NEWS FLASH—THE CENTERS FOR MEDICARE & MEDICAID SERVICES [CMS]

Additional Criteria for E/M Visits
CMS has introduced an additional observation requirement for 2008. Providers must now report specific visit codes on their claims to qualify for one of two separately payable observation composite APC (CAPC) payments. Aside from their claims to qualify for one observation composite APC (CAPC) payments. Aside from the new requirements, all other criteria remain in place. In short, hospitals must report a level four, five, or critical care visit to qualify for level four, five or critical care. On the other hand, some providers believe that they can adjust their E/M visit levels to reflect that a physician orders medically necessary observation, this patient reaches at least a level four. [Source: Briefings on APCs—March, 2008].

MS-DRG Conversion
Last year CMS projected a 3.9% increase in Medicare CMI (Case-Mix Index) for urban hospitals as a result of the conversion to MS-DRG. Our data, as of the end of November, showed an increase in the CMI of 4.82%. The MS-DRG committee meets this month and will have updated information for next month’s newsletter—stay tuned!

Case-Mix Index Adjustment
CMS published for FFY (Federal Fiscal Year) 2006 our adjusted case-mix index to 1.95 which is up from 1.88 for the previous year. An increase in the case-mix index results in increased federal specific payments from Medicare.

Market Basket Increase
Effective October 1, 2007 (FFY 2008) the hospital inpatient update factor was increased by 3.3% yielding a base payment of $3,051.33. In FFY 2006 and 2007 the update factor was 3.1% and 3.4%, respectively. The 2009 update factor (which will be effective October 1, 2008) will be published by CMS in August, 2008.

House to Take Action on Comprehensive Moratorium Bill
Members of the House and Senate will return from the two-week spring recess on March 31. Before the recess began, Representatives John Dingell (D-MI) and Tim Murphy (R-PA) – Chairman and member of the Energy & Commerce Committee, respectively – introduced the Protecting the Medicaid Safety Net Act of 2008 (H.R. 5613) to prohibit the Centers for Medicare and Medicaid Services (CMS) from taking action to implement a series of Medicaid regulations until April of 2009. The regulations include those limiting Medicaid payments for: governmental providers, graduate medical education, hospital outpatient services, provider taxes, targeted case management services, rehabilitation services and school-based transportation and outreach services. NAPH (National Association of Public Hospitals) sent a letter in support of H.R. 5613 to the bill’s authors earlier this week. The Energy & Commerce Committee plans to hold a Health Subcommittee hearing on the bill on Thursday, April 3. This hearing will be followed by a full Committee mark-up and vote on the bill sometime during the week of April 7, with a possible floor vote following later in April. NAPH is pleased with this major House leadership push on Medicaid moratoria. [Source: NAPH ActionAlert—March 28, 2008].

⇒ A copy of NAPH Letter in Support can be found at: http://www.naph.org/advocacy/HR_5613_NAPH_Support_Letter.pdf

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