

Part B Insider (Multispecialty) Coding Alert

MEETINGS: PPAC To CMS--Stop The 10-Percent RVU Cut

Conversion factor still faces 5.1-percent cut

There's still time to stop a steep 10-percent cut to your work RVUs, and physicians are pressuring the **Centers for Medicare & Medicaid Services** (CMS) to help them avoid it.

The proposal: CMS has proposed to cut all work RVUs by 10 percent across the board to pay for a \$4 billion increase in work RVUs for some evaluation & management codes. In combination with changes to the practice expense RVUs, this change could slash payments for some codes dramatically, say physicians.

The alternative: Instead of cutting work RVUs, CMS could make a smaller cut to the conversion factor, suggests the **Practicing Physicians Advisory Council** (PPAC). At its Aug. 28 meeting, PPAC urged CMS to substitute the conversion factor cut because it would hit individual codes less hard, according to press reports. A conversion factor cut would be spread across all CPT codes, including ones with no physician work.

PPAC members welcomed the E/M boost, because physicians need to be rewarded for spending time with their patients. But they also felt that raising some work RVUs, while imposing an across-the-board cut in **all** work RVUs, would be counter-productive. Some members worried that cutting the conversion factor instead would lead to steep cuts in practice-expense payments for some services.

Another PPAC resolution encouraged CMS to use demonstration projects that allow money to flow from hospitals to physicians. Right now, because Medicare pays for hospitals under Part A and physicians under Part B, the program doesn't reward doctors when they save the program money by reducing hospital spending.

Hurricane Katrina created an unusual opportunity for CMS to experiment with combining physician and hospital spending, officials said. Because CMS had to start over from scratch in New Orleans, the program has been able to ignore the hospital/physician division and to use more information technology and quality-improvement techniques, officials added.

P4P Should Have Extra Funding, PPAC Says

Meanwhile, the conversion factor still faces another steep cut, a 5.1-percent reduction that CMS has proposed for next year. You'll know more about the chances of avoiding that steep cut once Congress returns from its summer recess, CMS Administrator **Mark McClellan** told PPAC. Once again, McClellan argued that any move to avoid the 5.1-percent cut must accompany moves to improve the quality of services.

Congress has yet to pass any laws requiring Medicare to institute a pay-for-performance (P4P) system rewarding physicians for meeting quality standards, but many observers believe a system could take effect as soon as next year.

The PPAC members passed a resolution saying that any P4P system must focus on improving outcomes, rather than dictating the way in which physicians practice. Doctors shouldn't be required to follow Medicare's treatment instructions to get paid, they argued. Also, Congress should provide physicians with extra funding to cope with all of the costs of gathering information for any P4P program, they said.

Another CMS official told PPAC about the agency's attempts to give physicians information to help them compare their own resource use with their peers-. CMS has launched a couple of pilot projects, but doctors have complained that the data hasn't been useful or always correct, the official said.

In one case, CMS provided doctors in Ohio and Wisconsin with information about their use of imaging services, but the doctors complained that the data seemed to be inaccurate. Another project involved letting primary care doctors know whether they were following radiology guidelines, but the doctors weren't familiar with the guidelines. They also felt the guidelines weren't Medicare-specific enough, the official reported.

Finally, CMS officials talked about the -medically unlikely edits,- (MUEs) formerly known as -medically unbelievable edits.- They said another batch of MUEs would be coming in April 2007, after the first batch of 2,800 take effect in January. But you will have the right to appeal denials of your claims based on the MUEs, they said.