



Breaking CMS News

On April 7, 2008, the Centers for Medicare & Medicaid Services (CMS) issued the Memorandum Announcing CY 2009 MA Capitation Rates and MA and Part D Payment Policies. To view the document on the CMS website go to:

<http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/Downloads/Announcement2009.pdf>.

To review the related rate book information go to:

<http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/AD/list.asp#TopOfPage>.

Medicare Advantage Ratebook

The payment year 2009 county rates represent an average increase of 3.6 percent over payment year 2008 rates for all counties. This increase incorporates:

- A National Per Capita MA Growth Percentage of 4.42%
- The impact of recalibration of the CMS-HCC models (FFS settings)
- The adjusted budget neutral factor of 1.009
- CMS's decision to rebase CY 2009 rates to estimated FFS expenditures in each county

Remember that the actual revenue is based on health plan's bid amount and Medicare beneficiary's actual risk score.

Recalibration of CMS-HCC Model

CMS has once again recalibrated the CMS-HCC risk adjustment model, including community, institutional and new enrollee segments of the model using FFS claims data for the years 2004 and 2005. The changes in coefficients vary significantly among different HCCs. The new coefficients are included in the Rate Announcement document. A version with comparison between new and current coefficients is also attached. A copy will be available under "Breaking News" at HCCUniversity.com in the near future. If you would like to estimate the impact for your Medical Group/IPA, please contact us hcc@scanhealthplan.com.

Coding Intensity Adjustment: In the Advance Notice of Methodological Change, CMS had proposed to implement a coding intensity adjustment that would have been applied to selected plan contracts in 2009. The Deficit Reduction Act of 2005 required CMS to conduct analyses to determine whether there are any "differences in coding patterns between Medicare Advantage plans and providers under part A and B" and establish an adjustment to MA payments for CY 2008 - CY 2010 "to the extent that the Secretary has identified such differences". However, based on comments received, CMS has decided not to make a coding intensity adjustment for 2009.

Instead, CMS announced it would be performing audits of MA plans each year that will validate MA coding practices. CMS intends to comprehensively review information from medical records and make contract-wide adjustment to payments based on the findings. CMS intends that coding intensity adjustments based upon this audit approach will affect payments for CY 2010 and future years.

Plan Level Data Validation Study (Audit) Finding Overpayment Calculations

We believe this to mean that CMS will extrapolate overpayments for errors, much as they do in fee-for-service Medicare using statistically valid samples. As an example, say an audit of 1,000 chart notes for diabetic complications reveals that 50% of those charts notes do not support that the patients have these complications, but that they do have diabetes. This is not an unreasonable scenario, since many chart reviews performed by CMS and health plans have comparable error rates. CMS could adjust 50% of all diabetic complication HCCs in the entire plan to the level of diabetes without complications, costing health plans and IPAs millions of dollars.

The first sampling frame based audits will be focused on encounters with 2006 dates of service (2007 payment year). CMS has indicated that some of these data validations may be completed before the end of this year. Some payment adjustment could occur during 2008.

It is more important than ever that physicians be trained in appropriate documentation to support ICD-9 coding. While we cannot effect what occurred in 2006 or 2007, we do have the opportunity to improve physician documentation and code selection for 2008.

Fee-for-Service Normalization Factor:

The "fee-for-service normalization factor" accounts for increases in coding submission in the fee-for-service Medicare program. CMS announced that the factor will be 1.03 for CY 2009.

There are many other issues discussed in the notice, including the comments and CMS' response, and we encourage Medical Group/IPA staff and leadership to review this document.

If you have questions, about this document or the CMS notice, please contact us at hcc@scanhealthplan.com

If you would like to request training of your physician/NP/PA staff, as well as training for your organization's coders (approved for 2 AAPC & AHIMA CEUs) please contact us at coding@scanhealthplan.com. Be sure to note your name, contact information, proposed date(s) of training and location. Note that dates are available on a first-come, first-served basis. There is no charge for training.