



SPECIAL ALERT:

**VACEP Renegotiates Medicaid Fee—
Change Effective 1 July 2007**

The Spring *Virginia EPIC* reported our success in the 2007 General Assembly to secure budget amendments that provided a 5% increase to physician Medicaid fees. This was a tremendous accomplishment in the face of transportation woes that tried to suck the very life out of other critical state programs.

The June 5 Medicaid memo announcing the Physician Rate Increases stated: *“Please be aware that simultaneous with the implementation of the increases...DMAS is also conducting the annual update....that applies the new Relative Value Units (RVUs) implemented by Medicare last January....The combined effect of this update...[means that] ...some rates will go down.”*

When we saw the proposed fee schedule we were shocked to see there was actually **a \$2.00 decrease in Level III emergency services, which is more than ½ the services provided Medicaid clients.**

We immediately notified DMAS Director, Pat Finnerty, and asked for a special meeting to review the fee schedule and discuss what, if anything, could be done to:

- Reverse or mitigate the Level III payment reduction;
- And eliminate the Pend program (note that Level I and II claims were scheduled to pend for review in addition to Level III claims).

We met on June 19, and discussed several options that would maintain budget neutrality, as required by state law. These were:

1. Include Level I in RVU calculations and distribute savings to other fees (has the effect of lowering payment on 1% of claims submitted, and provides a slight increase for all other claims).
2. Stop the planned pend and review of Level I and II claims for emergency status (administratively costly to both physicians and DMAS)
3. Use the scheduled Level I fee (\$22.06) as the reduced, non-emergency fee on Level III claims that are downcoded.

After careful consideration by VACEP leadership and practice managers across the state, the consensus was the proposed fee schedule would be advantageous to all by eliminating the onerous pend and review process for Level's I and II, while providing a small additional increase to the higher levels of service. The proposed fees were as follows, and the **Negotiated Change** will become effective July 1, 2007:

CPT	Description	Current July 2006 to June 2007	Scheduled July 2007 to June 2008	Negotiated change effective July 2007 to June 2008
99281	Level I Child	24.37 *	25.59 *	13.66
99281	Level I Adult	21.01	22.06	13.66

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CPT	Description	Current	Scheduled	Negotiated
99282	Level II	19.59	26.48	26.60
99283	Level III	44.02	42.03	42.21
99284	Level IV	68.71	77.25	77.60
99285	Level V	107.62	115.15	115.66
99283	<i>Pended claims, Downcoded if determined non- emergent</i>	21.01	22.06	22.06
99282 & 99281		21.01	22.06	N/A

* Note: Level I fee is currently excluded from DMAS application of RBRVS, which has resulted in a higher payment than Level II services in the past.

VACEP worked successfully with Mr. Finnerty in 2004 to eliminate the Pend and Review program for Level IV and V visits, and efforts to completely eliminate the program are ongoing. Elimination of Level I and II pends was accomplished in a budget neutral manner.

Level III comprises 52% of all DMAS' emergency visit claims. And it is estimated that DMAS pends and then downcodes 50% of those claims to the non-emergent fee. VACEP continues to challenge the pend program as not complying with CMS guidance that these visits should automatically be paid.

There is one additional thing of which you should be aware. There is a program run by DMAS called the "Client Medical Management" ("CMM") program. It is designed to control utilization of high utilizing recipients. Their claims sometimes pend for review. This is not a large program relatively speaking, and very likely affects only a very small share of emergency services claims. However, it is possible that some of your Level I and II claims will pend at some point in the future due to this program.

VACEP was successful in securing fee increases for emergency physicians services over the past several years, through budget amendments passed in the General Assembly, surpassing increases achieved by other specialty groups in combination with the 2007 increase of 5%.

2004: 2%
2006: 3%

Special thanks go to our Lobbyist, Melanie Gerheart for orchestrating these increases, and to our physician groups for providing the claims data to support our arguments.

Your help is still needed to fight for complete elimination of the Pend program: please track your pended claims and appeals for future submission to our committee!

VACEP: A Community of Empowered Emergency Physicians