



Top 2011 Payer News

ISSUE III

FEBRUARY 2011

SPECIAL POINTS OF INTEREST:

- Medicare Administrative Contractor (MAC) update
- Medicare Physician Fee Schedule (MPFS) Annual Update.
- 2011 Hospital Outpatient Final Rule

INSIDE THIS ISSUE:

Codes Set Update 1

2009 Update to MPFS 2

Medical Device Tax -- IRS request 2

Medicare and FDA Pilot Project 3

Medicare Administrative Contractor (MAC) Update

During initial implementation of the first round (2005-2010) of Medicare Administrative Contractor (MAC) procurements, CMS awarded 11 A/B MAC contracts. Medicare's claims processing operations have realized significant operational savings from the consolidation of state workloads and the efficiencies gained through integrating Part A and Part B functionality.

As part of CMS strategy for the second round of A/B MAC procurements, CMS believes that the efficiency and effectiveness of its contracted Medicare claims operations can be further increased by consolidating some of the smaller A/B MAC workloads to form larger A/B MAC jurisdictions, for a total of 10 A/B MAC contracts.

To achieve its ultimate goal of 10 A/B MAC contracts, CMS intends to:

- Re-compete five A/B MAC contracts/

GIRS is tracking the A/B MAC transition to educate clients about the changes.

jurisdictions based on their present area boundaries as the current A/B MAC contracts run their course; and,

- Over the next several years, consolidate 10 A/B MAC workloads to form five consolidated A/B MAC contracts.

GIRS is tracking the A/B MAC transition to educate clients about the changes. In addition, we review LCDs for changes in policy during the transition for our clients' medical technologies. This enables our clients to comment upon the changes so that appropriate coverage may be implemented for their products.

Source:

Source:

http://www.cms.gov/MedicareContractingReform/01_Overview.asp#TopOfPage

CMS Importance of Code Set Updates and State/Medicaid specific coverage....

Each year, CMS releases the additions, deletions, and revisions to the HCPCS Coding System. In 2010, there were revisions in drug strengths resulting in new HCPC code assignments and deletion of the older codes. Additionally, many previously temporary Q and C codes have been assigned new J codes.

Be aware that State Medicaid programs accept HCPCS codes differently. Not all State Medicaid programs accept temporary codes. Many Medicaid programs reimburse for select codes only when submitted to State Only programs such as Vaccines for Children, Family Planning, or Catastrophic Illness.

Additionally, many States are covering 'Specialty drugs' with reimbursement restrictions such as limited provider distribution, prior authorization requirements, and reimbursement at state assigned upper limit caps.

GIRS is now researching the 2011 changes to the HCPCS Coding System and the coverage of these new codes by Medicaid for our client's technologies. Please contact us for assistance with Medicaid coverage, pay-

GIRS can analyze the final rule and updates to determine how your customers will be impacted by changes in 2011 payment rates and policy initiatives.

2011 Hospital Outpatient Final Rule

The Centers for Medicare and Medicaid Services (CMS) issued the annual 2011 final payment rule for hospital outpatient departments (HOPDs) and ambulatory surgery centers (ASCs) on November 2, 2010.

Major provisions include:

- A mandated 0.25% reduction to the CY 2011 market basket update of 2.6%, resulting in a productivity-adjusted market basket update of 2.35%.
- A waiver of beneficiary cost-sharing for most Medicare-covered preventive services.
- Products with pass-through status are reimbursed at ASP plus 6%.
- Increase in the threshold for separate payment of hospital outpatient drugs and biologicals to those with a cost-per-day that exceeds \$70 (up from \$65 in 2010).
- Payment for separately-payable drugs and biologicals without pass-through status will equal the average sales price ASP+ 5% (compared to ASP+ 4% in 2010).
- The addition of four new quality measures for 2012, eight for 2013, and a quality data validation process similar to the one recently instituted for the inpatient program.
- A decision to not finalize the proposed payment adjustment for 11 cancer hospitals.
- ASCs will receive a 0.2% across-the-board increase in their Medicare payments in 2011 and will continue to have their annual update determined using the Consumer Price Index for All Urban Consumers (CPI-U), rather than the hospital market basket.
- To analyze the potential impact of the OPFS Final Rule on your products, please contact GIRS.

Source: <http://edocket.access.gpo.gov/2010/pdf/2010-27926.pdf>

Medicare Physician Fee Schedule (MPFS) Annual Update

On December 15, 2010, President Obama signed into law The Medicare and Medicaid Extenders Act of 2010 (MMEA).

The new law includes the Sustainable Growth Rate (SGR) Fix through December 2011. This new law prevents a scheduled payment cut for physicians who treat Medicare patients that would have taken effect on January 1, 2011.

While the physician fee schedule update will be zero percent, other changes to the relative value units (RVUs) used to calculate the fee schedule rates must be budget neutral.

To make those changes budget neutral, the conversion factor must be adjusted for 2011. The Centers for Medicare and Medicaid (CMS) published the conversion factor and new RVUs for 2011. The 2011 Medicare Physician fee conversion factor is \$33.9764.

Sources: Medicare Administrative Contractor WPS:

<http://www.wpsmedicare.com/j5macparta/publications/news/current/2010-1220-obama.shtml>

CMS: [http://www.cms.gov/PhysicianFeeSched/PFSRVF/itemdetail.asp?filterType=none&filterByDID=-](http://www.cms.gov/PhysicianFeeSched/PFSRVF/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=1&sortOrder=ascending&itemID=CMS1242727&intNumPerPage=10)

[99&sortByDID=1&sortOrder=ascending&itemID=CMS1242727&intNumPerPage=10](http://www.cms.gov/PhysicianFeeSched/PFSRVF/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=1&sortOrder=ascending&itemID=CMS1242727&intNumPerPage=10)

Medical Device Tax -- IRS request for comments

The health care reform legislation included some revenue raising provisions, including the new excise tax on sales of taxable medical devices made by the manufacturer or importer of the device after December 31, 2012. The tax is equal to 2.3% of the sale price of any device, defined in section 201(h) of the Federal Food, Drug, and Cosmetic Act, intended for humans.

On December 3, 2010, the IRS released an advance copy of Notice 2010-89 which requests comments concerning what issues ought to be addressed in future guidance related to the excise tax on medical devices, to be imposed effective 1/1/13 pursuant to section 9009 of ACA. The notice specifically requests comments on the exemption for any medical device "determined by the Secretary to be of a type which is generally purchased by the general public at retail for individual use." Comments are due March 3, 2011.

An electronic version of the three-page notice can be found at:

<http://www.us.kpmg.com/microsite/taxnewsflash/2010/Dec/n-10-89.pdf>.

For additional information on the impact of Notice 2010-89 on your medical device please contact GIRS.

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Integrated Reimbursement Consulting Services for Pharmaceutical, Medical Devices, Biotechnology, Surgical Supplies, and Diagnostics products.

Key GIRS Services:

- **Identify payer mix for target patient population/indications**
- **Develop coding strategies**
- **Conduct payer surveys to assess current/future trends**
- **Determine clinical and cost endpoints of interest to payers for coverage of new products**
- **Conduct ongoing payer policy monitoring and research**
- **Conduct payer advocacy to ensure appropriate coverage and payment**
- **Develop and conduct sales force training**
- **Support and educate providers**
- **Provide international reimbursement services**
- **Help providers appeal denials of coverage for your products**

Dynamic Strategies
for the Future



Important Notice: Do not print, distribute, edit, or duplicate. This newsletter is for the purpose of providing educational payer trends information for GIRS current and potential clients. It is not intended to increase reimbursement or provide a guarantee to anyone. Coverage and reimbursement are dynamic and change frequently. Every effort will be made to provide the most updated information. This information is current as of February 2011.

Medicare and FDA Pilot Project on Joint Decision-Making on Medical Technologies

A pilot project that involves joint FDA and Medicare partnership to get new medical products covered faster was announced in September 2010. This proposal is intended to help the nation's 45 million senior citizens to obtain access to new medical technologies sooner. Under the proposal, the FDA would review and make approval decisions alongside the Centers for Medicare and Medicaid Services (CMS). The proposal also is intended to educate manufacturers of new technologies to design clinical studies that meet both regulatory and payer coverage needs. Developers of new technology often fail to recognize the differences between the regulatory requirements of FDA and CMS. They may undertake clinical studies that are designed to address FDA questions but do not adequately address CMS questions concerning the impact of the technology on Medicare beneficiary health outcomes. This can slow the manufacturer's initiatives for Medicare coverage of the new technology. A parallel review process can provide an opportunity to educate developers regarding clinical study designs that are more likely to simultaneously address both FDA and CMS questions. In addition, the parallel review could have an impact on other payers' coverage decisions. Private insurers often consider Medicare coverage decisions when developing their own reimbursement policies. A decision by Medicare to cover a new product can speed its adoption in the wider marketplace.

Additional details of this pilot project can be found in the Centers for Medicare and Medicaid Services (CMS) and Food and Drug Administration (FDA) joint notice and request for public comment, Parallel Review of Medical Products [Docket No. FDA-2010-N-0308].

Please contact GIRS at 901-322-6018 to track the pilot project and to obtain additional details of the project. In addition, we can assist by reviewing clinical study protocols to ensure payer desired variables are included for coverage and work with the payers to obtain coverage for new medical technologies.

KEY RECENT ACHIEVEMENTS

1. Opened new office in D. C. Metropolitan area to increase client access to GIRS services
2. Developed effective strategies for the market uptake of a breakthrough radiopharmaceutical resulting in a successful out-licensing agreement
3. Completed three large-scale reimbursement assessments for diagnostics and biologics resulting in effective market access strategies
4. Successfully maintained coverage for an ECM in the Medicare payer market; successfully launched private payer strategies for the same product
5. Successfully developed market access strategies for biologics and diagnostics in E.U., U.S. and Canada.
6. Launched a customized medical technology hotline for a traction device

For client testimonials, visit: <http://girsinc.com/testimonials.html>

Other Key Tactical GIRS Services:

- Conduct ongoing payer policy monitoring and payer advocacy to ensure appropriate coverage and payment
- Develop and conduct sales force training
- Submit coding applications
- Help providers appeal denials of coverage for your products
- Manage and operate medical technology hotlines to support providers
- Develop Billing Guides and Coding Sheets
- Provide International Reimbursement services
- Develop payer packages/dossiers that include all payer required information-Budget Impact Analysis (BIA) , economic models, model HTAs
- Conduct pricing studies and competitor market analysis to help price products appropriately
- Develop interactive models for payers and key accounts

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For more information about GIRS services, please contact GIRS at 901-322-6018 from 8:30 am U.S. CST– 5pm U.S. CST Monday to Friday . E-mail requests may be sent to info@girsinc.com. Additional information about GIRS services is available at www.girsinc.com. For information on the GIRS Consulting Team, please visit: http://www.girsinc.com/about_girs.html

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