



21% Medicare Cut Delayed until April

On March 2, 2010, President Obama signed the Temporary Extension Act of 2010 delaying the implementation of a 21% reduction in Medicare payments to physicians until April 1.

The bill also extended through March the therapy cap which had formerly expired on Jan 1st. This also removes the need for carriers to hold claims for the first ten business days of March.

It is important to note that this action merely delays the cut and does not address a permanent fix to the method used to calculate Medicare allowances for physician services. HCI can assist practices with their own internal assessment of Medicare participation and provide guidance on formulating a plan for dealing with Medicare in anticipation of a reduction in allowances.

President Obama Announces Expansion of RAC

The President, in a memorandum released on March 10, 2010, indicated that the Federal government plans to expand the use of payment recapture audits to deter fraud and waste and to recoup funds which were made in error or were gained through fraudulent efforts.

Investigations conducted by private sector auditors scrutinize government payments using cutting edge technologies and tools to find and reclaim overpayments. These contractors receive a percentage of dollars recouped. One estimate from 2009 indicated that of the \$98 billion in improper payments, Medicare and Medicaid accounted for \$54 billion. It is anticipated that over the next three years these recapture audits could pull in as much as \$2 billion.

In addition, the administration plans to implement an Improper Payment Dashboard on

which the public could view payment error rates by agency or by program and where perpetrators could be listed. Data sharing among federal agencies will be encouraged to help prevent reoccurrence of mistakes. Further incentives will be created for states and other entities to reduce improper payments and to increase penalties for those who fail to disclose receipt of improper payments.

The President's proposed budget for 2011 contains a \$225 million increase to over \$1.8 billion for program integrity to combat waste and fraud in federally funded health care programs. The Director of the Office of Management and Budget has been directed to develop additional guidance within ninety days.

If you have questions, please contact your consultant or you can reach Bryan Burke at bburke@hci-eps.com or 1-800-572-5275.

MEANINGFUL USE RELEASED FOR EHR INCENTIVE

On January 13, 2010, the Centers for Medicare and Medicaid Services released a proposed rule which contained Stage 1 criteria for "Meaningful Use" as it relates to the financial incentives for EHR adoption and use for eligible professional and eligible hospitals.

In order to qualify for the stimulus money made available through the American Recovery and Reinvestment Act of 2009 eligible professionals must demonstrate that they meet all of the objectives and satisfy the associated measures for meaningful use. Each of the twenty-five objectives have an associated quantifiable measure which must be met in 2011.

These objectives and measures derive from global health care outcomes policies which include:

- Improving the quality, safety, efficiency and reducing health disparities

- Engaging patients and families in their health care
- Improving care coordination
- Improving population and public health
- Ensuring adequate privacy and security protections for personal health information

The stage 1 measures range from requiring at least 80% of all claims to be submitted electronically to merely confirming that the system used by the eligible professional contains the functionality to make certain drug-drug, drug-allergy, and drug-formulary checks and that this functionality has been enabled.

Additional objectives and measures are anticipated for implementation in 2013 and 2015. The regulations as they currently stand are only proposed. It is anticipated that they will be finalized by this summer and there may be further refinements made in both objectives and measures.

HCI in conjunction with Innovative Healthcare Solutions (IHS) has the expertise to assist practices with EHR readiness, selection of vendors and products, exploration of financing alternatives, and the adoption, implementation, and effective use of an electronic health records system.

If you have any questions or would like additional information, please contact your consultant:

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