

March/April 2011

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CMA resources

When you see this icon, that means there are additional resources available free to California Medical Association (CMA) members at the CMA website. To access any of these resources, visit www.cmanet.org/ces.



CMA On-Call

Throughout this publication, you will find references to "CMA On-Call" documents. On-Call is an online library that contains over 4,500 pages of medical-legal, regulatory, and reimbursement information.

On-Call documents are available free to CMA members at www.cmanet.org/member. Non-members can purchase On-Call documents for \$2 per page in the CMA bookstore, www.cmanet.org/bookstore.

Tell us what you think

The California Medical Association (CMA) is interested in your feedback. Let us know which topics you would like to see addressed in future issues. Contact CMA's Center for Economic Services at 916/551-2061 or economicsservices@cmanet.org.

CMA Center for Economic Services

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CMA Practice Resources (CPR) is a free monthly bulletin from the California Medical Association's Center for Economic Services. This bulletin is full of tips and tools to help physicians and their office staff improve practice efficiency and viability.

SUBSCRIBE NOW: Sign up for a free subscription at www.cmanet.org/news/cpr.

SPREAD THE WORD: Please forward this bulletin to your coworkers and colleagues.

BREAKING NEWS: For breaking news, subscribe to CMA's biweekly member newsletter, CMA Alert, at www.cmanet.org/news.

CMA's Center for Economic Services helps members get paid

Members of the California Medical Association (CMA) can call on the CMA's practice management experts for one-on-one help with contracting, billing, and payment problems. It might be time to call CMA's Center for Economic Services (CES) if you answer "yes" to any of the following questions:

- Are your claims not being paid in a timely manner?
- Are you not being paid according to your contract?
- Are your claims being denied after obtaining prior authorization?
- Are you receiving unreasonable requests for medical records or untimely requests for refunds?
- Are you having difficulty obtaining fee schedules and/or payment rules?
- Are your claims denied for untimely filing?
- Have you been presented with a managed care contract and you're not sure if the terms are consistent with California law?

Call CES today and we'll arm you with the knowledge you need to identify and fight unfair payment practices.

For help call the reimbursement help line, 888/401-5911.

Not so Silent PPOs

Commonly referred to as a "rental network," a Silent PPO results when contracting agents (such as health plans, insurers, and PPOs) sell or rent their directly contracted physician networks to third parties, giving the third party the advantage of the discounted fees negotiated with the physician. Third parties include, but are not limited to, third party administrators (TPAs), insurance brokers, self-insured employers, and other health plans.

How does a Silent PPO work?

Typically, physicians only become aware of the Silent PPO after providing services to a patient and after the claim has been submitted to the payor. If the payor does not have a contract with the physician, the payor will engage a broker or repricer to search multiple databases for the physician's name and lowest discounted rate. Based on what is found in the database, the claim is then "repriced" to reflect that discounted rate.

How does a "rental network" work?

By way of example, let's take the case of non-contracting physicians who provide services to enrollees of UnitedHealthcare. Physicians submit their claims to United expecting to be paid as non-contracted providers. When United

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receives the claims, it searches their databases to determine if the physicians are contracted with one or more of the following rental networks: First Health, MultiPlan/Beech Street, and Three Rivers Provider Network (TRPN). If the physician is contracted with one or more of these networks, United then reprices the physicians' claims according to the lowest contracted rate. Physicians then receive an Explanation of Benefits (EOB) that reflects the rental network discount. The EOB typically includes a reason code stating "discount taken according to providers' contract with (name of rental network)."

How do I detect a Silent PPO?

Step 1: Review your PPO Contracts. Examine all your PPO contracts and their lists of "other payors." Be aware of contract provisions that authorize the PPO to sell, rent, or otherwise allow other payors to access to your discounted rates. If your contract authorizes this activity, request a list of the PPO's "other payors."

Step 2: Review EOBs Carefully. If you do not contract with the managed care organization identified on the EOB, or if your contract with the managed care organization does not authorize Silent PPO activity, you should challenge the discount in writing to the payor.

Step 3: Cross-check EOBs Against Your PPO Contract. Check the contracted payor's list of "other payors" to determine if the discounting entity has legitimate access to your discounted rates.

Step 4: Appeal all unauthorized discounts. Physicians should appeal all claims that have been inappropriately repriced.

See CMA On-Call document #1907, "Silent PPO (Unfair Discounting) Action Guide," for sample demand letters and letters of appeal.

How do I stop unfair discounts on my claims?

Physicians should exercise caution before signing any managed care contract. With rental network PPO contracts, physicians should keep in mind that the entire purpose of these contracts is to build a physician network to "rent" to numerous payors. Signing a single contract can have significant unintended consequences for the physician's practice.

Further, rental network PPOs may not be subject to state regulation, which can make it difficult to hold them accountable for unfair payment practices. For more information on Silent PPOs and strategies for combating unfair discounts, see CMA On-Call document #1907, "Silent PPO (Unfair Discounting) Action Guide." For guidance on evaluating and negotiating third-party payor contracts, see CMA's managed care contracting tool kit, "Taking Charge: Steps to Evaluating Relationships and Preparing for Negotiations – A Focus on Payor Contracting."



TIP: California law requires PPOs to disclose a summary of all payors eligible to claim a physician's contracted rate within 30 days of receipt of a written request from a physician.



CMA RESOURCES: CMA On-Call document #1907, "Silent PPO (Unfair Discounting) Action Guide;" "Taking Charge: Steps to Evaluating Relationships and Preparing for Negotiations—A Focus on Payor Contracting."

Ask the Expert: Unauthorized discounts

QUESTION: I terminated my contract with "Rental Network PPO" in 2007; however, several payors continue to discount my claims based on the rental network's contracted rates. What can I do to stop these unauthorized discounts?

ANSWER: First and foremost, you are under no obligation to accept a discount taken after the date your contract termination was effective. As a non-contracting physician you can bill the patient directly for non-emergent services that have not been paid by the payor. Alternatively, you can appeal the claim, advising the payor that you:

1. Terminated your contract with Rental Network PPO. Include the effective date of your termination and if available, a copy of your termination letter
2. Request that they immediately stop applying unlawful discounts to your claims and that they remove your name and discount information from their database and directories
3. Request they immediately notify all "other payors" that you are no longer a participating provider and to cease taking unlawful discounts

You should also send a letter to Rental Network PPO demanding that they retroactively process your contract termination, readjudicate claims that were incorrectly discounted, and remove your name and discount information from their database and directories. Ask the plan to confirm your request in writing.

Going forward, if a patient indicates at the time of service that they will be accessing the Rental Network PPO network, or if the patient's card includes the rental network's logo, inform the patient that you are not contracted with the network and request payment in full at the time of service.



TIP: Send all letters of contract termination via certified mail, return receipt to the address identified on the last page of your contract and request written confirmation of the effective date of your termination from the network.



CMA RESOURCES: See CMA On-Call document #1907, "Silent PPO (Unfair Discounting) Action Guide."

New CAFP Foundation resource available

The California Academy of Family Physicians (CAFP) and the CAFP Foundation, with support from The California Endowment, have produced "Medical Assistants: Addressing Language and Culture in Health Care Practices," a two-part instructional video that provides emphasis on accommodating differences and working together through language access and cultural proficiency in providing quality health care.

View the video at www.vimeo.com/15822032 or www.medicalleadership.org. To order a free copy of the presentation, contact Marian Yee at CAFP, myee@familydocs.org.

Medicare reprocessing some 2010 claims

The Centers for Medicare & Medicaid Services (CMS) has instructed contractors to begin to reprocess claims affected by the Affordable Care Act of 2010 and corrections to the 2010 Medicare Physician Fee Schedule (MPFS) in March. These changes were implemented April 1, 2010 with an effective date retroactive to Jan. 1, 2010. Palmetto GBA will identify the impacted claims and begin the reprocessing claims for California in March 2011.

Due to the retroactive effective dates of these provisions and the MPFS corrections, a large volume of claims will be reprocessed. It is expected that this reprocessing effort will take some time. Reprocessed claims will be slowly worked into the payment process to ensure that new claims coming into the Medicare program during this time are processed timely and accurately.

No action will be needed by most physicians to receive any applicable adjustment. However, for any claims submitted with billed charges lower than the revised 2010 fee schedule amount, you will need to request a reopening from Palmetto GBA using the Redetermination/Reopening Request form, found at www.cmanet.org/news/cpr. Include copies of EOB's, and identify what the corrected billed charge should be. CMS is extending the normal one-year time period to request a reopening of these claims, as necessary, but physicians are encouraged to submit their requests quickly.

This reprocessing of claims may result in underpayments or some overpayments. Physicians who have claims that result in additional payment will receive a payment and EOB showing the correction. Medicare claim corrections that result in an overpaid amount will appear as a corrected claim showing a negative payment amount. Palmetto GBA will issue overpayment letters and will follow the normal process for handling overpayments that occur.

Physicians may choose to collect the additional co-payment that may be due, or waive it. The Office of Inspector General (OIG) has developed favorable policy related to waiving beneficiary cost-sharing amounts attributable to retroactive increases in payment rates resulting from the operation of new Federal statutes or regulations.

Both the CMS notice and OIG policy can be found at the CPR webpage, www.cmanet.org/news/cpr.

Blue Cross expands cardiac outpatient imaging services list requiring preauthorization

As reported in the Feb. 7 issue of CMA Alert, Blue Cross notified physicians about the expansion of the list of outpatient diagnostic imaging services requiring preauthorization. In a November notice, Blue Cross announced that effective March 1, physicians performing stress echocardiography, resting transthoracic echocardiography, and transesophageal echocardiography outpatient diagnostic imaging services would be required to obtain authorization before the services are performed.

In August 2009, Blue Cross implemented a voluntary pre-notification for these services. For services with dates on or after March 1, 2011, preauthorization is required.

A list of cardiology outpatient diagnostic imaging services that now require a prior authorization can be found in the notice. Physicians can request an authorization via the Blue Cross website's Provider Portal, through the AIM portal, or by phone at 877/291-0366.

A copy of the November notice can be found at www.cmanet.org/news/cpr.

Health plan provider newsletters

To make sure that you are aware of important news from your contracting health plans, we encourage you to regularly read plans' provider newsletters and bulletins. Follow the links below to access the current issues.

AETNA: www.aetna.com. Click on "Health Care Professionals" in the main menu, then on "News for Providers" in the left sidebar.

CIGNA: www.cigna.com. Click on "Health Professionals" under "Customer Care" in the main menu. Then, scroll down and click on "Newsletters."

ANTHEM BLUE CROSS: www.anthem.com/ca. Click on "Providers" in the main menu, then on "Professional Network Update" under "Spotlight."

BLUE SHIELD: www.blueshieldca.com. Click on "I'm a Provider," then on "Announcements" under "News and Features."

HEALTH NET: www.healthnet.com. Click on "I'm a Provider" and then "California." Enter username and password, and then click "Online News."

MEDI-CAL: www.medi-cal.ca.gov. Click on "Publications" in the main menu, then on "Provider Bulletins."

MEDICARE/PALMETTO GBA: www.palmettogba.com/j1b. Click on "Publications" in the left sidebar, then on "Medicare Advisory."

UNITED HEALTHCARE: www.unitedhealthcareonline.com. Click on "Tools & Resources" in the main menu, then on "Network Bulletin."



CMA RESOURCE: Find up-to-date profiles on each of the major payors in California at www.cmanet.org/ces.

Payor Updates

MEDICARE: The 2011 Palmetto GBA J1 Part B Spring Workshop Tour will kick off on April 6. To find a workshop in your area and to register, go to the Palmetto GBA website, www.palmettogba.com/j1b.

UNITED: United Healthcare has announced additional medical policy revisions, effective Feb. 18, 2011. The updates include, but are not limited to:

- Computed Tomographic Colonography - revised policy
- Fecal DNA Testing - updated policy
- Visual Information Processing Evaluation and Orthoptic and Vision Therapy - updated policy
- Intrastromal Corneal Ring Segments - updated policy
- KRAS Mutation Analysis in Metastatic Colorectal Cancer - updated policy
- Sensory Integration Therapy - updated policy

Physicians can view all United medical policies in their entirety online by visiting the United website www.UnitedHealthcareOnline.com > Tools & Resources > Policies & Protocols > Medical Policies.

Reminder: Blue Shield fee schedule changes take effect March 1

As reported in the Feb. 7 issue of CMA Alert, Blue Shield previously notified physicians that the plan is modifying its fee schedule effective March 1. The notice stated Blue Shield would be increasing payment for some Evaluation and Management (E/M) services, but decreasing payment for others. The new rates are available at www.blueshieldca.com. You can also request a copy by completing the Allowance Review Form enclosed with the notice or by calling the Provider Services Department at 800/258-3091.

In addition, Blue Shield announced that they will continue reimbursing for inpatient and outpatient consultations and will not follow the Centers for Medicare & Medicaid Services (CMS) 2010 policy change to eliminate reimbursement for these codes. A copy of the notice sent to physicians can be found at www.cmanet.org/news/cpr.

To help physicians understand their rights when a health plan has sent notice of a material change to a contract, the California Medical Association has published "Contract Amendments: An Action Guide for Physicians," available at www.cmanet.org/news/cpr. The guide includes a discussion of options available to physicians when presented with a material change to a contract. Additionally, the guide includes a financial impact worksheet that will help physicians calculate the net impact of the changes on their practice.



CMA RESOURCES: "Contract Amendments: An Action Guide for Physicians," CMA's "Financial Impact Worksheet."

Cal-Net bankruptcy update

As previously reported in the December 2010/January 2011 issue of CPR, Cal-Net Physicians IPA, which previously served approximately 5,500 enrollees in San Diego County, filed for Chapter 7 bankruptcy on Nov. 3, 2010. Cal-Net previously contracted with Molina Health Plan, Community Health Group and Care1st to provide services to Medi-Cal and Healthy Families enrollees. Enrollees were transferred to other IPAs, effective June 1, 2010. For more information see the California Medical Association's (CMA) "Cal-Net Physicians IPA Transition Plan: Information for Physicians."

CMA recently learned that the trustee assigned by the bankruptcy court has determined that there are no assets to distribute and the bankruptcy case has been closed.

Physicians are reminded that one of the symptoms of an insolvent health plan, IPA, or other payor is the failure to pay claims in a timely manner. Another indication of financial distress is a payor that cuts checks within the statutory timeframes but does not release the checks in a timely manner. To help physicians monitor the financial health of their contracted payors, CMA has put together a "Payor Solvency Checklist" at www.cmanet.org/news/cpr. This resource includes instructions on how to research and monitor the financial solvency of your contracted medical groups/IPAs and discusses options available to physicians in the event a payor stops paying claims.



CMA RESOURCES: CMA's "Cal-Net Physicians IPA Transition Plan: Information for Physicians," "Payor Solvency Checklist," CMA On-Call documents #0223, "Risk-Bearing Medical Groups, Including IPAs: Regulation of Solvency," #1031, "Insolvency of Health Plan, IPA or Other Entities that Contract with Health Plans (Pre-Bankruptcy or Closure)," #0106, "Bankruptcy of IPAs or Health Plans."

Save the Date:

Upcoming CMA events

The California Medical Association (CMA) offers our members free programs to educate physicians and staff on a range of practice management issues. Space is limited, so register soon. Events marked with an asterisk (*) are PMI CEU Credit Approved.

Upcoming CMA webinars

3/16: Key Financial Ratios to Increase Practice Profitability

Member Only Webinar (12:15 - 1:15 pm & 6:15 - 7:15 pm)

In this webinar you will learn critical skills in analyzing the practice profit/loss statement for overhead expense ratios, accounts receivable ratios, staffing ratios and how to access specialty comparison norms for benchmarking.

*3/25: Diabetes and Cardiovascular Disease

Open Webinar (7:30 - 8:30 am)

The CMA Foundation's Diabetes Quality Improvement Project presents this webinar led by Dr. Gordon L. Fung, MD, MPH, PhD, Director of Cardiology Services at UCSF Medical Center.

4/6: Coding for Medical Necessity and Quality Care

Member Only Webinar (12:15 - 1:15 pm & 6:15 - 7:15 pm)

Medicare and private payers all recognize medical necessity as a deciding factor for claims payment and it is important that all practices know the rules. This session will be led by Mary Jean Sage from Sage Associates.

4/20: Implementing a Compliance Program - a Practical Perspective

Member Only Webinar (12:15 - 1:15 pm & 6:15 - 7:15 pm)

Mary Jean Sage from Sage Associates will lead this informative session implementing a compliance program in a physician's office.

Upcoming CMA seminars

What Every Physician Needs to Know About Their Practice

This seminar will teach physicians and their staff how to control costs, maintain quality staff and improve patient experiences to help ensure the success of the practice.

3/23: San Mateo County Medical Association

(12:00 pm and 6:00 pm)

777 Mariners Island Blvd Suite 100

San Mateo, California 94404

Call 650/312-1663, for information and to register.

For more information or to register for any of these events, visit www.cmanet.org/calendar.

Education and networking opportunities

There are numerous educational and networking opportunities for office managers and administrators throughout California. Many county medical societies host forums for practice managers and are an excellent resource. The California Chapter of the Medical Group Management Association (CAMGMA) also offers a broad range of practice leadership, professional development, educational opportunities, and networking activities. For more information or to register for upcoming CAMGMA events, visit www.camgma.com/calendar.cfm.