

Part B Insider (Multispecialty) Coding Alert

COVERAGE: National Coverage Policies Should Rule, Report Says

Confused by your carrier's local coverage policies?

If the **General Accounting Office** gets its way, local policies would be abolished altogether, and the **Centers for Medicare & Medicaid Services** would make all coverage decisions on a centralized, national basis.

Variations in local coverage lead to unfair geographical biases, the GAO argues in "Medicare: Divided Authority for Policies on Coverage of Procedures and Devices Results in Inequities" (GAO-03-175).

One example, deep brain scan for patients with Parkinson's disease, was covered in most western states except Montana, which didn't cover it, and New Mexico, which covered it on a case-by-case basis. Ohio, West Virginia and Virginia also didn't cover the treatment, and a swath of midwestern states covered it only on a case-by-case basis. CMS issued a national coverage policy for DBS last April, but this patchwork of coverage policies remains in place for many other technologies.

States may differ in their coverage of tests to establish an individual's responsiveness to cancer treatments. One test is covered in Rhode Island and Pennsylvania, but not in Florida and New Jersey.

Of the 316 new codes in 2001 that CMS defined as coverable, 25 percent lacked a coverage policy by May 2002 and another 26 percent were affected by a national coverage policy. Of the codes with national policies, 16 percent were also subject to local coverage policies.

The GAO also argues that carriers waste energy developing policies separately instead of pooling their efforts. "For example, eight carriers have separately followed the extensive, required steps to develop local policies for a method of identifying a possible risk of sudden cardiac death." But some groups, including manufacturers and physician groups, like the local policies because of their speed in implementation and their openness to physician input.

The GAO also found that:

* CMS covered 95 percent of new procedures and devices to which the American Medical Association or a committee of insurers assigned codes in 2001.

* Despite the steps that CMS took to make its national coverage process faster and easier to understand, "the national process remains flawed because it lacks clear coverage criteria, remains closed in fundamental ways to physician and beneficiary input, and has not consistently met timeliness goals," the GAO says.

In any case, it's not clear that the GAO's proposal to scrap local policies is likely to get very far. CMS firmly opposes the idea of eliminating local policies, maintaining, among other things, that local policies are faster to implement and allow Medicare to experiment with new coverage options.

Note: The report is on the Internet at www.gao.gov/new.items/d03175.pdf.