

Medicare Participating or Non-Participating

For the past ten years, every year has begun with the possibility that Medicare fees will be cut significantly to satisfy a Medicare physician payment formula, the sustainable growth rate (SGR). The APA and AMA are continuing their ongoing lobbying to have the SGR eliminated, a change for the better, especially in today's economic climate, does not seem imminent.

Each year so far, Congress has acted to override the SGR (although sometimes belatedly) and Medicare fees have remained relatively stable. Unfortunately, although Medicare fees have gone up approximately 3 percent since 2001, physician costs are estimated to have risen about 23 percent during that same period.

If you are currently a participating provider in Medicare, with your Medicare carrier or contractor reimbursing you directly for your patients' care, one way to correct slightly for decreased fees is to switch your status to nonparticipating (nonpar) by the end of this year, so that next year you will be able to bill as a nonpar provider. Although Medicare reimburses nonpar providers at 95% of what they reimburse participating providers, nonpar "limiting charges" are set at 115% of the Medicare approved amount for nonparticipating providers. What this means is that for each service you provide you can bill for a little over 9% more than you would be able to as a participating provider, with the difference being paid by the patient. Whatever status, par or non-par, you are in on January 1, 2011, is binding for the full year unless you opt out of Medicare entirely.

for example:

The participating fee schedule for 90801 is \$183.88

The nonpar fee schedule for 90801 is \$174.69 (or 95% of \$183.88)

- Medicare will reimburse the participating provider at 80%* of \$183.88, or \$147.10 and the patient is responsible for paying the \$36.78
- Medicare will reimburse the patient of the nonpar provider at 80% of \$174.69, or \$139.75, you may bill your patient \$200.89 for the 90801 (which means the patient will wind up paying \$61.14 out of pocket after she's reimbursed by Medicare). You wind up a little over 9% ahead.

***remember for other psychiatry codes the reimbursement rate is currently 55%**

Remember, as a nonpar provider you still have to submit the CMS-1500 form to your Medicare carrier or contractor just as you would if you were a participating provider.

To make things a bit more confusing, as a nonpar provider you can decide to “accept assignment” (just as if you were a participating provider) on a claim-by-claim basis. On claims for which you decide to accept assignment, you will be reimbursed directly by Medicare, but will receive 5% less for them than you would as a participating provider. When you accept assignment you cannot bill the patient the 15% above the nonpar amount. You can only do this on claims for which you don’t accept assignment. When you accept assignment you can only bill the patient for the copay.

The major disadvantage to being a nonpar Medicare provider is that if you wish to take advantage of the 115% limiting charge by not accepting assignment, you must collect the entire fee from the patient, who will then be reimbursed by Medicare for a smaller percentage of the fee than he would otherwise receive. **Medicare reimburses the patient for 80% or 55% of the nonpar fee before the limiting percentage is added and the patient has to pay the extra amount out of pocket.** When you do accept assignment as a nonpar provider because you don’t want the difficulty of collecting the entire payment from the patient, you wind up receiving less money that you would as a participating provider.

As a nonpar physician you also will not be included in the directories Medicare provides for its recipients and your claims may not be processed as quickly as those submitted by participating physicians.

Still, if you think the possibility of being able to collect over 9% more for each claim is worth these disadvantages, all you need to do is fill out an application form that you can obtain from your Medicare carrier or contractor.

If you want to contact Medicare changing your status, and don’t know how to reach your contractor or carrier, you can contact Ellen Jaffe in the APA’s Office of Healthcare Systems and Financing (ejaffe@psych.org, 703-907-8591) and she can provide you with that information.

Prepared by the APA Office of Healthcare Systems and Financing