

Part B Insider (Multispecialty) Coding Alert

Reimbursement: Docs Receive Happy New Year From Medicare

Pay hike replaces pay cut at the last moment

Good news for physicians - the Medicare pay increase promised in the prescription drug bill enacted last month will go into effect right on time in 2004.

Effective Jan. 1, you can expect a 1.5 percent pay increase. Thanks to the Medicare Prescription Drug, Improvement and Modernization Act, physicians in rural and other areas of the country can look forward to Medicare increases of up to 4.8 percent as the Centers for Medicare & Medicaid Services adjusts payments to reflect area cost differences. And if you happen to practice in Alaska, congratulations on the 52 percent increase heading your way.

The national conversion factor is \$37.3374, and the national average anesthesia conversion factor is \$17.50.

Coming on the heels of a threatened 4.5 percent fee decrease back in November, the new provision will, according to Health and Human Services Secretary Tommy Thompson, "create incentives for physicians to continue to treat Medicare beneficiaries." The deadline to decide whether doctors want to participate in Medicare this year will also be rolled back to Feb. 17.

Medicare will reduce payments for drugs from 95 percent of average wholesale price to 85 percent of the April 1, 2003, AWP. A few drugs will still be paid at 95 percent of AWP for another year, including blood clotting factors, new drugs, renal dialysis drugs, and drugs furnished using durable medical equipment. Some other drugs, identified as overpaid by government studies, will drop to 80 percent of AWP. Drug makers can submit information to CMS to support higher drug reimbursement.

Oncologists and other doctors who dispense drugs will receive extra payments to cover their practice expenses, and these will be exempt from budget neutrality requirements. CMS has added physician work RVUs of 0.17 to drug administration and pump maintenance codes 90780-90788, 96400, 96408-96425, 96520 and 96530.

CMS will no longer reimburse a level-one office visit on the same day as chemotherapy administration, but you can bill a higher-level office visit if you use modifier -25 to indicate a separately identifiable evaluation and management service by the same physician on the same day of the procedure or other service.