

OMFS Update for Physician and Non-Physician Practitioner Services
Explanation of Changes
(Effective March 1, 2015)

1. Data Sources

- a. The Medicare CY 2015 update to the Medicare physician fee schedule was placed on display on October 31, 2014 and was published in the Federal Register on November 13, 2014. It is entitled "Medicare Program; Revisions to Payment Policies under the Physician Fee Schedule, Clinical Laboratory Fee Schedule, Access to Identifiable Data for the Center for Medicare and Medicaid Innovation Models & Other Revisions to Part B for CY 2015; Final Rule" (CMS-1612-FC). The Federal Register document and supporting download files are available at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Federal-Regulation-Notices-Items/CMS-1612-FC.html?DLPage=1&DLSort=2&DLSortDir=descending> . The update is also based on Center for Medicare and Medicaid Service's January 2015 corrections to the Medicare CY 2015 Physician Fee Schedule.
- b. The Medicare Claims Processing Manual, 100-04, can be accessed on the CMS' Internet Only Manual website:
<http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs.html>

2. Revisions Adopted by Update Order to Conform to Medicare

Status Codes

Title 8 CCR §9789.12.8: The Medicare Status Codes are adapted for workers' Compensation and set forth in this section. In 2015 status code "Q" appears in the relative value file and in the Medicare Status Code list. The RVUPUF15 file lists the code as follows: "Q = Therapy functional information code (used for required reporting purposes only)." The Medicare reporting of "therapy functional information" is not used in workers' compensation. Therefore revised language has been adopted in §9789.12.8 to inform the public that this Status Code indicates the code is not used for workers' compensation.

Q =	<u>Therapy functional information code (used for required Medicare reporting purposes only; not used for workers' compensation).</u>
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National Correct Coding Initiative Policy Manual

Title 8 CCR §9789.12.13: The National Correct Coding Initiative Policy Manual is available for download on the CMS website. It is no longer published by the National Technical Information Service (NTIS). Therefore reference to the NTIS is deleted.

Splints and Casting Supplies

Title 8 CCR §9789.13.1: The section is amended to add a provision specifying that for services on or after April 1, 2014, maximum fees for splints and casting supplies are determined by the Durable Medical Equipment, Prosthetics, Orthotics, Supplies fee schedule. This was adopted to conform to the Medicare change. Prior to April 1, 2014, there was a list of specified payment limits, which were set forth in CMS Manual System, Pub 100-04 Medicare Claims Processing, Transmittal 2837, Attachment A. Transmittal 2837 also specified that effective April 1, 2014, the maximum fees for casts and splints would be included in the DMEPOS fee schedule, as follows:

“Please note that beginning April 1, 2014, the applicable HCPCS codes and the national fee schedule amounts for splints and casts, and IOLs inserted in a physician’s office will be included in the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) fee schedule file. For subsequent calendar years, contractors are to pay claims for splints and casts, and IOLs inserted in a physician's office using the national fee schedule amounts available in the DMEPOS fee schedule file.”

Physical Therapy Multiple Procedure Payment Reduction

Title 8 CCR §9789.15.4: Subdivision (a)(4) is amended to conform to the Medicare change in the name of the file which lists therapy codes subject to the Multiple Procedure Payment Reduction (MPPR). The file is no longer designated as “Addendum H”, but instead is titled “Separately Payable Always Therapy Services Subject to the Multiple Procedure Payment Reduction (MPPR)”.

Global Surgery – Billing Requirements

Title 8 CCR §9789.16.2: Subdivisions (a)(7) and (a)(9) is amended to delete reference to ICD-9-CM codes and instead reference “a diagnosis code” in each subdivision. These changes are based on the language changes in the Medicare Claims Processing Manual, 100-04, Chapter 12, 40.2 Billing Requirements for Global Surgeries, and the transition from ICD-9-CM to ICD-10-CM which is set to occur on October 1, 2015.

Diagnostic Imaging Multiple Procedure Payment Reduction

Title 8 CCR §9789.17.1: Subdivision (a) is amended to conform to the Medicare change in the name of the file which lists diagnostic imaging codes subject to the Multiple Procedure Payment Reduction (MPPR). The file is no longer designated as “Addendum F”, but instead is titled “Diagnostic Imaging Services Subject to the Multiple Procedure Payment Reduction (MPPR)”.

Update Table

Title 8 CCR §9789.19: A new subdivision (b) is added, adopting updates for services rendered on or after March 1, 2015, to conform to Medicare changes, as follows:

Adjustment Factors	<p>Updated to 2015, to include the 2015 Medicare adjustment factors (corrected by CMS in January 2015):</p> <p>2015 RVU budget neutrality adjustment factor: 0.9981 2015 Anesthesia Practice Expense Adjustment Factor: .99506 2015 Annual increase in the MEI: 1.008</p> <p>[See detailed explanation set forth below this table.]</p>
Anesthesia Base Units by CPT Code	CMS indicates that “The anesthesia base units are unchanged for 2015”; therefore the “2014anesBASEfin” file is retained.
California-Specific Codes	The maximum fee for each of these codes has been updated by the MEI (1.008) pursuant to section 9789.12.14.
CCI Edits: Medically Unlikely Edits	Updated to 2015.
CCI Edits: National Correct Coding Initiative Policy Manual for Medicare Services	Updated to the CMS’ 2015 annual manual.
CCI Edits: Physician CCI Edits	Updated to 2015.
CMS’ Medicare National Physician Fee Schedule Relative Value File [Zip]	Updated to the 2015 RVUA file which includes CMS corrections made in January 2015.
Conversion Factors adjusted for MEI and Relative Value Scale adjustment factor	<p>Updated the unadjusted transition conversion factors set forth in 8 CCR §9789.12.5(b)(2) with Medicare 2015 adjustments pursuant to subdivision §9789.12.5 (b)(3). The 2015 Adjusted Conversion Factors are the Conversion Factors used to determine the maximum fees.</p> <p>[See detailed explanation set forth below this table.]</p>
Current Procedural Terminology (CPT®)	Updated to CPT® 2015.

Current Procedural Terminology CPT codes that shall not be used	The list is updated to delete CPT codes 80100 through 80104 because these codes were eliminated from the AMA's 2015 CPT.
Diagnostic Cardiovascular Procedure CPT codes subject to the MPPR	Updated to 2015.
Diagnostic Imaging Family Indicator Description	Updated to 2015.
Diagnostic Imaging Family Procedures Subject to the MPPR	Updated to 2015.
Diagnostic Imaging Multiple Procedures Subject to the MPPR	Updated to 2015.
DWC Pharmaceutical Fee Schedule	Sets forth reference to DWC pharmaceutical fee schedule web page, which is unchanged from 2014.
Health Professional Shortage Area zip code data files	Updated to 2015 for the files for the Primary Care HPSA and the Mental Health HPSA.
Health Resources and Services Administration: HPSA shortage area query	Sets forth reference to the HRSA HPSA shortage web page query by state/county and by address; website references are unchanged from 2014.
Incident To Codes	Updated to 2015.
Medi-Cal Rates – DHCS	Updated to 2015.
Ophthalmology Procedure CPT codes subject to the MPPR	Updated to 2015.
Physical Therapy Multiple Procedure Payment Reduction: “Always Therapy” Codes; and Acupuncture and Chiropractic Codes	Updated to 2015 Medicare list of “Always Therapy Codes”. Retain the acupuncture codes and chiropractic manipulation codes that remain unchanged from 2014.
Physician Time	Updated to 2015, which includes updated Medicare file of 01/20/15.
Statewide GAFs (Other than	Updated to 2015, using the Medicare 2015

anesthesia)	California GPCIs. [See detailed explanation set forth below this table.]
Statewide GAF (Anesthesia)	Updated to 2015, using the Medicare 2015 California GPCIs and the 2015 anesthesia cost shares. [See detailed explanation set forth below this table.]
Splints and Casting Supplies	Sets forth reference to the Durable Medical Equipment, Prosthetics, Orthotics, Supplies fee schedule applicable to the date of service, reference is unchanged from 2014.
The 1995 Documentation Guidelines for Evaluation & Management Services	Sets forth reference to the 1995 Documentation Guidelines web page, which is unchanged from 2014.
The 1997 Documentation Guidelines for Evaluation and Management Services	Sets forth reference to the 1997 Documentation Guidelines web page, which is unchanged from 2014.

Adjustment Factors – Updating the Conversion Factors and Statewide Geographic Adjustment Factors (GAFs)

- a. The 2015 annual increase in the Medicare Economic Index (MEI) is 0.8%. (CY 2015 Medicare Physician Fee Schedule Final Rule, CMS-1612-FC.) The MEI is an input price index that accounts for annual changes in the various resources involved in providing physician services.
- b. The 2015 Relative Value Scale (RVS) adjustment factors:
 - 1) The RVS adjustment factor for all services other than anesthesia for 2015 consists of the Medicare 2015 RVU budget neutrality adjustment factor, which is .9981 (corrected by CMS in January of 2015.)
 - 2) The RVS adjustment factor for anesthesia is the product of the Medicare 2015 RVU budget neutrality factor, and the anesthesia practice expense adjustment factor (both factors corrected by CMS in January 2015.) The RVS adjustment factor for anesthesia equals 0.9932 (0.9981 x 0.99506).
- c. The cumulative adjustment factors applicable to the conversion factors (CFs) between 2012 and 2015 are shown in Column E of Table 1 and are the products of the MEI and RVS adjustment factors for 2014 and 2015.

- 1) The 2014 cumulative anesthesia adjustment factor is 1.0449. The 2015 annual adjustment factor is 1.001 (1.008 x 0.9981 x 0.99506). The 2015 cumulative adjustment factor is 1.0461 (1.0449 x 1.001).
- 2) The 2014 cumulative adjustment factor for all other services is 1.0638. The 2015 annual adjustment factor is 1.006 (1.008 x 0.9981). The 2015 cumulative adjustment factor is 1.0703 (1.0638 x 1.006).

Table 1 Derivation of the Cumulative Adjustment Factors Applied to the Unadjusted 2015 CF

Type of Service	2014 Cumulative Adjustment Factor	2015 Adjustment Factors			2015 Cumulative Adjustment Factor
	(A)	(B) MEI	(C) RVS BN	(D) Total Annual Adjust. Factor (B) x (C)	(E) (A) x (D)
Anesthesia	1.0449	1.008	0.9932 (.9981 x 0.99506)	1.001	1.0461
All services other than anesthesia	1.0638	1.008	0.9981	1.006	1.0703

- d. The unadjusted 2015 CFs are set forth in §9789.12.5(b)(2) and are a blend of 50 percent “OMFS budget neutral CF” and 50 percent “120 percent of the Medicare 2012 CF”. The 2015 CFs adjusted for the cumulative change in the MEI and RVS adjustment factors are shown in Table 2.

Table 2 2015 Unadjusted CFs, Cumulative Adjustment Factors and Adjusted CFs

Type of Service	Unadjusted 2015 CF	Cumulative Adjustment Factor (from Table 1 Column E)	2015 Adjusted CF
	(A)	(B)	(C) (A) x (B)
Anesthesia	30.1400	1.0461	31.5290
Surgery	48.2650	1.0703	51.6570
Radiology	46.8943	1.0703	50.1900
All other services	37.6509	1.0703	40.2970

- e. The Division has updated the statewide geographic adjustment factors (GAFs) based on the 2015 revised California locality-specific geographic practice cost index (GCPs) set forth in CY 2015 Addendum E Geographic Practice Cost Indices (GPCIs) CMS 1612 FC. The statewide GAFs are an average of the locality-specific GPCIs for each cost component weighted by each locality’s estimated share of RVUs for the applicable cost component. The weighting results in statewide values that are

estimated to be budget neutral to the allowances that would result from using locality-specific GPCI values. The calculated average statewide GAFs for “other than anesthesia” are:

- 1) Average Statewide Work GAF: 1.042
- 2) Average Statewide Practice Expense GAF: 1.1621
- 3) Average Statewide Malpractice Expense GAF: 0.7388

The average statewide anesthesia GAF is a weighted average of the locality-specific anesthesia GAF calculated using the 2015 [anesthesia cost shares](http://www.cms.gov/Center/Provider-Type/Anesthesiologists-Center.html) available at: <http://www.cms.gov/Center/Provider-Type/Anesthesiologists-Center.html> . These cost shares are: work, 0.766; practice expense, 0.149, and 0.085. The weighting factor is each locality’s estimated share of allowances for anesthesia services. The calculated average statewide anesthesia GAF is: 1.0391