

Dermatology Coding Alert

News You Can Use: Expect Retroactive Physician Payment Adjustments

When Congress finalizes fee schedule, you won't have to resubmit old claims

Dermatologists who've been crossing their fingers for retroactive adjustments to the 2006 physician payment update finally have some good news.

Upon the Deficit Reduction Act's enactment, the Centers for Medicare & Medicaid Services will instruct contractors to automatically process new claims and reprocess existing claims to reflect the legislation's 0 percent physician payment update.

CMS director Herb Kuhn made the announcement in a Jan. 6 letter to Rep. Bill Thomas (R-Calif.), the House Ways and Means Committee chairman, and Sen. Charles Grassley (R-Iowa), the Senate Finance Committee chairman.

The American Medical Association applauds CMS' decision to provide automatic, retroactive reimbursements. "Automatic reprocessing of claims retroactive to Jan. 1, 2006, is a help to physician offices swimming in paperwork, and an important assurance from CMS as physicians make decisions affecting patient care," says AMA's Katherine M. Hatwell.

The retroactive payment adjustment would reverse the 4.4 percent payment reduction that went into effect Jan. 1, 2006. CMS expects contractors to begin paying new claims using the DRA's 0 percent update within two days of the legislation's enactment.

In addition, providers will not need to resubmit existing claims submitted between Jan. 1, 2006, and the legislation's enactment. Contractors will automatically reprocess any claims that used the 4.4 percent pay reduction to use the 0 percent update retroactive to Jan. 1.

Look for Reimbursement by July 1

Because contractors process approximately 20 million claims per week, the turnaround time for reprocessing existing claims will depend on the volume with each contractor.

CMS estimates that contractors should be able to reprocess all claims by July 1, 2006. Providers will receive retroactive payment for the 4.4 percent differential in a lump sum.

CMS also recognizes that the physician payment adjustment would increase beneficiaries' copayments and deductibles for previously billed services and could lead to improper benefit inducements.

Welcome Second Enrollment Period

CMS has contacted the HHS Office of Inspector General about enforcing these issues and asserts that "where a beneficiary has already been charged for the appropriate cost-sharing amount under an existing physician fee schedule, and an additional cost-sharing amount is subsequently due because of a retroactive application of a statutory fee schedule adjustment, a waiver of the additional cost-sharing amount would be unlikely to serve as an inducement to the beneficiary."

In addition to the retroactive payment adjustment, CMS will offer a second enrollment period for physicians to reconsider their participation retroactive to Jan. 1. The enrollment period will begin when or shortly after Congress enacts the DRA and will run for 45 days.

