



American Academy of Sleep Medicine

AASM Summary: 2014 Medicare Physician Fee Schedule Final Rule Payment Policies

On November 25, 2013 the Centers for Medicare & Medicaid Services (CMS) published the display copy of the 2014 Medicare Physician Fee Schedule (MPFS) final rule. The rule describes finalized payment policy and rates effective January 1, 2014. Below is a summary of payment policy changes outlined in the rule.

Update to the Medicare Economic Index (MEI) Calculation

In the 2014 MPFS CMS finalized a proposal to revise the MEI calculation based on recommendations made by a technical advisory panel. The most significant revision moves payroll for non-physician personnel who can bill independently from the practice expense portion to the physician work portion of the MEI. This change results in an increase in the physician compensation cost share of the MEI from 48.3 to 50.9 percent. The practice expense cost share of the MEI is decreased by the same amount. CMS has chosen to account for this change by decreasing the practice expense RVUs and increasing the conversion factor. The result is an increase to payment for physician work and, in most cases, a decrease to payment for practice expense. *Note: Cuts to practice expense RVUs and payment for sleep services are a result of the revision of the MEI.*

Changes to Coverage for Telemedicine Services

CMS covers services provided via telemedicine for beneficiaries in locations considered to be rural health professional shortage areas (HPSAs) or non-metropolitan statistical area (MSA) counties. In the 2014 MPFS, CMS finalized a proposal to change how rural areas are defined for the purpose of telemedicine coverage. Beginning January 1, 2014, CMS will cover services to beneficiaries in rural census tracts, as defined by the Office of Rural Health Policy. CMS has also finalized a proposal to determine geographic eligibility for telemedicine services on an annual basis. Sites determined to be rural on December 31 will have the rural designation for the entire following year. These policy changes are expected to increase availability of telemedicine services. Finally, CMS has also approved adding the transitional care management codes to the list of services approved for provision via telemedicine.

Changes to Incident to Coverage

In the 2014 MPFS CMS finalized a change to the statutory language for incident to services. Previously, requirements for incident to services have not specifically required that the services provided or the responsible auxiliary staff comply with State law. In the 2014 MPFS, CMS finalized a proposal to update statutory language to indicate that incident to “services and supplies must be furnished in accordance with applicable State law.” Further, CMS has indicated that auxiliary staff providing incident to services must “meet any applicable requirements to provide the services, including licensure, imposed by the state in which the services are being furnished.”

Steps Toward Coverage of Chronic Care Management

In the MPFS proposed rule, CMS indicated that it will begin to reimburse physicians for the work involved in chronic care management (CCM) beginning in 2015. CMS began detailing some of the criteria for coverage of these services in the 2014 MPFS final rule. CMS intends to approve a new

code with the following descriptor will be used to bill for the CCM service beginning in 2015:
“Chronic care management services furnished to patients with multiple (two or more) chronic conditions expected to last at least 12 months, or until the death of the patient, that place the patient at significant risk of death, acute exacerbation/decompensation, or functional decline; 20 minutes or more; per 30 days.” Standards and criteria for performance of the CCM service will be established by CMS in future rulemaking.