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Reimbursement Considerations: Coding and Coverage

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Disclosures

- I have no relevant financial interests or relationships to disclose.

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Who Pays for Physician Services?

- Government/Public – CMS (Centers for Medicare and Medicaid Services)
  - Medicare
  - Medicaid
- Commercial
  - Medicare Advantage
  - Non-Medicare
  - ACA insurance exchanges
- Self – could be no insurance or high deductible

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Medicare Coverage

- According to the Social Security Act 1862(a)(1) which states
- "reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member"
- 3 pathways for research coverage
  - Coverage with Evidence Development – NCDs
  - Clinical trial policy
    - Cover routine costs but not the intervention
  - IDE study
    - Routine costs but not the intervention

Medicaid

- Physician payment levels are determined at the individual state level.
- Actual dollar amounts vary widely when examined as a percentage of Medicare. Usually less.
- Not all fees are RVUs based.
- Not usually increasing

Commercial Coverage

- Each with own literature review and coverage pathways
- Annual reviews/updates are possible
- Don't usually cover investigational work or new services (eg, Cat III)

How Are CPT Codes Created?

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Category I CPT Codes

- Requirements: devices and drugs must be FDA-approved
  - Performed by many US physicians or qualified health professionals
  - Frequency consistent with intended clinical use
  - Consistent with current medical practice
  - Clinical efficacy documented with peer-reviewed publications on US populations
- Coverage and payment: usually covered by CMS in Part B
  - RUC recommends value to CMS for approval
  - Commercial carriers typically follow, but often with a delay
  - Device payments typically bundled into facility reimbursement based on APC
- New codes trigger re-valuation of existing codes in the same "family"

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Category III CPT Codes

- Emerging technology
- Requirements: performed in humans, plus
  - Support by ≥1 CPT or HCPAC Advisor, OR
  - Clinical efficacy supported by peer-reviewed literature (in English), OR
  - IRB approval, ongoing US trial, or evidence of evolving clinical utilization
- Codes expire after 5 years, may be renewed or apply for Category I
- Coverage and payment: determined individually by regional MACs
  - Commercial carriers often deny as investigational
  - No prescribed rules for coverage or for physician payment
  - Facility payment per APC in Medicare

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How Are Procedures Valued?

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Payment Based On Relative Value

- Resource-Based Relative Value Scale (RBRVS)
  - Prior to the RBRVS, Medicare paid on a usual, customary and reasonable (UCR) basis
  - William Hsiao of Harvard published the RBRVS in JAMA in 1988
  - Medicare payment policy switched to the RBRVS in 1992 by statute
- Payment is based on Relative Value Units (RVUs)
  - Physician work: WRVUs
  - Practice expense: PERVUs
  - Professional liability insurance cost: PLIRVUs
  - TOTAL VALUE = (WRVU + PERVU + PLIRVU) x Conversion factor (2019 = $36.04)

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Who Determines RVUs?

- "The RUC" = AMA/Specialty Society RVS Update Committee
  - A committee primarily composed of representatives from ABMS specialties
  - 28 voting positions
  - 2/3 supermajority needed to recommend a value
  - RVU recommendations passed on to CMS as advice
- CMS
  - Makes final value determinations
  - Published in proposed and final rules for Medicare Physician Fee Schedule
  - Acceptance rate varies but is often around 90%
- Medicare "does not pay cost".

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Concept of Relativity

- Work values should be in line with other codes reviewed by the RUC
  - Different values for similar-timed codes only if there is a difference of intensity of physician work per unit time (IWPUT) – not likely in imaging

2019 Values	92227 Remote Retinal Imaging	92250 Fundus Photography	92134 OCT post seg	93000 EKG Complete	71047 Chest X-ray 3 views
IST (min)	**0**	10	10	5	4
PO visits	**0**	0	0	0	0
Total physician time	**0**	12	11	7	6
Fee	**$14**	$52	$42	$17	$40

Practice Expense RVUs

- Based on
  - Clinical staff time
  - Equipment costs and time used
    - Non-disposable instruments, capital equipment – amortized over 5 or more years
    - Package for standard exam lane equipment
  - Supplies, including package for exam supplies
- Determination is more formulaic than physician work values
  - CMS takes costs and then amortizes over a certain time period
- A significant component of total RVUs with imaging services
  - 92134 = 0.45 (work) + 0.69 (PE) + 0.02 (PLI)

Professional Liability Expense RVUs

- Less than 5% of total $ value
- Based on national medical liability premiums
- Specialty-specific
  - Scale runs from 1.00 (chiropractic, optometry) to 13.02 (neurology)
  - Ophthalmology: 2.16

Why Are Codes Revalued?

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The Congressional Mandate

- Protecting Access to Medicare Act of 2014
  - Law to re-allocate ~1 billion dollars per year through 2020 by reducing "mis-valued codes" (PLAW pg 35)
- Achieving a Better Life Experience (ABLE) Act of 2014
  - Accelerated implementation of PAMA

PAMA
Protecting Access to Medicare Act of 2014

ABLE

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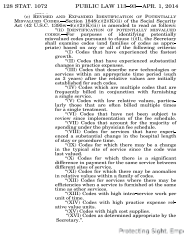
Who Brings Codes up for Review?

- RUC
- CMS
- Public


128 STAT. 1072 PUBLIC LAW 113–93—APR. 1, 2014

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Types of CMS Screen

- Anything they want to bring up plus:
  - **Rapid growth in volume**
  - Substantial change in practice expense
  - Valuation anomalies within a family
    - Rank order anomalies
    - Exceptionally high value codes
  - High cost supplies
  - Change in typical site of service
  - **Codes billed together on the same day**
- High IWPUT
- Harvard-valued codes with annual utilization >30,000
- HHS Secretary requests for review
  - Often initiated by local carrier medical director, who may believe a code is overvalued

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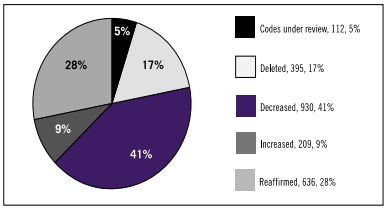
The Result

- 2,300 codes reviewed
- $4.5 billion redistributed

RUC Potentially Misvalued Services Project by Total Number of Codes in Project (2,282)



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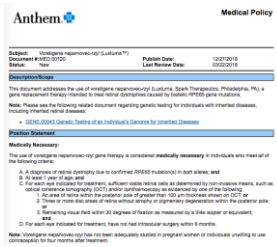
Coverage Polices - Commercial

- Typically the fee schedule is similar to Medicare, but with a different conversion factor
- Formal process – often annual
- Responses required on relatively short turn around
- With consolidation in the industry these are becoming more rigorous


Anthem

Medical Policy

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Coverage Medicare

- Part A – Hospitalization
  - Medicare payroll tax
- Part B – physician and outpatient services
  - Premiums from beneficiiaries plus taxpayers
- Part D – outpatient drugs (not including physician administered)
- Part C – commercial plan including Parts B and D
  - Must offer same coverages as in Part B

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Coverage Medicare

- Administered by contracted companies – Medicare Administrative Carriers

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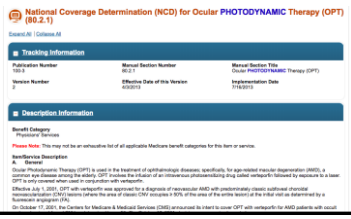
Coverage Policies - Medicare

- National Coverage Determinations (NCD) – CMS Policy


National Coverage Determination (NCD) for Ocular PHOTODYNAMIC Therapy (OPT) (80.2.1)

Tracking Information

Description Information

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Coverage Policies - Medicare

- Local Coverage Determinations (LCD) – Contractor Policy
  - Increasingly coordinated
  - Annual review process
  - Local review committee of Carrier Advisors – this is changing to a more contractor-wide process

LCD Information

Document Information

LCD ID
L35038

LCD Title
Scanning Computerized Ophthalmic Diagnostic Imaging

Proposed LCD In Comment Period
N/A

Source Proposed LCD
DL35038 ☞

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For services performed on or after 10/01/2015

Revision Effective Date
For services performed on or after 01/25/2018

Revision Ending Date
N/A

Retirement Date
N/A

Notice Period Start Date
12/07/2017

Notice Period End Date
01/24/2018

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Novitas – Find these on www.cms.gov

CONTRACTOR NAME	CONTRACT TYPE	CONTRACT NUMBER	JURISDICTION	STATE(S)
Novitas Solutions, Inc.	A and B MAC	04111 - MAC A	J - H	Colorado
Novitas Solutions, Inc.	A and B MAC	04112 - MAC B	J - H	Colorado
Novitas Solutions, Inc.	A and B MAC	04211 - MAC A	J - H	New Mexico
Novitas Solutions, Inc.	A and B MAC	04212 - MAC B	J - H	New Mexico
Novitas Solutions, Inc.	A and B MAC	04311 - MAC A	J - H	Oklahoma
Novitas Solutions, Inc.	A and B MAC	04312 - MAC B	J - H	Oklahoma
Novitas Solutions, Inc.	A and B MAC	04411 - MAC A	J - H	Texas
Novitas Solutions, Inc.	A and B MAC	04412 - MAC B	J - H	Texas
Novitas Solutions, Inc.	A and B MAC	04511 - MAC A	J - H	Colorado New Mexico Oklahoma Texas
Novitas Solutions, Inc.	A and B MAC	07101 - MAC A	J - H	Arkansas
Novitas Solutions, Inc.	A and B MAC	07102 - MAC B	J - H	Arkansas
Novitas Solutions, Inc.	A and B MAC	07201 - MAC A	J - H	Louisiana
Novitas Solutions, Inc.	A and B MAC	07202 - MAC B	J - H	Louisiana
Novitas Solutions, Inc.	A and B MAC	07301 - MAC A	J - H	Mississippi
Novitas Solutions, Inc.	A and B MAC	07302 - MAC B	J - H	Mississippi
Novitas Solutions, Inc.	A and B MAC	12101 - MAC A	J - L	Delaware
Novitas Solutions, Inc.	A and B MAC	12102 - MAC B	J - L	Delaware
Novitas Solutions, Inc.	A and B MAC	12201 - MAC A	J - L	District of Columbia
Novitas Solutions, Inc.	A and B MAC	12202 - MAC B	J - L	District of Columbia
Novitas Solutions, Inc.	A and B MAC	12301 - MAC A	J - L	Maryland
Novitas Solutions, Inc.	A and B MAC	12302 - MAC B	J - L	Maryland
Novitas Solutions, Inc.	A and B MAC	12401 - MAC A	J - L	New Jersey
Novitas Solutions, Inc.	A and B MAC	12402 - MAC B	J - L	New Jersey
Novitas Solutions, Inc.	A and B MAC	12801 - MAC A	J - L	Pennsylvania
Novitas Solutions, Inc.	A and B MAC	12802 - MAC B	J - L	Pennsylvania
Novitas Solutions, Inc.	A and B MAC	12901 - MAC A	J - L	District of Columbia Delaware Maryland New Jersey Pennsylvania

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