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Office of Physician Billing Compliance

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To: UF COM – Jacksonville Department Chairs, Compliance Leaders, and
UFJPI Management

From: Maryann C. Palmeter, CPC, CENTC
Director, Office of Physician Billing Compliance

Date: December 13, 2010

Re: Medicare Part B Primary Care Incentive Payments

I. Background

Section 5501 (a) of the Patient Protection and Affordable Care Act (Public Law 111-148) revised Medicare Part B regulations by adding a new incentive program for primary care services known as the Primary Care Incentive Payment (PCIP). The program is applicable to providers enrolled in the Medicare program with designated primary care specialty codes and who perform certain primary care services.

A 10 percent incentive payment will be made to eligible primary care practitioners for whom the primary care services displayed below under Bullet III accounted for at least 60 percent of the allowed charges under Medicare Part B. This incentive is in addition to payments made under other Medicare incentive programs.

This program is applicable to services furnished on or after January 1, 2011 and before January 1, 2016.

II. Eligible Practitioners

The following provider specialties are considered primary care practitioners:

family practice (specialty code 08)
internal medicine (specialty code 11)
geriatrics (specialty code 38)
pediatrics (specialty code 37)

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Nurse Practitioners (specialty code 50) ***

Clinical Nurse Specialists (specialty code 89) ***

Physician Assistants (specialty code 97) ***

*** In order to be eligible for PCIP, nonphysician practitioners (NPPs) must bill for services under their own provider number and not under a physician's provider number as an incident to service. Otherwise, services performed by NPPs which are rendered incident to physician services will be considered physician services for purposes of the Primary Care Percentage Calculation and are subject to the physician's specialty code.

Although called the Primary Care Incentive Payment, specialty departments who utilize NPPs may be eligible for this incentive if criteria outlined under Bullets III and IV are met and the NPPs bill under their own provider numbers.

III. Primary Care Services Defined

For incentive payment purposes, the following services are considered Primary Care Services:

- Office/Outpatient Visits (CPT codes 99201-99205 and 99211-99215);
- Nursing Facility Visits [CPT codes 99304-99318 (including initial, subsequent, discharge, and other nursing facility E/M services)];
- Domiciliary, Rest Home (e.g. boarding home or assisted living facility), Custodial Care Visits or Home Care Plan Oversight (CPT codes 99324-99328; 99334-99337; and 99339-99340); and
- Home Visits (CPT codes 99341-99345 and 99347-99350).

IV. Primary Care Percentage Calculation

At least 60 per cent of the primary care practitioner's allowed charges under the Medicare Physician Fee Schedule (excluding hospital E/M services listed under Bullet V) must be Primary Care Services (as defined under Bullet III).

Formula

Numerator /Denominator X 100 = Primary Care Percentage

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If the Primary Care Percentage meets or exceeds the 60 percent threshold, eligible practitioners will be afforded the PCIP.

Traditional rounding rules apply to the 60 percent threshold. For example, 59.5 percent and above would be considered 60 percent.

The Numerator equals the eligible practitioner's Medicare allowed charges for Primary Care Services identified under Bullet III.

The Denominator equals the total allowed charges under Medicare Part B. Allowed charges in the Denominator include only Physician Fee Schedule services and exclude those hospital E/M services listed under Bullet V. Drugs and laboratory services are not included in the Physician Fee Schedule. As such, they are also excluded from the allowed charges in the Denominator.

V. Hospital E/M Services Excluded from Denominator for PCIP Calculation

The following hospital E/M services are excluded from the Denominator for PCIP calculation:

Outpatient Observation Care (CPT codes 99217-99220);
Initial Inpatient Hospital Care (CPT codes 99221-99223);
Subsequent Inpatient Hospital Care (CPT codes 99231-99233);
Inpatient Hospital Discharge Services (CPT codes 99238 and 99239);
Admit/Discharge Same Calendar Day Services (CPT codes 99234-99236); and
Emergency Department Visits (CPT codes 99281-99285).

VI. Claims Data to be Used

Newly Enrolled Providers are defined as practitioners who enrolled in Medicare sometime during the year prior to the PCIP payment year. Medicare claims data from the year immediately prior to the PCIP payment year will be used to determine the Primary Care Percentage and consequently, PCIP eligibility for Newly Enrolled Providers. For example, for a practitioner who enrolled in Medicare on 07/01/10, claims data from 07/01/10 through 12/31/10 will be used to determine PCIP eligibility for CY 2011.

For all other providers, the period of claims data used for the annual determination of the Primary Care Percentage and consequently, PCIP eligibility, will lag the PCIP

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payment year by 2 years. For example, CY 2010 claims data would be used for the CY 2012 PCIP.

VII. Incentive Payment Frequency

If deemed as eligible to receive PCIP payments, Newly Enrolled Provider payments will be delayed until after the end of the third quarter of the PCIP payment year. A lump sum incentive payment will be made for services rendered prior to the third quarter of the PCIP payment year. Quarterly payments would then be made following the third quarter of the payment year.

Beginning immediately following the first quarter of CY 2011, incentive payments for all other providers deemed eligible to receive PCIP payments will be paid after the conclusion of each quarter.

VIII. Verification of Eligibility

On their websites, Medicare Administrative Contractors will post a list of individual primary care practitioners eligible for the PCIP for a year and will include the National Provider Identifiers (NPIs) of these eligible practitioners.

Please feel free to contact me at 244-2158 if you have any questions about this new Medicare incentive program.

Cc: Robert Nuss, M.D.
Timothy Reinschmidt
David Schreck