

December 16, 2010

AMA/FEDERATION NEWS: National headlines, grassroots news and important AMA announcements for Federation executives and communicators.

Editor's note: The next issue of AMA/Federation News will appear January 6. Happy holidays!

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TOP STORIES

1. President Obama signs one-year delay of Medicare cut into law; learn impact of legislation by state

On Wednesday President Obama signed into law a one-year delay of the looming Medicare physician payment cut that would have hurt seniors' health care. H.R. 4994, the "Medicare and Medicaid Extenders Act of 2010," will stabilize Medicare physician payments at current rates for 12 months—through the end of 2011—and stop the 25 percent cut that was originally scheduled to take effect on January 1.

Passed by the U.S. House of Representatives and the U.S. Senate last week, the bill includes funds to enable Medicare contractors to reprocess claims for physician services affected by provisions of the Affordable Care Act with a retroactive effective date of January 1, 2010. It also

extends a number of payment policies through 2011 that were originally set to expire at the end of this year, including:

- The “floor” on geographic adjustments made for the physician work component of the Medicare payment schedule.
- The 5 percent payment increase for certain Medicare mental health services.
- An exceptions process for the cap on Medicare outpatient therapy services.
- Payments for the technical component for certain pathology services.

“There is a bipartisan agreement that the current system is broken, and AMA will work closely with policymakers on a long-term solution that helps physicians continue to care for seniors now and in the future,” AMA President Cecil B. Wilson, MD, said. “It’s clear that 2011 is the year to finally fix this problem, as the baby boomers begin relying on Medicare this January for their health coverage.”

Visit <http://www.ama-assn.org/ama/pub/news/news/obama-signs-medicare-one-year-delay.shtml> to read Dr. Wilson’s full statement.

Visit <http://finance.senate.gov/legislation/details/?id=9f97aa2e-5056-a032-52d4-8db158b12b11> to learn more about H.R. 4994.

Visit <http://www.ama-assn.org/ama1/pub/upload/mm/399/2011-sgr-impact-table.pdf> to learn how this legislation will impact revenue both by state and per physician.

Visit <http://bit.ly/fqWS07> to view a blog post by AMA President Cecil B. Wilson, MD, about H.R. 4994.

2. Congress clarifies red flags rule; AMA instrumental in outcome

On December 7 the U.S. House of Representatives passed S. 3987, the “Red Flag Program Clarification Act of 2010”—legislation that limits the type of creditor that must comply with the “red flags” rule. Because the U.S. Senate unanimously passed the bill on November 30, it has been sent to the White House where President Obama is expected to sign it into law before the January 1, 2011, deadline.

The “red flags” rule, originally scheduled to take effect November 1, 2008, requires creditors to develop identity theft prevention and detection programs. According to the Federal Trade Commission (FTC), physicians who do not accept payment from their patients at the time of service are creditors and must comply with the rule by developing and implementing written identity theft prevention and detection programs in their practices.

The AMA has worked closely with FTC officials and Congress and is engaged in a lawsuit with other physician groups to get the FTC to permanently remove physicians from the scope of the “red flags” rule. Its efforts have made a difference for physicians, with five delays of the “red flags” rule implementation date already.

“The AMA is pleased that this legislation supports the AMA’s long-standing argument to the FTC that physicians are not creditors,” AMA President Cecil B. Wilson, MD, said. “We hope that the FTC will now withdraw its assertion that the red flags rule applies to physicians.”

Visit <http://www.ama-assn.org/ama/pub/news/news/red-flags-rule-bill.shtml> to view Dr. Wilson’s full statement.

3. New dates released for the National Advocacy Conference

Physicians can join the AMA and their colleagues, February 8–10, 2011, at the Grand Hyatt Washington in Washington, D.C., during the National Advocacy Conference. Due to the newly released congressional calendar, the AMA has moved the meeting to these dates so that Congress will be in town.

Attending the National Advocacy Conference helps position physicians as advocates for patients, the medical profession and the future of health care. At the conference, physicians will hear from political insiders, industry experts and members of Congress on current efforts being made in health system refinement and implementation, and take part in discussions that will help shape the future of the AMA’s advocacy efforts.

Physicians can visit <http://www.ama-assn.org/go/nac> to learn more about the conference and to register.

4. AMA to CMS: Physician-led new models of care benefit patients and health system

To best meet the goals of optimized, coordinated patient care and also help curb health care costs, physicians should be the heart of accountable care organizations (ACO), an evolving model of patient care.

The AMA outlined recommendations to make this a reality in comments provided December 2 to the Centers for Medicare & Medicaid Services (CMS). The AMA recommends a range of specific new payment methods that CMS should consider in addition to shared savings, including an accountable medical home payment system and bundled payments for specific medical conditions such as congestive heart failure. Other recommendations include increased access to loans and grants for small physician practices, easing of antitrust restrictions that prevent physicians from collaborating and timely access to quality data.

“The AMA’s recommendations make it possible for physicians in all practice sizes and settings to successfully participate in ACOs, which will foster competition and innovation to benefit patients and our health system,” AMA President Cecil B. Wilson, MD, said. “We urge CMS to adopt these recommendations so that these new models of care can meet their potential to optimize patient care and curb health care costs.”

Visit <http://www.ama-assn.org/ama1/pub/upload/mm/399/cms-aco-comment-letter-2dec2010.pdf> to read the AMA’s comments to CMS.

Visit <http://www.ama-assn.org/ama/pub/news/news/cms-letter-acos.shtml> to view a news release about the AMA's recommendations.

FEDERATION NEWS

5. AMA, physician groups urge CMS to pay overdue reimbursements

The AMA, along with medical societies representing all 50 states and Washington, D.C., and 57 national medical specialty societies, is calling on the Centers for Medicare & Medicaid Services (CMS) to use the \$200 million allocated by Congress to provide physicians with long-overdue Medicare reimbursements for payments they should have received in 2010.

The funds were part of the Medicare & Medicaid Extenders Act of 2010, which Congress passed last week. In a letter to Health and Human Services Secretary Kathleen Sebelius, the organizations outlined six provisions in the Affordable Care Act that called for physicians to be reimbursed at new payment levels. Visit <http://www.ama-assn.org/ama1/pub/upload/mm/399/ama-cms-retroactive-payments.pdf> to view the letter.

“After weathering a year filled with uncertainties from continuous threats of cuts to Medicare payments, many physicians are not in a position to rely on IOUs from the government,” said AMA President Cecil B. Wilson, MD. “We urge CMS to provide physicians with prompt information about how these claims will be handled, and to make the reimbursement process as quick and simple as possible.”

Visit <http://www.ama-assn.org/ama/pub/news/news/ama-cms-retroactive-payments.shtml> to view an AMA news release about these overdue reimbursements.

6. Physician groups call on HHS to revise ePrescribing penalty policy

In a letter sent to HHS Secretary Kathleen Sebelius, the AMA and 103 state and specialty medical societies are urging the Department of Health and Human Services (HHS) to revise the Medicare ePrescribing penalty policy. This policy, which would penalize physicians in 2012 if they don't ePrescribe in the first six months of 2011, will hurt efforts to implement widespread health IT adoption among physician practices and cause them to take on needless financial and administrative burdens.

“This unreasonable policy leaves many physicians with little choice but to purchase and use a stand-alone ePrescribing program during the initial months of 2011 just to avoid penalties,” AMA Board of Trustees member Steven J. Stack, MD, said. “HHS must take action now to align the ePrescribing and EHR incentive programs in order to alleviate confusion and reduce financial and administrative burdens on physician practices working to adopt health IT.”

Visit <http://www.ama-assn.org/ama/pub/news/news/call-on-hhs-to-revise-erx-penalty-policy.shtml> to view an AMA news release about the ePrescribing penalty policy.

7. Get involved: CAQH CORE saves your members time and money

The Federation Administrative Simplification Workgroup hosted an outreach webinar on December 2 for Federation staff, entitled “CAQH CORE Phase III: What does it mean to you and your members?”. If you missed it, watch an archived recording at <https://cc.readytalk.com/cc/playback/Playback.do?id=2mumxu>, and learn more about the Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules for Information Exchange (CORE) Phases I, II and III; how CORE certification benefits your members; and how you can get involved. Gwen Lohse, managing director for CAQH CORE, is the featured speaker.

CORE also offers a five-minute video for both Federation staff and their members outlining the significant cost and time savings physician practices can experience when the health insurers and vendors they work with are CORE certified. Join other medical associations around the country in promoting CORE Phase III certification to help your members experience this savings. Visit http://www.caqh.org/CORE_provider/index.html to view the video.

You can also collaborate with other medical associations on administrative simplification efforts, such as CAQH CORE certification, by becoming involved in the administrative simplification workgroup. E-mail the workgroup’s co-chair, Tammy Banks, at tammy.banks@ama-assn.org for more information.

PUBLIC HEALTH

8. New Medicare “Q” codes effective January 1

The Centers for Medicare & Medicaid Services (CMS) has created specific Healthcare Common Procedure Coding System codes and payment rates for Medicare billing purposes for the 2010-2011 influenza season.

Effective for claims with dates of service on or after January 1, 2011, CPT® code 90658 will no longer be payable by Medicare. Effective for dates of service on or after October 1, 2010, several new influenza “Q” codes are payable by Medicare. Visit <http://www.ama-assn.org/ama/pub/physician-resources/public-health/vaccination-resources/seasonal-influenza/clinical-guidance/influenza-billing.shtml> to view a list of the codes as well as other details.

9. Preventive services CPT® codes detailed in new AMA resource

With passage of the Affordable Care Act and the expansion of preventive care, physicians now have access to a set of CPT® codes that focus solely on prevention and wellness initiatives.

The AMA's new CPT® Code Pocket Guide helps physicians easily reference important information regarding U.S. Preventive Service Task Force-graded recommendations for categories of preventive services and vaccines by age group with corresponding CPT® and Medicare codes.

Physicians can visit <http://www.ama-assn.org/go/cptpreventiveservices> to download the new CPT® Code Pocket Guide today.

10. New grant opportunities for medical liability and patient safety initiatives

Due to a large response to the initial request for applications earlier this year, the Agency for Healthcare Research and Quality (AHRQ) has developed new funding opportunities for patient safety and medical liability reform demonstration and planning projects in 2011.

Demonstration grants are intended to provide up to \$1 million for a one-year time frame and may be renewable for up to three years, while planning grants are intended to provide up to \$300,000 for a one-year time frame. Given the lack of a congressionally approved budget for fiscal year 2011, it is unclear if these new opportunities will be available in 2011. However, because of its grant application cycle, the AHRQ is issuing a request for applications to ensure that entities can qualify for funding in 2011, pending approval of a fiscal year 2011 budget by Congress. Both must focus on:

- Putting patient safety first and working to reduce preventable injuries.
- Fostering better communication between doctors and their patients.
- Ensuring that patients are compensated in a fair and timely manner for medical injuries, while also reducing the incidence of frivolous lawsuits.
- Reducing liability premiums.

These new ongoing opportunities are related to the initial medical liability reform/patient safety grants awarded earlier this year, but they are not tied to the previous requests for applications. The AHRQ has made a few changes—one being that eligibility requirements are more flexible.

In the first two requests for applications, only health systems and states could apply. The AHRQ has broadened the scope so other organizations can serve as possible applicants, as long as they are nonprofit organizations. However, state and health systems must be directly involved in the

project as partners. Therefore, state medical associations and national medical specialty societies can directly apply, as long as they are collaborating with multiple stakeholders.

Applications for demonstration grants will be accepted starting December 25 and will be considered on an ongoing basis. However, to receive funding for 2011, applications should be received by January 25. Visit <http://grants.nih.gov/grants/guide/pa-files/PA-11-025.html> to learn more.

Applications for planning grants will be accepted starting January 16 and also will be considered on an ongoing basis. To receive funding for 2011, applications should be received by February 16. Visit <http://grants.nih.gov/grants/guide/pa-files/PA-11-023.html> to learn more.

Contact Mike Glasstetter at (312) 464-5033 or michael.glasstetter@ama-assn.org for more information. Also, if your state medical association or national medical specialty society is involved in an application for these grants, continue to check the AHRQ website at <http://www.ahrq.gov> for further updates, particularly with the due dates.

ANNOUNCEMENTS

11. Are physicians prepared for 5010 and ICD-10?

As the year draws to a close, now is an ideal time for physicians to participate in the AMA's "Heal the Claims Process"TM campaign by evaluating their practice's preparedness for the approaching deadlines for new code set compliance.

To avoid disruptions in cash flow and transaction processing, physician practices must be ready to send and receive only the updated version of Health Insurance Portability and Accountability Act (HIPAA) electronic transactions, commonly known as "5010," beginning January 1, 2012. To meet this deadline, physicians will need to begin testing the upgraded electronic administrative transactions with their trading partners in 2011. In addition to the 5010 transactions, the ICD-10-CM code set must be used for all services provided beginning October 1, 2013.

The Centers for Medicare & Medicaid Services, which oversees compliance of the HIPAA standard transactions and code sets, has made it clear that the compliance deadlines will not be extended. In fact, Medicare expects to begin testing the 5010 transactions with physicians and other health care providers in 2011. With these deadlines approaching fast, the AMA has prepared various resources to help physician practices implement the 5010 standard transactions and ICD-10 code sets.

Visit <http://www.ama-assn.org/go/5010> to learn more about 5010, and <http://www.ama-assn.org/go/icd-10> to learn more about the ICD-10-CM code set.

Visit the AMA website at <http://www.ama-assn.org/ama/pub/physician-resources/solutions-managing-your-practice/coding-billing-insurance/hipaahealth-insurance-portability-accountability-act/transaction->

[code-set-standards.shtml](#) to access these resources and view a free archived webinar to help physicians prepare for these approaching deadlines.

Visit <http://www.ama-assn.org/go/htc> to learn more about the AMA's "Heal the Claims Process"™ campaign.

12. New report takes closer look at closed professional medical liability claims

A new policy research perspective from the AMA examines Physician Insurers Association of America data on indemnity and expense payments associated with closed professional medical liability claims from 2000 to 2009. The report also looks at adjudication status and policy limits.

The report shows that indemnity payments increased over the first half of the period and then remained relatively stable after 2005. In contrast, expense payments were stable over the first half and then increased by nearly half over the last five years.

In 2009, most claims that closed were dropped, dismissed or withdrawn. Among claims that were decided by trial verdict, the vast majority were won by the defendant. Very few claims resulted in plaintiff verdicts, though their average expenses were almost four times the average for all claims.

The new policy research perspective reports that the proportion of closed claims with policy limits in excess of \$1 million grew from just over 29 percent of closed claims to more than 37 percent of closed claims over the past 10 years. The report also notes that although we observed relative stability in indemnity payments in recent years, expense payments on professional medical liability claims are on the rise, which may put upward pressure on premiums in the future.

AMA members can visit <http://www.ama-assn.org/ama1/x-ama/upload/mm/363/prp201002-piaa-data.pdf> to view this report.

13. Physicians can sign up to receive the AMA's Practice Management Alerts

Physicians can position their practice to save time and money by signing up to receive the AMA's new Practice Management Alerts. Free of charge to physicians and their practice staffs, these timely e-mail alerts can help them stay up-to-date on unfair payer practices, ways to counter these practices, and practice management resources and tools.

Physicians can visit <http://www.ama-assn.org/go/pmalerts> to sign up today.

14. Article from *American Medical News* archives highlights issue of physician-industry financial ties

Internist Bob Goodman, MD, has been saying for years that physicians need to stop accepting gifts from drugmakers. In 1999 he made some buttons that said, "Just say no to drug reps," and

later that year founded an advocacy group, called No Free Lunch, to promote the idea and recruit other like-minded doctors.

Physician-industry financial ties continue to make the headlines. Visit <http://www.ama-assn.org/amednews/site/vault.htm#more> to read this in-depth *American Medical News* interview with one of the pioneers of the movement in "Buy your own lunch: No chance of reciprocity." Or see other classic stories from the newspaper's recently opened archives.

External links to Web sites and e-mail addresses are offered to provide readers with additional sources of news and information. The AMA is not responsible for the content contained in these external sources.

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