UCare Provider BULLETIN

Jan. 18, 2017

Notice of UCare Implementation of Medicare Pricing Software

On March 1, 2017, UCare will begin implementing third-party software to calculate pricing on most Medicare professional services. Through the use of this software, we will improve payment accuracy and consistency by aligning more closely with Centers for Medicare and Medicaid Services (CMS) professional reimbursement methodologies.

Below is the schedule for when UCare will implement the pricing tool for most professional services for the UCare products indicated:

- ***UCare for Seniors* and *EssentiaCare***
  Claims received by UCare on or after **March 1, 2017,** with dates of services on or after Jan. 1, 2017.
- **Minnesota Senior Health Options (MSHO) and *UCare Connect + Medicare***
  Claims received by UCare on or after **April 1, 2017,** with dates of services on or after Jan. 1, 2017.

UCare is implementing this pricing software to increase the auto adjudication rate of claims. In addition, use of this pricing software will improve UCare's ability to more rapidly align with CMS code and legislative changes to ensure compliance with CMS and UCare Payment Policies.

Upon implementation of this new pricing tool, providers may experience processing and/or pricing changes on claims submitted for the products indicated above. Below are specific services that may price more closely with Medicare reimbursement methodology than they have in the past:

Multiple Procedure Payment Reductions (MPPR)

UCare will apply MPPR rules for diagnostic imaging, cardiology, ophthalmology, selected therapy services and endoscopies. These reductions apply when more than one of same/similar service is performed by the same provider or more than one provider within the same group practice for the same patient on the same date of service. UCare has not consistently taken these reductions according to Medicare payment methodology, so providers may see a reduction in payment on the services below once the pricing tool is implemented. Below is a summary of each MPPR reduction by service type.

Diagnostic Imaging:
MPPR are applied to the professional and technical components of diagnostic imaging services. Effective upon pricing tool implementation, the highest valued service for both professional component and technical component for diagnostic imaging services will be allowed at the full allowed amount on the UCare Medicare fee schedule. The allowed amount for subsequent professional services is reduced by 5 percent, and subsequent technical components are reduced by 50 percent.

Note: Through Dec. 31, 2016, Medicare applies a 25 percent (vs. 5 percent) reduction to subsequent professional service reduction. UCare's partial implementation of MPPR for diagnostic imaging will continue until all system enhancements are implemented. At that time UCare will identify and adjust any claims received between Jan. 1-Feb. 28, 2017, with dates of

services on or after Jan. 1, 2017, where a 25 percent reduction rather than a 5 percent reduction was applied.

The example below outlines how MPPR will be applied to diagnostic imaging services:

	WITHOUT MPPR APPLIED				WITH MPPR APPLIED		
	ALLOWED AMOUNT PROFESSIONAL COMPONENT	ALLOWED AMOUNT TECHNICAL COMPONENT	ALLOWED AMOUNT	EXPLANATION OF MPPR PAYMENT CALCULATION	ALLOWED AMOUNT PROFESSIONAL COMPONENT	ALLOWED AMOUNT TECHNICAL COMPONENT	ALLOWED AMOUNT
Diagnostic Service 1	$68.00	$476.00	$544.00	The professional component of this service is the lowest valued allowed amount, so it is reduced by 5% (.95 x 68) ($64.60) The technical component is the highest valued allowed amount, so no MPPR reduction is applied. The allowed amount remains $476.	$64.60	$476.00	$540.60
Diagnostic Service 2	$102.00	$340.00	$442.00	The professional component of this service is the highest valued allowed amount, so no MPPR is applied. The allowed amount remains $102. The technical component of this service is lowest valued amount, so it reduced by 50%. The allowed amount for the technical component is $170 (.50 x $340)	$102.00	$170.00	$272.00

Diagnostic Ophthalmology

Effective upon pricing tool implementation, UCare will make full payment for the technical service with the highest allowed amount under UCare's Medicare fee schedule. The allowed amount for subsequent technical services will be reduced by 20 percent. Reductions do not apply to the professional component of these services.

The example below outlines how MPPR will be applied to diagnostic ophthalmology services:

	CPT CODE 92235	CPT CODE 92250	ALLOWED AMOUNT PRIOR TO MPPR REDUCTION	MPPR ADJUSTED ALLOWED AMOUNT	EXPLANATION OF PAYMENT CALCULATION
Professional Component	$46.00	$23.00	$69.00	$69.00	No reduction
Technical Component	$92.00	$53.00	$145.00	$134.40	$92.00 + (.80 x $53.00)
Global	$138.00	$76.00	$214.00	$203.40	$69.00 + $92.00 + (.80 x $53.00)

Diagnostic Cardiology
Effective upon pricing tool implementation, UCare will make full payment for the technical service with the highest allowed amount under UCare's Medicare fee schedule. The allowed amount for subsequent technical services will be reduced by 25 percent. No reduction is applied to the professional component of diagnostic cardiovascular services.

The example below outlines how MPPR will be applied to diagnostic cardiology services:

	CPT CODE 78452	CPT CODE 93306	ALLOWED AMOUNT PRIOR TO MPPR REDUCTION	MPPR ADJUSTED ALLOWED AMOUNT	EXPLANATION OF PAYMENT CALCULATION
Professional Component	$77.00	$65.00	$142.00	$142.00	No reduction
Technical Component	$427.00	$148.00	$575.00	$538.00	$427 + (.75 x $148)
Global	$504.00	$213.00	$717.00	$680.00	$142 + $427 + (.75 x $148)

Physical, Occupational and Speech Therapies
MPPR is applied to rehabilitative services provided by an individual therapist, a group practice or "incident to" a physician's service. All services furnished to a patient on the same day, regardless of whether the services are provided in one therapy discipline or multiple disciplines (e.g., physical therapy, occupational therapy or speech pathology) may have reductions applied.

The MPPR reduction is 50 percent of the practice expense (PE) portion of the relative value unit (RVU) for "always therapy" services. Full payment is made for the unit or procedure with the highest valued PE payment. For additional therapies eligible for the MPPR reduction, full payment is made for the work and malpractice components of the RVU, and a 50 percent reduction is applied to the PE portion of subsequent units and procedures.

Endoscopy
When multiple endoscopies share the same base "family" code, the endoscopy with the highest allowed amount is considered the primary endoscopy and will be reimbursed at 100 percent of the allowed amount.

The allowed amount for subsequent service(s) will be reduced. The allowed amount is calculated by determining the difference between the endoscopy performed and the base endoscopic procedure.

Example of an Endoscopic Family Grouping / Category

CPT/HCPCS CODE IN THE SAME ENDOSCOPIC FAMILY OR CATEGORY	SHORT DESCRIPTION	ENDO BASE CODE	ENDO BASE CODE DESCRIPTION	MULT PROC
45379	Colonoscopy w/fb removal	45378	Colonoscopy, flexible; diagnostic, including collection of specimen(s) by brushing or washing, when performed (separate procedure)	3
45380	Colonoscopy and biopsy			3
45381	Colonoscopy submucous njx			3
45382	Colonoscopy w/control bleed			3
45384	Colonoscopy w/lesion removal			3
45385	Colonoscopy w/lesion removal			3
45386	Colonoscopy w/balloon dilat			3
45388	Colonoscopy w/ablation			3
45389	Colonoscopy w/stent plcmt			3
45390	Colonoscopy w/resection			3
45391	Colonoscopy w/endoscope us			3
45392	Colonoscopy w/endoscopic fnb			3
45393	Colonoscopy w/decompression			3
45398	Colonoscopy w/band ligation			3

An example calculation of the allowed amount for endoscopic services performed within the same family is outlined below:

CODE TYPE	CPT CODE	ALLOWED AMOUNT PRIOR TO MPPR REDUCTION	PROVIDER PAYMENT	EXPLANATION OF PAYMENT CALCULATION
Base Code	45378	$322.64	$0.00	
Primary Procedure	45384	$457.94	$457.94	The primary procedure is paid at 100% of the allowed amount
Secondary Procedure	45380	$412.72	$90.08	The allowed amount is the difference between 45380 and 45378

Distinct Procedural Service and X-(ESPU) Modifiers

Appending the -59 or one of the X-(EPSU) modifiers to a procedure indicates that one of the procedures/services being billed separately would typically be bundled with the other procedure/service, but under the circumstances, the services are separate and distinct, and are therefore appropriate to bill separately.

Upon implementation of the pricing software, UCare will be aligned with Medicare's payment methodology for these modifiers. Eligible services will bypass National Correct Coding Initiative (CCI) edits and appropriate reductions will apply to services including but not limited to mid-level practitioners, multiple surgical procedures and surgery assistants. Please refer to UCare's Professional Modifier Payment Policy for more information.

Anesthesia services

Anesthesia minutes currently round to nearest whole before conversion factor is applied. After pricing tool implementation, minutes will round to nearest tenth.

For more information, please refer to UCare's Medicare Anesthesia Payment Policy. This and other UCare payment polices are available at www.ucare.org/providers and click on "Payment Policy" under Quick Links.

Bundling edits

Providers may see differences in how some Medicare services are bundled as UCare aligns more closely with Medicare payment methodologies. These services include, but are not limited to, laboratory and anesthesia services.

For more information regarding Medicare reimbursement methodologies, please reference the Medicare Claims Processing Manual and other CMS guidance.

If you have questions, please call UCare's Provider Assistance Center at 612-676-3300 or 1-888-531-1493 toll free.