

Economics and the Clinical Physicist

**A Primer on
Reimbursement, Coding
and Billing**

What We'll Cover

- How Medicare works
- CPT Codes
- Medicare Reimbursement Mechanisms
- Coding and Billing
- Where to Get Help

Contributors

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...but don't
ask me to
explain the
Medicare
drug
benefit
program...

$$e=mc^2$$

MARGULIES

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Where does the money come from?

- Government programs: Medicare, Medicaid
- Private Insurance
- Health maintenance organizations: HMO, PPO
- Direct payment from the patient (generally ~ 3x higher cost)
- Charity

Medicare

- Medicare Jargon:
 - Reimbursement has two components
 - “Professional” means physician
 - “Technical” means everything else, including equipment, supplies, expenses, and non-physician labor, which includes the medical physicist
 - Physician-owned practices bill a “global” fee that includes both professional and technical components

Medicare

- Medicare is administered by the Centers for Medicare and Medicaid Services (CMS)

Medicare

■ Medicare Part A

- Hospital Inpatient

■ Medicare Part C

- Managed Care
(Medicare Advantage)

■ Medicare Part D

- Prescription Drugs

■ Medicare Part B

- Physicians
- Freestanding
Cancer Centers
- Hospital Outpatient
Departments &
Clinics
- Ambulatory
Surgical Centers

Medicare

- Part B has three different payment systems!
 - Medicare Physician Fee Schedule Payment System (MPFS): physicians and FS centers
 - Hospital Outpatient Prospective Payment System (HOPPS): outpatient facilities
 - Ambulatory Surgical Center Payment System (ASC)

Medicare

- Medicare is administered through private Medicare Administrative Contractors (MAC's)
 - 15 jurisdictions; 10 contractors
- Contractor Medical Director (CMD)
- Local Coverage Determinations (LCD's)
 - Outline coverage policies of MAC
 - LCD's differ
- Carrier Advisory Committee (CAC)

Medicare Rulemaking Cycle

- Rules (\$ and policies) are updated annually
- Proposed rules published June/July
 - 60 day comment period
- Final rules published November 1st
 - 60 day comment period (certain items)
- Final rule effective January 1

Service Descriptors

- Current Procedural Terminology (CPT®)
 - Listing of descriptive terms/identifying codes for reporting of medical services and procedures (>7000)
 - Published by American Medical Association (AMA); copyrighted
 - Updated Yearly



Coding Systems

- Health Care Common Procedure Coding System (HCPCS)
 - Level I: CPT Codes
 - Level II: Products, supplies, other services
 - Ex: brachytherapy sources (Cxxxx)
- International Stratified Classification of Diseases (ICD-9) (ICD-10)

CPT[®] Code Categories

- Category I
 - Standard codes for routine procedures
 - XXXXX
- Category II
 - Tracking codes
 - XXXXF
- Category III
 - Emerging Technology codes
 - XXXXT

Category I CPT Codes

- Surgery 10xxx-69xxx
- Radiology 70xxx-79xxx
- Radiation Oncology 77xxx
 - Clinical Treatment Planning
 - Medical Radiation Physics, Dosimetry, Treatment Devices and Special Services
 - [Treatment Delivery Modalities]
 - Clinical Brachytherapy

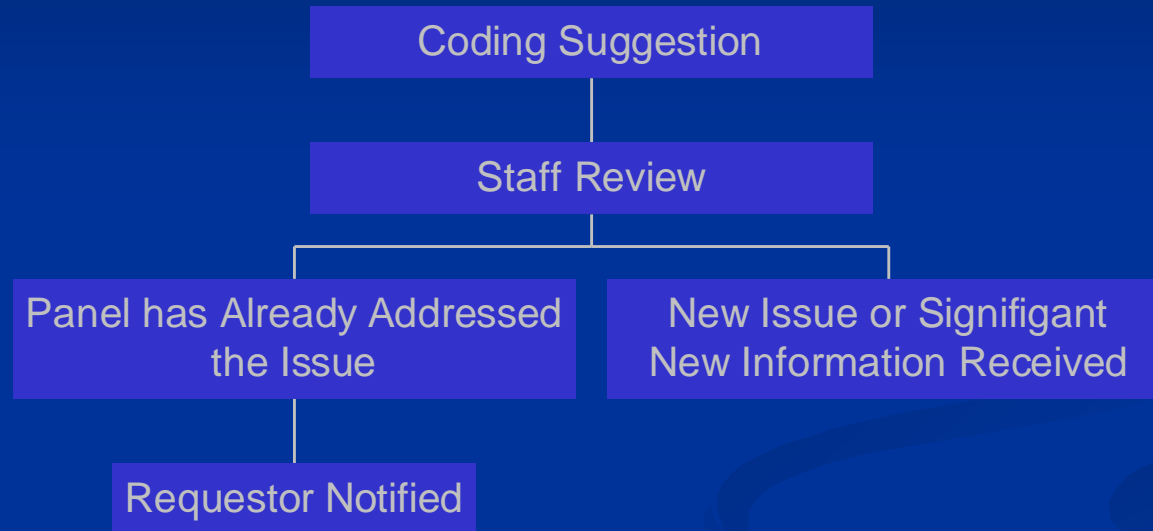
CPT[®] Editorial Panel

- Maintains CPT[®] Manual
- 17 members
- Appointed by AMA Board of Trustees
- Radiologist Richard Duszak, Jr., M.D. is member
- CMS has 2 representatives

CPT[®] Advisory Committee

- >100 Medical Specialty Societies Represented
- 13 are Radiology Societies
 - Daniel Picus, M.D., ACR
 - David Beyer, M.D., ASTRO
 - Andy Su, M.D., ACRO
 - Paul Wallner, D.O., ACRO
 - American College of Nuclear Physicians
 - American Institute of Ultrasound in Medicine
 - American Roentgen Ray Society
 - American Society for Neuroimaging
 - American Society of Neuroradiology
 - Association of University Radiologists
 - Radiological Society of North America
 - Society of Interventional Radiology
 - Society of Nuclear Medicine
 - Society of Radiologists in Ultrasound

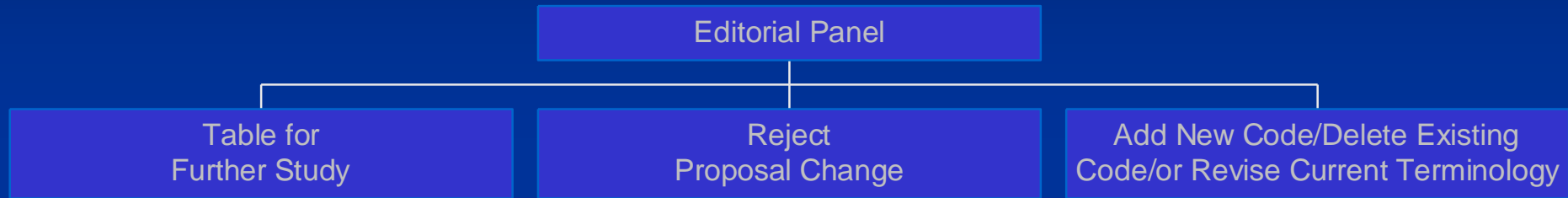
How are CPT[®] codes created?



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Congratulations!

- The CPT[®] Editorial Panel has approved your code request and it will be entered into the 2014 CPT[®] guide.

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- **Want to get paid?**

Meet the RUC



Relative Value Scale Update Committee (RUC)

- Provides data and recommendations to CMS regarding the valuation of services provided by physicians and freestanding cancer centers under Medicare Part B

They determine what physicians get paid!

STOP!

RUC

■ 31 members

- 25 appointed by special societies
 - Geraldine McGinty, M.D., ACR
 - 4 rotating seats (2 internal medicine subspecialty, 1 primary care & 1 other specialty)
- 1 American Medical Association
- 1 American Osteopathic Association
- 1 Chair of the Relative Value Update Committee (RUC)
- 1 Chair of the Practice Expense Subcommittee
- 1 CPT® Editorial Panel
- 1 Co-Chair of Health Care Professionals Advisory Committee (HCPAC)

RUC Advisory Committee

- 122 Specialty Society Representatives
 - Ezequiel Silva, III, M.D.
 - ACR RUC Advisor
 - Najeeb Mohideen, M.D.
 - ASTRO RUC Advisor
 - Sheila Rege, M.D.
 - ACRO RUC Advisor
- Recommend Relative Value Units (RVUs)
- Other recommendations to the RUC
- Each representative supported by internal specialty society RVS committee

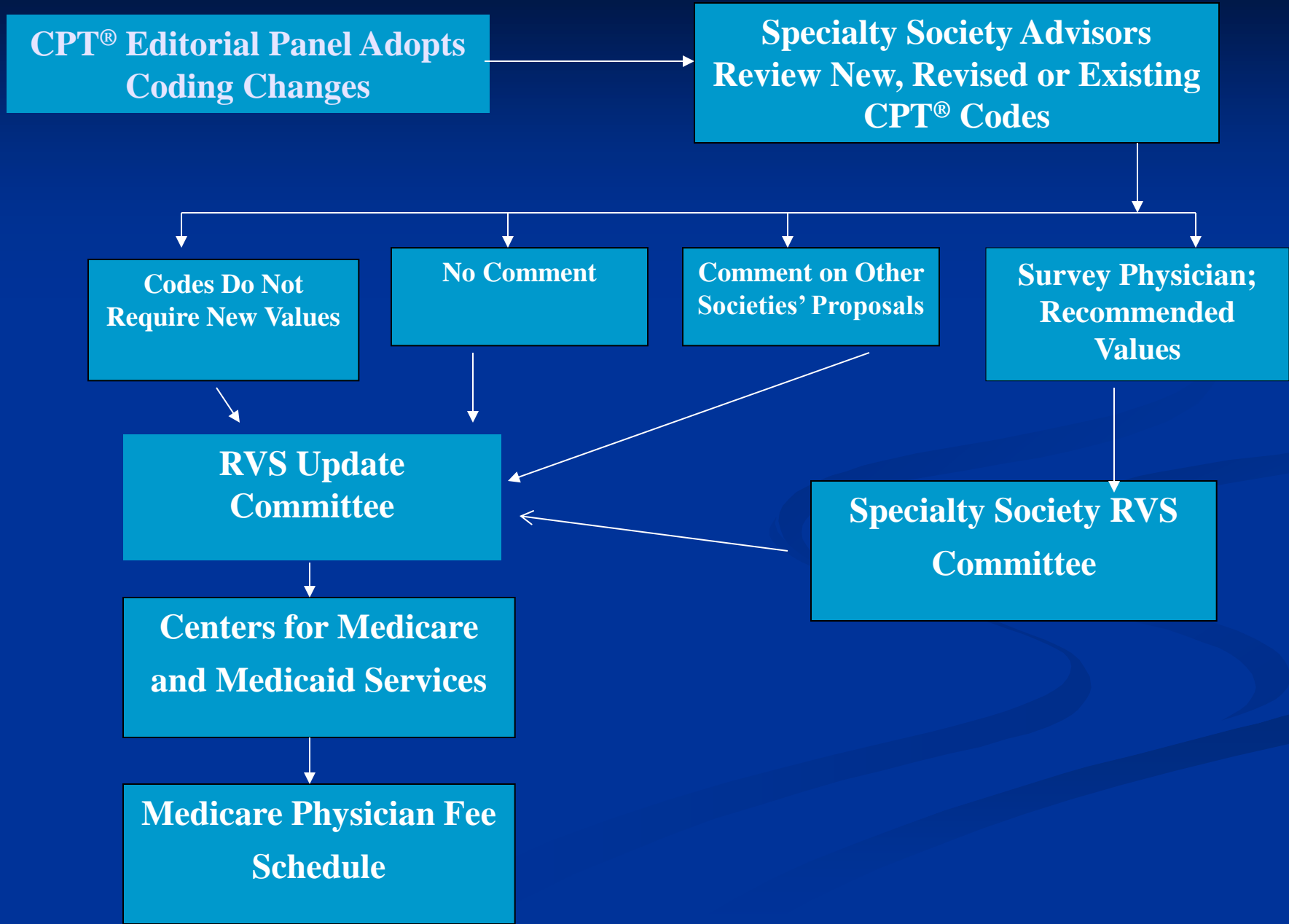
RUC Cycle

- Coordinated with CPT[®] Editorial Panel schedule
- RUC Advisory Committee members and their Specialty Society RVS Committees generate recommendations that are presented at RUC
- RUC reviews and may adopt or modify before submitting to CMS
- CMS reviews RUC recommendations and publishes in Medicare Physician Fee Schedule final rule on November 1st
 - These RVUs are subject to comment and considered interim for 1 year

RUC Cycle

- Previously, CMS accepted approx. 90% of RUC recommendations
- Acceptance rate of RUC recommendations has decreased in recent years

The RUC Process



RUC Code Valuation Review

- In 2012 CMS consolidated the Five-Year review of Work and Practice Expense with annual review of potentially misvalued codes
 - Includes public nomination process for misvalued codes
- CMS has entered into two contracts with outside entities to develop validation models for RVUs

Potentially Misvalued Codes

- 77336 (Continuing Medical Physics Consultation) was accepted by CMS as potentially misvalued
 - PE data has been submitted via RUC process by AAPM (ASTRO)
 - Decision will be included in Medicare Physician Fee Schedule Final Rule on November 1st (MPFS only)

Potentially Misvalued Codes

- In 2012 CMS also finalized proposal to review CPT codes with “Stand Alone” procedure time
 - 24 codes total
 - 23 were Radiation Oncology!



"First we're going to run some tests to help pay off the machine."

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Medicare Physician Fee Schedule (MPFS)

- Determines reimbursement for Medicare Part B: Physicians and Freestanding Cancer Centers

MPFS

- Under MPFS the cost of providing services is broken down into 3 components that are valued by RUC:
 - Physician work
 - Practice expense
 - Malpractice insurance
- Relative Value Units (RVUs) are calculated for each

Physician Work

- Physician Work RVU based on:
 - Time
 - Technical skill
 - Mental effort and judgment
 - Intensity
- New/revised codes are compared to reference codes to determine RVU

Practice Expense Categories

- Direct Practice Expense
 - Non-physician clinical labor (**Physics**)
 - Medical supplies
 - Medical equipment
- Indirect Practice Expense
 - Administrative labor
 - Office supplies and equipment
 - Overhead and everything else

MPFS Payment Calculation

3 Steps

- Calculate Resource Based RVU's
 - Physician work RVU
 - Practice expense RVU
 - Separate PE RVUs calculated for PC and TC
 - Professional liability insurance RVU
- Apply Adjustment
 - Geographic practice cost index (GPCI)
- Convert RVUs To Dollars

MPFS Payment Calculation

- Total RVU = (Work RVU * Work GPCI)
+ (PE RVU * PE GPCI)
+ (PLI RVU * PLI GPCI)
- Total Payment = Total RVU * Conversion Factor

Division of RVUs

- $PC = RVU_{pw} + RVU_{pe} + RVU_{pli}$
- $TC = RVU_{pe} + RVU_{pli}$
- $Global = PC + TC$

MPFS Payment Calculation

- Total RVU = (Work RVU * Work GPCI)
+ (PE RVU * PE GPCI)
+ (PLI RVU * PLI GPCI)
- Total Payment = Total RVU * **Conversion Factor**

Conversion Factor (CF)

- Converts RVUs to \$
- By statute CF is updated annually with formula
 - Takes into account Medicare Economic Index (MEI)
 - Compares Medicare expenditures with target called Sustainable Growth Rate (SGR)
- CF adjusted up or down as needed to keep Medicare spending within limits

Conversion Factor Dilemma

<u>Year</u>	<u>Calculated CF</u>
2009	-15.1%
2010	-21.2%
2011	-24.9%
2012	-27.4%
2013	-26.5%
2014	-24.4%

these %'s represent across the board cuts in payments

Conversion Factor Dilemma

- Congress has averted decreases with 11th hour interventions
- Each “fix” compounds problem
- Everyone agrees that SGR system is flawed
- No permanent solution yet (\$\$\$)

Radiation Therapy under MPFS

<u>Year</u>	<u>Oncologists</u>	<u>Centers</u>
2009	-3%	n/a
2010	-1%	n/a
2011	-1%	+3%
2012	-6%	-6%
2013	-7%	-9%
(2014)	-5%	-13%

Imaging under MPFS

- CMS has been concerned about growth of imaging expenses
- 2006: Multiple Procedure Payment Reduction (MPPR) policy implemented
 - Reduced payment for selected procedures when performed on same day
 - US, CT/CTA, MR/MRA

MPPR

- TC:
 - 1st: 100% payment; 2nd: 50% payment
- PC:
 - 1st: 100% payment; 2nd: 75% payment
- Applies across families, not limited to contiguous areas
- Applies to services furnished in the same session by a physician or physicians in the same group practice

DEAN
NEEDY

UNIVERSITY NEWS-OPINION
UNIVERSAL PRESS SYNDICATE

HELLO?
ANYBODY?

MEDICARE

SYSTEM

Hospital Outpatient Prospective Payment System (HOPPS)

- Determines payment for hospital outpatient services under Medicare Part B
 - Facility payments not physicians
- Inpatient services are paid with DRG-based system (Part A)

HOPPS

- HOPPS & MPFS are not the same!
- MPFS: **Resource**-based; “bottom-up”
- HOPPS: **Cost**-based; uses actual hospital claims data

HOPPS

- Under HOPPS, CPT codes are grouped into Ambulatory Payment Classifications (APCs)
 - CPT codes within an APC are similar clinically and in resources required
 - “2x Rule”
 - >800 APCs
 - Each APC is assigned reimbursement level; all codes within APC receive same payment

HOPPS

- CMS looks at hospital outpatient claims from 2 years prior (2 year data lag)
- Reduces hospital charges to cost with cost-to-charge ratios (CCR)
- Calculates geometric mean costs
- Reimbursement rates are modified by economic indices
 - Hospital Market Basket

HOPPS Cost Saving Strategies

- Packaging: Ancillary procedure/service cost is packaged with and paid as part of another code that is considered the Primary procedure/service
 - Ex: IGRT (Guidance services)
- Packaged codes are not paid separately
 - May be conditionally packaged and paid separately if not provided on the same day as the Primary procedure

HOPPS Cost Saving Strategies

- Bundling: Provide a single payment for groups of services that are typically performed together during a clinical encounter and that result in the provision of a complete service
 - Single encounter (same day)
 - Episode of care (multiple days)

HOPPS Cost Saving Strategies

- Composite APC: Provide a single payment for two or more services that are performed together on the same day
 - Ex: APC 8001 LDR Prostate Brachytherapy Composite
 - Includes 55875 & 77778
 - Ex: Imaging APCs 8004-8008
 - US, CT/CTA, MR/MRA with & without contrast

HOPPS Pitfalls

- HOPPS payments based on single and pseudo-single claims
 - Radiation oncology claims are typically multiple procedure claims
 - Date of service and Bypass List used to create pseudo-single claims from multiple procedure claims
- Accurate hospital coding and billing is extremely important (even packaged)
- Hospital Chargemaster, Cost-to-Charge Ratios: black boxes????

New Technology

- New Technology APC
 - CPT code for new technology may be placed into a New Technology APC for 2-3 years
 - Assignment to a New Technology APC category based on external cost data
 - CPT will be reassigned to clinical APC when sufficient claims data has been collected
- Pass-Through Payments
 - Temporary payments for new drugs and devices for 2-3 years based on cost

Radiation Oncology APCs

APC	Name	CPT Codes
65	IORT	77424, 77425
66	Level I SRS	77373
67	Level II SRS	77371, 77372

Radiation Oncology APCs

APC	Name	CPT Codes
299	Hyperthermia & Radiation Treatment	77470, 77600-77620
300	Level I Radiation Therapy	77401-77404, 77407
301	Level II Radiation Therapy	77406, 77408-77416, 77422, 77423, 77750, 77789
303	Treatment Device Construction	77332-77334

Radiation Oncology APCs

APC	Name	CPT Codes
304	Level I Therapeutic Radiation Treatment Prep	77280, 77299, 77305, 77310, 77326, 77331, 77336, 77370, 77399
305	Level II Therapeutic Radiation Treatment Prep	77285, 77300, 77321, 77327, 77328
310	Level III Therapeutic Radiation Treatment Prep	32553, 49411, 55876, 77290, 77315, 77338, C9728
316	Level IV Therapeutic Radiation Treatment Prep	77295, 77301

Radiation Oncology APCs

APC	Name	CPT Codes
312	Radioelement Applications	77761, 77762, 77763, 77776, 77777, 77799
313	Brachytherapy	77785, 77786, 77787, 0182T
651	Complex Interstitial Radiation Source Application	77778
8001	LDR Prostate Brachytherapy Composite	55875+77778

Radiation Oncology APCs

APC	Name	CPT Codes
412	Level III Radiation Therapy	77418, 0073T
667	Proton Beam Therapy	77520, 77522, 77523, 77525

Ambulatory Surgical Centers

- Reimbursement similar to HOPPS

Can I Get Paid Now?



Every Billing Event Requires:

- Medical Necessity (Local & National Coverage Determinations, medical review policy, professional guidance, etc.)
- Prescribed by physician
- Performed
- Documented (report, signed, dated)

Accurate Coding is Essential

- Close is not good enough
- If you didn't document it, you didn't do it
- If you don't document correctly either you won't get paid or you may have to pay back
- Ordering, signing and dating must be clear

Coding Speed Bumps

- MUE (Medical Unlikely Edits)
 - Created to reduce errors due to incorrect coding
 - Place limits on #units of service on same day
 - Not all are published

Coding Speed Bumps

- NCCI (National Correct Coding Initiative)
 - Edits to prevent improper payment when incorrect code combinations are reported
 - One code may be a component of a more comprehensive code
 - One code is mutually exclusive of another code in the pair (Mutually Exclusive edits)

Modifiers

- Allow reporting of services and procedures that have been altered or delivered under special circumstances
 - 51: Multiple procedures
 - 59: Distinct procedure or service
 - 76: Repeat procedure by same physician

Continuing Medical Physics Consultation 77336

- Describes ongoing medical physics assessment provided by QMP to each patient
- Not just chart checks!
- Should be performed by QMP
- Billed per 5 fractions of external beam treatment
- Covers brachytherapy, BID, single fractions
- Document (best: checklist)

Special Physics Consult 77370

- Special Physics Medical Consult used to address patient-specific problem
- Does not need to be limited to traditional external beam patients
 - 77370 can be billed to Diagnostic or Nuclear Medicine patients for a variety of procedures (e.g., I-131 thyroid ablation work, assessment of fetal dose from Dx procedures, etc.).
- Must be ordered; written report required

Questionable Practices

- Special Medical Physics Consultations (77370) on all or nearly all patients
- Special Dosimetry (77331) routinely on all patients for QA purposes
- Continuing medical physics consultation (77336) without participation by the medical physicist
- Special dosimetry (77331) for seed calibration measurements
- Special Medical Physics Consultations (77370) for patient-specific IMRT QA

Sources of Coding Information

- ASTRO/ACR Coding Guide
- CPT Manual and CPT Assistant
- CMS website
- AAPM, ASTRO, ACR websites
- AAPM Professional Economics Committee
- Private coding consultants

ASTRO/ACR Guide to Radiation Oncology Coding

- Updated annually
- Last major revision 2010; next revision 2015
- Covers use and documentation for each Radiation Therapy CPT code



AAPM/PEC

- AAPM website: Government Affairs/CMS
 - AAPM comment letters
 - Health policy updates
 - Coding FAQ's
- PEC Activities
 - Analysis and response to CMS rulemaking
 - Support ASTRO and ACR on RUC issues
 - Review regulatory and legislative actions
 - Member assistance

Thank You