

Proposed Medicare Reimbursements for 2010; Some Changes, Potential Big Impacts

The Centers for Medicare and Medicaid Services (CMS) recently released the 2010 Medicare Physician Fee Schedule (MPFS) and Hospital Outpatient Prospective Payment System (HOPPS) proposed rules. AAPM will submit comments to CMS by the August 31st deadline.

Physician Payment

- No proposed changes to physician work relative value units (RVUs).
- CMS estimates a 21.5% decrease to the 2010 conversion factor to \$28.32. It is believed that Congress will avert the 21.5% across-the-board payment decrease slated for January 1, 2010 (and provide a slight increase to the conversion factor).
- CMS proposes to remove drugs from the SGR calculation used to determine the annual update of the conversion factor.

Impact: The majority of professional component payments to radiation oncologists would increase under the 2010 MPFS proposed rule.

Freestanding Imaging and Cancer Center Payment

- CMS proposes to increase the utilization rate from 50% to 90% for all diagnostic and therapeutic medical equipment that costs more than \$1 million. This proposal impacts external beam, IMRT and stereotactic radiosurgery treatment delivery, CT and MRI services.
- CMS proposes to use the recently collected AMA Physician Practice Information survey data to establish Medicare payments starting January 1, 2010. Using the survey data will result in significant redistributive effects on Medicare payments, which favors primary care specialties.
- CMS did not revise the practice expense inputs or make relative value (RVU) adjustments to the new HDR brachytherapy codes (CPT 77785-77787) as recommended by AAPM and other stakeholders last December. Instead, the Agency has referred this issue back to the AMA's Relative Value Update Committee (RUC) for revaluation in October.
- CMS proposes to utilize medical physicist professional liability insurance (PLI) premium data as a proxy to update the malpractice expense RVUs for technical component services in 2010.
- CMS will implement accreditation standards for the technical component of advanced diagnostic imaging services (CT, MRI, Nuclear Medicine & PET) effective January 1, 2012.

Impact: The practice expense proposals would significantly reduce reimbursement to the technical component (TC) and global payments to freestanding and community-based imaging and cancer centers. The proposal to utilize medical physicist premium data results in a slight reduction to radiation oncology payments beginning in 2010. (See table below.)

Specialty	Medicare Allowed Charges (millions)	Impact of Work RVU Changes	Impact of Practice Expense RVU Changes	Impact of Malpractice RVU Changes	Combined Impact (does <u>not</u> include -21.5% reduction to 2010 conversion factor)
Radiation Oncology	\$1,799	0%	-17.0%	-1.0%	-19.0%
Radiology	\$5,254	0%	-10.0%	-1.0%	-11.0%
Nuclear Medicine	\$72	0%	-12.0%	-2.0%	-13.0%
Independent Diagnostic Testing Facilities (IDTF)	\$1,044	0%	-19.0%	-5.0%	-24.0%
Total	\$77,744	0%	1.0%	0%	1.0%

Hospital Outpatient Department Payment

- The majority of hospital outpatient radiation oncology and radiology payments increase in 2010.
- Changes made to the Bypass List in 2009 results in payment decreases to low dose rate brachytherapy and stereotactic radiosurgery procedures.
- CMS proposes to reassign HDR electronic brachytherapy to a clinical APC resulting in a 57% decrease in 2010 payment.
- For 2010, CMS will continue to package image guidance, image processing, intraoperative services, imaging supervision and interpretation, diagnostic radiopharmaceuticals, contrast media and observation services.
- CMS is not proposing any new composite APCs for 2010. The Agency continues the current composite APC policy, which includes multiple imaging and LDR prostate brachytherapy composite payments.
- CMS proposes to pay separately for therapeutic radiopharmaceuticals (with a cost greater than \$65 per day) at average sales price (ASP) + 4%.

Impact: Overall, most hospitals would realize a 1.9% increase in Medicare outpatient payment rates for 2010.

More information will be provided in the September/October AAPM Newsletter. To read a complete summary of the Medicare proposed rules and to review impact tables go to:

http://aapm.org/government_affairs/CMS/2010HealthPolicyUpdate.asp