

January 4, 2013

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NEXT WEEK IN WASHINGTON...

* The House and the Senate are in recess until the week of January 14.

1. FINAL BILL EXTENDS MEDICARE PHYSICIAN PAYMENTS THROUGH 2013

On January 3, President Obama signed into law the *American Taxpayer Relief Act*. This law prevents the 26.5 percent reduction to Medicare physician payments by providing a zero percent update through December 31, 2013. Therefore, the 2013 Medicare conversion factor is \$34.0230. This law also extends the Medicare physician work geographical adjustment floor through December 31, 2013. Congress paid for the \$25 billion cost of freezing doctors' pay rates through a series of small health program cuts—trimming hospital payments, putting diabetic-testing supplies out to bid, reducing payments to dialysis providers, and scaling back a loan program for new health care co-ops authorized by the *Affordable Care Act*. Hospitals were significantly affected by this legislation, which included about \$11 billion in direct payment cuts.

The Centers for Medicare & Medicaid Services (CMS) stated that:

... Medicare claims administration contractors may hold 2013 Medicare Physician Fee Schedule (MPFS) claims with January 2013 dates of service for up to 10 business days (i.e., through January 15, 2013). We expect these claims to be released into processing no later than January 16, 2013. The claim hold should have minimal impact on physician/practitioner cash flow because, under current law, clean electronic claims are not paid sooner than 14 calendar days (29 for paper claims) after the date of receipt. Claims with dates of service prior to January 1, 2013, are unaffected. Medicare claims administration contractors will be posting the MPFS payment rates on their websites no later than January 23, 2013.

The 2013 Annual Participation Enrollment Program allowed eligible physicians, practitioners, and suppliers an opportunity to change their participation status by December 31, 2012. Given the new legislation, CMS is extending the 2013 annual participation enrollment period through February 15, 2013. Therefore, participation elections and withdrawals must be post-marked on and before February 15, 2013. The effective date for any participation status changes elected by providers during the extension remains January 1, 2013.

2. FISCAL CLIFF MEASURE CUTS FUNDING FOR HEALTH CARE CO-OPS

The fiscal cliff measure eliminates loan funding for any new co-ops, created as a result of authorization in the *Affordable Care Act*. The 24 health insurance co-ops that have already signed loan agreements totaling nearly \$2 billion will not be affected by the legislation. But by almost wiping out the \$1.4 billion that remains in the health care law's fund for these new customer-owned health plans and not funding any new cooperatives, it makes it unlikely that new co-ops will be able to afford the start-up costs. Supporters of these state-wide insurance alternatives insist they are needed as a check to big insurance plans in the new health exchanges. This is not the first time this loan fund has been tapped for spending reductions. Initially the *Affordable Care Act* allocated \$6 billion to help jump-start these plans. But in 2011 Congress cut the fund to \$3.4 billion.

3. FAMILY DOCTORS TELL CONGRESS TO SUPPORT PRIMARY CARE

AAFP members generated a record 9,704 letters to Congress just during the 2012 Lame Duck Campaign. The letters encouraged Congress to stop Medicare payment cuts, protect federal programs critical to family medicine, and secure adequate Medicare GME funding.

4. WHITE HOUSE GROUP ON GUN VIOLENCE ASKS FOR AAFP RECOMMENDATIONS

On Thursday, January 3, the Vice President's office asked AAFP and a dozen other major medical associations to send a representative to the White House for a discussion of recommendations to prevent gun violence. This is the first in a series of meetings held by the Vice President's group, established after the tragedy in Newtown, Connecticut. AAFP's President, Dr. Jeff Cain of Denver, discussed the Academy's policies on violence and gun safety. In addition, he noted the problems created by state and federal provisions inhibiting discussions between physicians and patients.

5. REGULATORY BRIEFS

- On December 19, HRSA [awarded](#) \$80 million to school-based health centers to develop or upgrade 197 school-based health centers to serve an additional 384,000 students and expand preventive and primary health care services.
- On December 20, HHS announced that three additional states (Delaware, Minnesota, and Rhode Island) are on track to establish health insurance marketplaces, or [Exchanges](#). In December, HHS had announced that Colorado, Connecticut, the District of Columbia, Kentucky, Massachusetts, Maryland, New York, Oregon, and Washington were on track to operate State-based Exchanges. Then, on January 3, HHS announced that California, Hawaii, Idaho, Nevada, New Mexico, Vermont and Utah are conditionally approved to operate a State-based Exchange, and Arkansas is conditionally approved to operate a State Partnership Exchange.
- On December 21, HHS [released](#) important information including [FAQs](#) for states on the implementation of the *Affordable Care Act's* provisions to raise Medicaid payments for services furnished by primary care physicians in 2013 and 2014. States must amend their Medicaid state plans to increase payment rates; therefore, CMS has issued a [state plan preprint](#) for this purpose.
- On January 2, CMS [announced](#) a 90-day period of enforcement discretion for compliance with eligibility and claim status operating rules. As such, CMS will not initiate enforcement action until March 31, 2013, with respect to HIPAA covered entities (including health plans, health care providers, and clearinghouses, as applicable) that are not in compliance with the "eligibility for a health plan and health care claim status" operating rule as required by the *Affordable Care Act*. Notwithstanding discretionary application of its enforcement authority, the compliance date for using the operating rules remains January 1, 2013.