

November 10, 2005

Barry Malinowski, MD
Medical Director
Anthem Southern Ohio
4361 Irwin Simpson Road
Mason, OH 45040

Dear Dr. Malinowski,

At the request of the Ohio Academy of Family Physicians (OAFP), the American Academy of Family Physicians would like to address and comment on Anthem Southern Ohio's 60-day physician communication notice dated September 1st, 2005 in which Anthem announced its new blended rate payment policy for Levels 3 and 4 office visits. The purpose of this correspondence is to request that Anthem Southern Ohio cease from this unfair and inappropriate business practice for the reasons outlined below.

First, Anthem is calculating its blended payment rate using 2005 Medicare (Ohio) payment rates. However, paying a blended rate for Levels 3 and 4 office visits contradicts the concept of a Resource-Based Relative Value Scale (RBRVS) upon which the Medicare rates are based. The AAFP believes that payment for services should be established according to a RBRVS which takes into account unique, primary care physician resource-based practice expenses, professional liability relative value units, and real differences in physician work for each visit. Medicare, the largest payer in the United States, recognizes and pays more for the higher levels of office visits on this basis. We believe Anthem should continue to do so as well.

Second, where differences in physician work performed exist, appropriate coding should be developed that aids in the determination of equitable reimbursement. *Current Procedural Terminology* (CPT) recognizes that level 4 visits represent more physician work than level 3 visits in terms of the history, exam, medical decision making, and typical physician time involved. The blended rate does not encourage appropriate coding in this regard, and it subverts coding and documentation education previously provided to physicians. The AAFP, other specialty societies, and health plans have spent a great deal of resources on educating physicians about proper coding and documentation. The AAFP prides itself on providing

clear, correct coding and documentation information to its members via its web site, practice management journal (*Family Practice Management*), coding and practice management courses, and member inquiries. Anthem's proposed payment policy works in opposition to all of these efforts.

Third, office visits have been historically under-coded. In a research study published in the October 2004 *Annals of Family Medicine*, "How Many Problems Do Family Physicians Manage at Each Encounter?," the family physicians reported managing an average of 3.05 problems per encounter and recorded 2.82 in the chart and 1.97 on the bill. With the aid of electronic health records and aging patients presenting with more complex care needs, a greater number of family physicians will begin to code correctly, which will in turn, will increase the percentage of higher level office visits.

Finally, but of no less importance or concern, is our belief that this proposed blended rate payment policy is contrary not only to the spirit of the Settlement Agreement dated July 11, 2005 but certain agreements contained therein as well. More specifically, we believe that the proposed policy violates the restrictions on downcoding and bundling and the required recognition and use of applicable CPT Codes as set forth in Sections 7.19 and 7.20(c)(ii) of the Settlement Agreement.

If Anthem Southern Ohio is concerned about potential abuse by outliers, who bill a statistically sufficient greater number of higher level E/M services (992x4 and 992x5) than their peers, it should perform an audit of these physicians, send notifications as such to outlier physicians, and begin an educational process for improved and proper coding. It should not compromise the correct coding of all physicians for the perceived problems of a minority of physicians.

We recognize that there may be some physicians who, based on Anthem's methodology, may be financially advantaged by receiving a higher payment for 99213s. However, the philosophy and approach to paying appropriately for the differential in the levels of services fails to be satisfied.

If Anthem believes the current levels of coding for office visits are inappropriate, then a more appropriate route to address this concern is to make a proposal to the CPT Editorial Panel on consolidating Levels 3 and 4 office visits into one code. This would allow Medicare to develop an appropriate Relative Value Unit for the consolidated code.

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In closing, the AAFP stresses the importance of proper CPT coding and documentation and equitable reimbursement for these services. A blended payment rate that you are considering does not in any way meet this objective. The AAFP asks that you not implement this proposed new payment policy.

Sincerely,



Mary E. Frank, M.D., FAAFP
Board Chair

Enclosure

AAFP Physician Reimbursement policy - <http://www.aafp.org/x7044.xml>
AAFP Coding and Reimbursement policy - <http://www.aafp.org/x7044.xml>