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AAOS in the States

NOVEMBER 2009

CMS announces new physician payment policies

Under a final rule issued by the U.S. Centers for Medicare & Medicaid Services (CMS) on October 30, 2009, several issues related to Medicare physician payment policies for the 2010 were announced. The final rule calls for physician payments to be reduced by 21% as a result of the Sustained Growth Rate (SGR) formula which stipulates a cut to physician services as a result of previous increases in physician expenditures. However, as in the past five years, it is widely expected the 21% cut will be overruled either through Health Care reform legislation currently moving through both houses of Congress or through separate Congressional action. Beyond the SGR related cuts, several components of the final rule are of importance to practicing orthopaedic surgeons throughout the country.

1. Removal of drugs from SGR formula

The rule removes drugs from the SGR formula on a prospective (going forward) basis AND on a retrospective basis (removing previous costs from formula) resulting in the removal of a very significant portion of the accumulated provider debt under the SGR formula.

AAOS position—The AAOS strongly supported the prospective removal but urged CMS to remove retrospectively as well and is supportive of the proposal as announced in the final rule.

2. Changes in Practice Expense calculations based on Physician Practice Information (PPI) survey

The final rule implements changes in the data used to determine the Practice Expense component of the total Relative Value Units (RVU) that determine Medicare physician reimbursement. Orthopaedics is scheduled to receive a 4% increase in Practice Expense Medicare reimbursement as a result of the changes, but instead of the entire 4% increase getting implemented in 2010, orthopaedics can expect approximately a 1% change as CMS

phases in the changes in order to minimize the disruption in reimbursement rates for specialty groups that were negatively impacted by the changes.

AAOS Position—We strongly supported implementing the PPI results and urged CMS to accept the results and to not utilize a transition methodology; however, we expected CMS to use the transition as a compromise between the groups wanted full implementation and the groups that wanted the results thrown out entirely because of the negative impact on their members.

3. Equipment Utilization Amortization Rate to Change from 50% to 90% for Equipment priced over \$1 million.

CMS will change the utilization assumption for equipment priced over \$1 million dollars from 50% to 90%. CMS has proposed changing this assumption for equipment priced over \$1 million which effects MRI equipment amongst other types of equipment that has a retail value of more than \$1 million. This does not mean that an office that paid over \$1 million will have their reimbursement reduced commensurately, but rather that CPT procedure codes with \$1 million + equipment priced into it will have their practice expense RVU's reduced by some percentage. CMS will not provide an exemption from this change for rural providers.

AAOS Position—We supported changing equipment utilization assumptions from 50% but proposed a 75% rate rather than 90%. We also proposed that rural providers be exempted because rural offices generally would be expected to have a utilization rate closer to 50% than 90%.

4. Elimination of Medicare payment for E/M Consultation services

(cont'd on Page 2)

Alabama Orthopaedists Seek Delay in New BCBS Fee Schedules

On September 1, 2009, Blue Cross Blue Shield of Alabama notified all Alabama physicians that, effective December 1, 2009, it would implement a new payment methodology, replacing its current PMD model with a new Resource Based Relative Value System (RBRVS). According to BCBS officials, the change was made to go to a national edit system and to address certain components of a HMO lawsuit settlement against BCBS of Alabama and other health insurance providers. The Alabama Orthopaedic Society officers estimate the change would result in cuts

in orthopaedic procedures of 13-15%.

On October 29, 2009, AOS officials met personally with BCBS Vice President Jeff Ingram and Medical Director Dow Briggs, MD, as other specialty societies have been meeting with BCBS since they have announced this change. AOS noted that the 1992 BCBS PMD schedule for orthopaedic services were 6.7% higher than the proposed schedule for December, 2009. In addition, with the cost of living having risen 54% during this 18 year period, orthopaedic surgeons have lost 60.7% in purchasing power since 1992 although

expenses have continued to rise in accordance with the cost of living.

Subsequent to this discussion with AOS and in discussion with other specialty groups, BCBS of Alabama agreed to delay implementation of its December 1, 2009 new fee schedules pending further negotiations with the specialty societies concerning health care costs and quality of care issues.

For information contact AOS Executive Director, Mike Merrill, Esq., at jmikemerrill@gmail.com.

CMS (cont...)

Beginning on January 1, 2010 CMS will no longer pay for E/M consultation (99241-99245 and 99251-99255) services and will instead pay an additional 6% for office/outpatient visits (99201-99215) and an additional 2% for inpatient initial visits

(99221-99223). CMS will also increase all 10 and 90 global period codes by 0.3% to bundle the office/outpatient visit increase into procedure codes. The rationale from CMS is that providing consultation services is no longer sufficiently greater work than a standard office/outpatient visit and therefore the payment disparity between the two is no longer warranted.

AAOS Position—We were generally neutral on the proposed change, although we proposed that Medicare delay this action until they could coordinate any changes with CPT coding guidelines on consultation versus office/outpatient visit codes. We strongly urged CMS that if they went forward with implementation they should apply the changes to the global period values for non E/M codes because the proposed rule did not have this included.

5. New/Revised RVUs for Excision of Tumor codes

CMS accepted the AAOS recommendation values for the 94 new/revised excision of tumor codes. However, CMS also stated they would not pay for complex closure when billed in conjunction with an excision of tumor code (this is in contrast to CPT coding instructions which allow complex closure to be separately billed).

AAOS Position—We are pleased CMS has accepted all our recommended values as these changes will greatly increase Medicare reimbursement for orthopaedic surgeons who perform tumor removal procedures.

If you wish to view the entire Final rule, you can find the link at http://www.federalregister.gov/OFRUpload/OFRDData/2009-26502_PI.pdf

And if you have any questions about the 2009 Physician Fee Schedule, please feel free to contact Matthew Twetten, AAOS Senior Health Policy Analyst at 847-384-4338, twetten@aaos.org.

Practice Management Update

The Nation's Orthopaedic Surgeons Join Provider-led Electronic Prescribing Initiative

Move Aims to Help More AAOS Members Take Advantage of Federal Government Incentives Around E-Prescribing

On October 5, 2009 the AAOS announced its participation in "Get Connected"—a program designed to help physicians and other prescribers use electronic prescribing. "There are many different activities driving the adoption of electronic prescribing by orthopaedic surgeons," said **Stephen P. Makk, MD, MBA**, chair of the AAOS Practice Management Committee. "Two key drivers are the CMS-sponsored E-Prescribing Incentive Program and the American Recovery and Reinvestment Act of 2009. Through participation in the Get Connected program, the AAOS goal is to provide members with an expanded resource where they can obtain comprehensive information and support on best practices for adoption of necessary technologies for secure, direct electronic connectivity to pharmacies and payer organizations."

Get Connected: To help our members take advantage of these incentives, and to understand their readiness to e-prescribe, AAOS is collaborating with other leading medical societies to provide **free E-Prescribing Readiness Assessments** through a special program Web site: www.GetRxConnected.org/AAOS.

AAOS Press Release: [The Nation's Orthopaedic Surgeons Join Provider-led Electronic Prescribing Initiative](#)

AAOS seeks "real world" practice stories

AAOS is looking for "real world" stories about practice experiences for a new online member resource. Orthopaedic Practice Reports will showcase outstanding accomplishments in the adoption and implementation of e-prescribing, electronic health records, and other innovative practice management strategies to improve quality, safety and efficiency in the medical practice. "By sharing our success stories and lessons learned, we hope to assist members in making informed decisions and achieve successful implementation of technology solutions that will improve the efficiency and effectiveness of their practice," said **Stephen P. Makk, MD, MBA**, chair of the AAOS Practice Management Committee. "Orthopaedic Practice Reports will be available on the AAOS Practice Management Center Web site in December. For more information or to submit your story contact Jackie Ryan at (800) 346-2267 x4334 or via e-mail at:

ryan@aaos.org (e-mail address)

Save the Date – Tuesday, March 9, 2010 for the Practice Management Symposium for Practicing Orthopaedic Surgeons

Are you already coming to the AAOS Annual Meeting – why not make plans to

arrive one day early and participate in the 2010 Practice Management Symposium for Practicing Orthopaedic Surgeons? Thomas Grogan, MD and Michael Freehill, MD will serve as co-course directors. Speakers will cover timely issues such as:

- Which Ancillaries Are Still Profitable?
- Maintaining Good Professional Relations with Your Partners
- How to Get the Most out of Your Physician Extenders?
- Improving Staff Productivity and Morale
- Pros, Cons and Issues relating to EMR and PAC Systems
- Adhering to New Government Regulations

The registration fee for AAOS Members and their administrative staff is just \$399 per person. If you implement even one of the many concepts that will be advanced at the course, you will generate an excellent return on your investment. Note: The fee for physicians who are not AAOS members is \$499 per person. Administrators and non-member physicians will also need to register for the Annual Meeting and pay the appropriate fee. Sign up early – last year's event was virtually sold out.

To learn more or to register visit: [2010 Practice Management Symposium for Practicing Orthopaedic Surgeons](#)



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Advocacy Resources for State Societies

Legislative Strategy Development:

State legislative strategy development based on best practices, opposition tactics and the state society's unique strengths is provided to state orthopaedic societies confronting legislative issues.

State Legislative Tracking: State legislative and regulatory tracking is conducted at the national level to monitor trends and identify bills and proposed regulations of interest to individual states.

Legislative Alerts: Periodic alerts concerning bills and regulations requiring a response from the orthopaedic community are sent to state societies as necessary.

Weekly Bill Status Reports: Customized weekly bill status reports are available to each state orthopaedic society informing state society leaders of legislative action in their state.

State Legislative Updates: A summary of action on state legislation affecting ortho-

paedic surgeons across the country is sent to state orthopaedic societies and published in AAOS Now on a quarterly basis.

Advocacy Resource Development:

Legislative materials including fact sheets, position statements, talking points, visual aides and other useful information are developed on an ongoing basis and made available through the AAOS website. Upon request, materials may be produced and tailored to meet the specific needs of individual states.

Legislative and Regulatory Research:

Research assistance such as data collection and case study development on legislative and regulatory issues is available to state orthopaedic societies.

Lobbying Assistance: The AAOS is available to advise states on the hiring, management and evaluation of state society lobbyists.

Grassroots Development: Assistance

in developing strategies to mobilize state society members for advocacy efforts is offered to state society leaders.

Model Legislation: Model legislation is sent to state orthopaedic societies prior to the start of each legislative session to facilitate proactive advocacy efforts.

Coalition Building: Assistance in developing contacts and forging legislative coalitions with other state health care groups is provided to state societies seeking to broaden their government relations programs.

Financial Assistance: Financial assistance to state societies engaged in advocacy efforts is available through the State Orthopaedic Society Health Policy Action Fund. The AAOS also assists state societies in identifying external sources of financial support.

For more information please contact Susan Koshy at koshy@aaos.org.