are 2 primary ways to apply for an NPI: 1) a web-based application process (*see*, <https://nppes.cms.hhs.gov> for a link to the application); 2) by mailing a paper copy of the application (obtained via the Internet or call 800-692-2326) to Fox Systems, Inc. — the “enumerator” for the NPI project who is responsible for processing applications, operating a help desk to assist providers, and updating all received provider information.

What can M.E.D.I.C. do to assist? M.E.D.I.C. staff is available to assist you and your practices in obtaining NPIs. Please contact Larissa LPC Sneathern for additional information regarding the data required for completion of the application.

Is there anything else to be done? Once providers have received their NPIs, they MUST alert the Enumerator (Fox Systems, Inc.) of any changes to the data contained in their applications within 30 days of the date of change.

M.E.D.I.C., Inc.'s New Certified Professional Coder

M.E.D.I.C., Inc. is pleased to announce that Yvonne Wills, our Office Manager, passed the fall administration of the certified coding examination. Given her extensive experience, Yvonne has been granted the status of Certified Professional Coder, effective immediately.

M.E.D.I.C.'s
office
manager &
Certified
Profes-
sional
Coder,
Yvonne
Wills



Yvonne joined M.E.D.I.C., Inc. seven years ago, after having gained fifteen years of experience working in medical offices. Her prior experiences spanned the gamut -- from her five years of service as a medical assistant to a family practice physician and an Ear, Nose & Throat physician (for whom she did everything from surgical assists to injections, to x-rays, to drawing and testing blood) to her ten years of patient and insurance billing for a dermatology practice -- and served well in assisting M.E.D.I.C., Inc. with knowledge of both the billing and procedural elements of medical practice.

Since joining M.E.D.I.C., Inc. Yvonne has risen from her initial position of account manager (in which she performed all billing activities for specific accounts) to her current position of Office Manager. As M.E.D.I.C., Inc.'s Office Manager, Yvonne primarily oversees a staff of approximately 20 team leaders and account managers; attends to special client projects; coordinates the integration of new clients; and serves as the point of contact for all providers. Please join us in congratulating Yvonne on her tremendous achievement!