



2007 MEDICARE UPDATE

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Reimbursement in the field of oncology continues to be a popular topic of discussion. The Centers of Medicare and Medicaid Services (CMS) sets the precedent for reimbursement for which many carriers adopt or modify. Each year, there are changes which practices must be aware of and have a plan of action established for their individual practices.

In 2007, Medicare reimbursement has changed for both Evaluation and Management (E&M) codes as well as drug administration. The physician fee schedule is based on three factors: Relative Value Unit (RVU), Geographic Practice Cost Index (GPCI) and the Conversion Factor (CF). This year, the CF was frozen at the 2006 rate-as a result of the Tax Relief and Health Care Act of 2006, but the RVU was updated based on the mandated 5-year re-evaluation. Given this scenario, the reimbursement for many of the E & M codes rose and conversely, the reimbursement for administration has declined slightly. Drug reimbursement has remained at Average Sales Price (ASP) plus 6% or a physician may have elected to participate in a voluntary program known as Competitive Acquisition Program (CAP) as a method of obtaining pharmaceuticals.

This year, Medicare Administrative Contractors (MAC's) will begin to combine the processing of both Part A and Part B claims. Practices need to be aware when their jurisdiction will transition into a MAC. CMS will initiate a program known as the Physician Quality Reporting Initiative (PQRI) in July, 2007. The Tax Relief and Health Care Act of 2006 established this program to identify quality measures and created a 1.5% bonus to those who participate. The National Provider Identification Number (NPI) will be effective on May 23, 2007.

Practices continue to face challenges regarding the dynamic area of reimbursement. This forces practices to keep current on new programs, reimbursement rates, ASP, NPI, MAC's, and other issues in the practice setting. Oncology Associates continues their commitment to provide information on reimbursement and how it will affect your practices.

