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Contact: CMS Office of Media Affairs
(202) 690-6145

**CMS PROPOSES PAYMENT, POLICY CHANGES FOR
PHYSICIANS' SERVICES IN 2009**

PROPOSED REGULATION PROMOTES HIGHER QUALITY, EFFICIENT CARE

The Centers for Medicare & Medicaid Services (CMS) today proposed new efforts to promote access to higher quality and more efficient health care delivered by the nation's physicians to people with Medicare under the 2009 Medicare Physician Fee Schedule (MPFS).

"We are taking a multi-pronged approach to improve how Medicare pays for health care services for our nation's seniors," said CMS acting administrator Kerry Weems. "These efforts are designed to ensure that beneficiaries continue to get the highest quality of health care at the greatest value for beneficiaries and the Medicare program."

The MPFS was created by Congress and is updated annually to set the Medicare payment rates for more than 980,000 physicians and nonphysician practitioners (NPPs) who bill Medicare for the services they furnish to beneficiaries. Under a formula in the Medicare statute, CMS is required to reduce 2009 Physician Fee Schedule by 5.4 percent. Total Medicare spending under the 2009 Physician Fee Schedule is projected at \$54 billion, down 5 percent from the \$57 billion projected for 2008.

Nearly 95 percent of physicians enrolled in Medicare accept the fee schedule rate as payment in full. Medicare pays 80 percent of the fee schedule rate, while the beneficiary is responsible for the remaining 20 percent.

"CMS has been carefully monitoring beneficiary access to physicians' services," said Weems. "To date, our studies, as well as studies by the Medicare Payment Advisory Commission, reveal that beneficiaries in most areas of the country are having little or no trouble in seeing their physicians and we expect this to continue in 2009."

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Through the MPFS, CMS is encouraging greater efficiency in the delivery of care, while reducing treatment errors through the use of electronic health records; and exploring new payment models to see if there are ways to promote greater coordination of care among providers, producing better outcomes for the health care dollar.

CMS is proposing additional improvements to the Physician Quality Reporting Initiative (PQRI) which allows eligible professionals to report quality measures relating to their clinical practice. Proposed changes for the 2009 PQRI Program include:

- Proposing that the final set of quality measures will be selected from 175 measures that fall into four broad categories: (1) 113 current 2008 PQRI measures; (2) 17 new measures that have been endorsed by the National Quality Forum (NQF); (3) 20 new measures that have been adopted by the AQA Alliance (AQA); and (4) 25 new measures proposed for 2009 contingent on NQF endorsement or AQA adoption by July 31, 2008;
- Increasing the number of conditions covered by measures groups to nine, adding coronary artery disease, HIV/AIDS, coronary artery bypass surgery, rheumatoid arthritis, care during surgery, and back pain, to the original measures groups for diabetes, chronic kidney disease, and preventive care. Measures groups require reporting a set of related measures and can help assure that patients are receiving a range of care appropriate for a given clinical condition or clinical focus.
- Reporting options that include two new reporting periods (January 1, 2009 to December 31, 2009, or July 1, 2009 to December 31, 2009) to provide eligible professions with additional options for reporting PQRI data; and
- Accepting PQRI data via clinical registries and electronic health records systems.

Launched in 2007, the PQRI was recently expanded as a result of the Medicare, Medicaid and SCHIP Extension Act of 2007 to include additional measures that will allow more eligible professionals to earn incentive payments in 2008 for submitting 2008 data, and to provide alternative, streamlined methods for reporting. Thus, eligible professionals who are not already participating in the PQRI this year will have the opportunity to begin reporting in July 2008 to qualify for an incentive payment. Those eligible professionals who have reported PQRI data successfully for the full year can earn an incentive payment based on their total Medicare allowed charges for services furnished in CY 2008, while those who begin reporting in July can earn an incentive payment based on their total allowed charges from July 1 through December 31, 2008.

CMS is also proposing to improve the quality of diagnostic testing performed by physicians and NPPs in their offices by requiring them to enroll as suppliers of these services and to meet certain quality and performance standards, including applicable Federal and State

licensure, health and safety requirements that currently apply to independent diagnostic testing facilities (IDTFs). CMS is proposing to make the standards effective January 1, 2009 for newly enrolling suppliers, but to allow existing suppliers until September 30, 2009 to come into compliance. The proposal specifically seeks public comment about whether these standards should apply to all diagnostic services or to a subset of services such as those that require more costly testing and equipment, imaging services generally, or only advanced imaging techniques.

The fee schedule proposed rule also addresses a change to the exemption that limits the use of computer-generated faxes to e-prescribe Part D covered drugs for Part D eligible individuals to instances in which temporary/transient transmission failure or communication problems preclude the use of the adopted NCPDP SCRIPT standard. This change is scheduled to take effect on January 1, 2009.

In the MPFS 2009 Proposed Rule, CMS is proposing to retain the provisions that would allow for use of computer-generated faxes in instances of temporary/transient transmission failure or communication problems that preclude the use of the adopted NCPDP SCRIPT standard, and add an exemption for computer-generated faxes used by dispensers to request refills from providers that are not capable of receiving and processing refill requests using the adopted NCPDP SCRIPT standard.

CMS will accept comments on the proposed rule until August 29, 2008, and will respond to those comments in a final rule to be issued by November 1, 2008. The revised policies and payment rates will become effective January 1, 2009.

For more information, see www.cms.hhs.gov/center/physician.asp.

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