



CMS Relative Value Unit Changes

CMS Relative Value Units have been announced for 2007 and will PROBABLY not be involved in any adjustment that may occur to temper the otherwise large decrease coming in 2007 for Medicare physician fees. This article will describe some of the CMS RVU changes and go over some of their ramifications on commercial physician fees in our area.

We need to start from the set of changes CMS is making for Medicare. They involve:

- A new national Conversion Factor,
- Changes in the Malpractice component of RVU geographic factors (GPCI),
- Changes in the Practice Expense GPCI “floor” for rural areas,
- Changes in the Work GPCI,
- Changes in the Practice Expense RVU, being phased in over four year period,
- Changes in the Work RVU due to a review required by Medicare statute at least every 5 years, and
- A budget neutrality adjustment in which the Work RVU is reduced by a factor designed to keep overall Medicare payments flat.

For West Virginia, all of the changes except the fifth and sixth are negative, they reduce physician fees in our area. The Practice Expense RVU change, looking at the 2007 first transition year, goes up for some CPTs and down for others.

Overall, these changes are the most pervasive we remember and make it very difficult to generalize how CMS is moving physician fees. In HPN’s calculations, if the President signs the House-passed bill stopping the “5%” decrease in the national conversion factor, the AVERAGE changes by category of service, a frequency-weighted calculation based on a number of high volume CPTs in each category, shows:

- An average increase of 2% in E&M,
- An average decrease of 7% in Other Medicine,
- An average decrease of 6% in Surgery, and
- An average decrease of 10% in Radiology.

Under these averages are some very large basic RVU changes. One striking example is 99213, that is going from a 1.39 in 2006 to 1.66 in 2007, an increase of 19%. Overall, there are more RVU increases than decreases, the reason CMS is phasing in the Practice Expense RVU changes and the reason they added in a Work budget neutrality offset.

This takes us to commercial. In normal years, many payers in this area follow CMS’ RVUs, with or without their GPCI changes, but do not follow Medicare’s national conversion factor change. The last time Medicare made sweeping RVU changes, the overall RVU total was reasonably in balance and commercial payers just went along with CMS’ RVUs. If commercial payers do that in 2007, their overall physician payments will go up. We suspect this is why Blue Cross tells us they are going to delay any change in physician fees until April, allowing them more time to decide what their 2007 fees will be.

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CMS Changes Cont.

Some commercial payers follow CMS, but do so on a delayed basis. This is also been the pattern followed by West Virginia Medicaid, PEIA, and Workers Comp.

Three examples may be helpful to show how significant the effect of the new RVUs may be. Here is what may happen for a payer using CMS' non facility RVUs and a conversion factor of \$52 for E&M and \$72 for Surgery.

	RVU		Sample Payer		Percent Change
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	
99213	1.39	1.66	\$ 72.28	\$ 86.32	+19%
27447	39.88	40.98	2,871.36	2,950.56	+3%
47562	17.52	18.15	1,261.44	1,306.80	+4%

HPN has begun talking with each of our payers to develop 2007 fees. In most cases the existing agreement between HPN and the payer specifies what RVUs, GPCIs, and conversion factors apply. We will probably be somewhat late in completing our first 2007 Fee Engine because of what we are expecting will be more fee changes than usual for 2007. We will include an update on 2007 in our next newsletter.

Payer Updates

Carelink

Wood Region – Commercial, Medicaid TANF, and now Medicaid SSI

Carelink has offered new Wood Region commercial financial terms to providers that elect to participate in its Medicaid Mountain Health Trust (MHT) product that are about to be messengered to HPN Wood Region members. An election to participate transmittal is in final review and will be distributed shortly. The commercial fee changes may take effect as early as January 1, 2007. A response to the election to participate transmittal is required along with participation in both Carelink's commercial, Medicaid TANF, and for the first time, Medicaid SSI to receive the new commercial fees. Watch for the transmittal information coming soon. Carelink's Medicaid SSI is also being rolled out to the HPN providers located in Kanawha County.

Carelink will be rolling out a Medicare Private Fee For Service Plan (PFFS) known as Advantra Freedom WV. Carelink's PFFS Medicare Plan is offering five different benefit plans, but five Advantra Freedom plans will not be available in all counties. As with other Medicare PFFS plans, providers will be paid at Medicare rates and no provider agreement will apply. Carelink will be providing additional information as it becomes available.

Lisa Oaks (800-896-9612, extension 3486) has joined the Carelink staff in the Wheeling office. Lisa is now available to assist with any claims issues. Carelink has just introduced a new website, and Lisa is available to provide hands on training.

CIGNA

CIGNA is making progress on the claims corrections that resulted from the April 2006 fee schedule not being implemented correctly. Physician practices should be observing the first of the corrections. CIGNA required no resubmission of claims from the HPN providers, but is correcting this error without any involvement from a physician's practice. Watch for the corrections.

Practice Tips

2007 Practice Manager Checklist

A new year is fast approaching, and it is a time of reviewing how our office practices fared in 2006 and what is needed to make improvements to assure a successful 2007.

Has your practice recently....

- _____ evaluated its current office practice charge master to insure that your fees are higher than your best performing contract?
- _____ established financial minimum participation thresholds for your practice?
- _____ identified contracts that are not performing well and either require a complaint to HPN as the messenger, if an HPN contract, or renegotiation of the contract if a direct contract negotiated by your office?
- _____ reviewed the 2007 CPT code additions and deletions to assure accurate superbills?
- _____ acquired internet access to make available payer websites including provider manuals now made available on websites?

You may have additional suggestions that we would be happy to share in our next newsletter. Our staff wishes you a prosperous 2007!

Happy Holidays

From the HPN Staff

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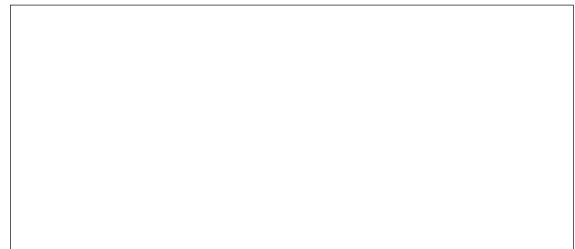


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HPN Services, Inc.

HPN Services, Inc. (HPNS) is changing its name to West Virginia United Insurance Services, Inc. (WVUIS). HPNS is the servicing organization owned by the West Virginia United Health System, Inc. (WVUHS) that administers Health Partners Network, Inc. (HPN) under the direction of HPN's Board of Directors.

No change in HPN's or HPNS'/WVUIS' operations are planned. The name change is being done because HPNS, in addition to its most important role of servicing Health Partners Network, also does a number of managed care and insurance support functions for WVUHS.

Please contact Bill MacLean if you have any questions.