

July/August 2011

In this issue:

Unfair Payment Practice: Request for refunds	1
CMA asks DMHC to investigate improper overpayment refund requests	2
Anthem Blue Cross fee schedule changes take effect September 1	2
CMS proposes new exemptions for 2012 e-prescribing penalty	3
5010 is six months away. Will you be ready?	3
Operating Engineers fails to pay claims in a timely fashion	3
CMA publishes Medicare enrollment guide	4
Health insurer report card finds increasing inaccuracy in claims payment	4
Updated payor profiles now available	4
Payor Updates	4
CMS to provide overview of new Medicare benefit	5
Health plan provider newsletters	5
Save the Date	5

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 TO CPR OR ANY OTHER CMA NEWSLETTERS: To stay up to date, sign up for free subscriptions at www.cmanet.org/newsletters.

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

Unfair Payment Practice: Request for refunds

Physicians and their staff often contact the California Medical Association (CMA) Center for Economic Services (CES) because managed care plans ask them to return monies allegedly overpaid on their claims. Physicians should understand their rights and responsibilities when it comes to health plan refund requests.

Check to see if the overpayment demand was requested timely and clearly. Managed care plans may seek recovery of an overpayment within 365 days of the original payment, unless the overpayment was caused in whole or in part by provider fraud or misrepresentation. Such requests must be in writing and must clearly identify the patient, date of service, the nature of the services, and the reason for the overpayment (28 C.C.R. §1300.71(b) (5); Insurance Code §10133.66.).

continued on page 2

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.



Medical-Legal Library (Formerly CMA On-Call)

In this publication, you will find references to "medical-legal" documents. The California Medical Association's (CMA) online medical-legal library contains over 4,500 pages of medical-legal, regulatory, and reimbursement information.

Medical-legal documents are free to members and can be found in CMA's online resource library, www.cmanet.org/resource-library. Non-members can purchase medical-legal documents for \$2 per page.

CMA Center for Economic Services

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\$2.7 million reasons to be a CMA member

Last year, CMA's practice management experts recouped over \$2.7 million from insurance carriers on behalf of physician members.

CMA provides members with one-on-one assistance to identify, prevent and fight unfair payment practices.

Payor problems? CMA can help!

CMA's Reimbursement Helpline:

888.401.5911 or economicservices@cmanet.org

If you disagree with an overpayment request, you must dispute the request in writing within 30 working days.

Physicians who wish to contest the overpayment must notify the payor in writing within 30 working days of receipt, identifying the portion of the alleged overpayment that is contested and the specific reasons for contesting the supposed overpayment. For a sample letter of appeal, see medical-legal document #0135, "Plan Requests for Refunds from Physicians."

If you agree that you are not legally owed, you must issue a refund.

If the plan has requested the refund within 365 days of the original payment and the amount is legally owed, physicians must refund the plan within 30 working days of receipt of the notice of overpayment. Uncontested overpayments will accrue interest at the rate of 10 percent per year.

Recoupment/offsetting permitted under limited circumstances.

Health plans and their contracting medical groups/IPAs may only offset an overpayment of an uncontested request for refund against a physician's current claim when:

1. The physician fails to reimburse the plan for an uncontested overpayment within 30 working days; and
2. The physician's contract with the payor specifically authorizes the payor to offset an uncontested overpayment from the physician's current claim submissions.

Requests for refunds from a health plan Special Investigations Unit (SIU) must be carefully reviewed and promptly addressed.

To help physicians understand their rights and responsibilities when a refund request is received as the result of an audit from a health plan's SIU, CMA has prepared a "Special Investigations Unit Audit Guide."

If you believe a health plan or insurer is not complying with California law, contact CMA's Center for Economic Services at (888) 401-5911 or economicsservices@cmanet.org and consider filing a formal complaint with the appropriate regulator.



CMA RESOURCES: "Special Investigations Unit Audit Guide;" medical-legal documents #0135, "Plan Requests for Refunds from Physicians," #1047, "Office Audits: Managed Care," and #0180, "Health Plan Special Claims Review;" "Know Your Rights: Filing a Formal Complaint with the Regulator;" On-demand webinar, "Implementing a Compliance Program: A Practical Perspective" all of which can be found at www.cmanet.org/resource-library.

CMA asks DMHC to investigate improper overpayment refund requests

The California Medical Association (CMA) has heard complaints from several physicians who have received overpayment refund requests from the Anthem Blue Cross Special Investigations Unit outside the 365-day period allowed by California law. As a result, CMA has filed a formal complaint with the Department of Managed Health Care (DMHC) and asked it to quickly investigate these potential violations.

State law allows health plans to pursue recovery of any type of overpayment made to providers within 365 days of the date the claim was paid. For claims older than 365 days, plans can seek to recover overpayments only if the alleged overpayment was "caused in whole or in part by fraud or misrepresentation on the part of the provider."

CMA believes that Blue Cross is using an overly broad definition of "misrepresentation" to seek recoupment on claims older than one year. The insurer appears to define "misrepresentation" as any untrue material fact or error, whether deceitfully or innocently made.

"Adopting Blue Cross's apparent construction of 'misrepresentation' to include inadvertent or reasonable mistakes would eviscerate the purpose of the recoupment laws and effectively nullify the 365-day limitation period," CMA wrote in a letter to DMHC. "That is because virtually any alleged overpayments can be described at least as a misrepresentation based on an inadvertent mistake. There would be no time limitation on a plan's overpayment demands, which is clearly contrary to the purpose and intent of the recoupment laws." DMHC has referred CMA's complaint to its Enforcement Division.

To help physicians understand their rights and options when it comes to health plan refund requests, CMA has published a "Special Investigations Unit Audit Guide." This document is available free to members in CMA's online resource library.



CMA RESOURCES: "Special Investigations Unit Audit Guide;" medical-legal documents #0135, "Plan Requests for Refunds from Physicians," #1047, "Office Audits: Managed Care," and #0180, "Health Plan Special Claims Review."

Anthem Blue Cross fee schedule changes take effect September 1

Anthem Blue Cross recently notified physicians of changes to its Prudent Buyer physician fee schedule that will take effect September 1, 2011. In a letter to physicians on May 23, Blue Cross informed physicians that it would be increasing payment levels for many evaluation and management (E/M), preventive care, ER, after-hours, and chemotherapy administration services. While Blue Cross will continue recognizing consultations codes, the insurer will be decreasing payment levels for those codes.

The notice also advises of changes to the number of Payment Areas statewide, reducing the total from 11 to nine, changes to reimbursement methodology for obstetric anesthesia and therapy services, and changes to the multiple procedure payment reduction for the technical component of diagnostic imaging. Additionally as part of the fee schedule update, workers' compensation claims will be reimbursed at the lesser of the Prudent Buyer fee schedule or the Workers' Compensation Official Medical Fee Schedule.

Physicians can obtain a complete copy of the new fee schedule on the Blue Cross website (log in and select the "Prudent Buyer Fee Schedule Update" link under the "What's New" section).

The California Medical Association (CMA) urges physicians to assess the impact this fee schedule update will have on their practice as soon as possible. If you find that the new fees are not acceptable or sustainable and wish to exercise your right to terminate, you must do so in writing no later than August 5 (approximately 45 business days from the date of receipt of the notice from Blue Cross) to be effective on September 1. CMA has created a financial impact worksheet to help physicians assess the impact the fee schedule changes will have on their practices based on their most commonly billed CPT codes. This worksheet is available to members only.

continued on page 3

To help physicians understand their rights when a health plan has sent notice of a material change to a contract, CMA has published "Contract Amendments: an Action Guide for Physicians." The guide includes a discussion of options available to physicians when presented with a material change to a contract.

If you have questions about the new contract terms, call Blue Cross Provider Relations at (855) 238-0095 or email networkrelations@wellpoint.com.



CMA RESOURCES: "Contract Amendments: an Action Guide for Physicians," Financial Impact Worksheet, and "Taking Charge: Steps to Evaluating Relationships and Preparing for Negotiations."

CMS proposes new exemptions for 2012 e-prescribing penalty

The Center for Medicare & Medicaid Services (CMS) issued a proposed rule that makes significant changes to the e-prescribing penalty program by adding more exemptions categories so that physicians are not unfairly penalized.

The previous rules required physicians in individual practices to submit at least 10 Medicare Part B claims with the electronic measure code eRx G8553 and an eligible encounter code by June 30, 2011, or face a claims payment reduction of 1 percent in 2012.

Physicians are still required to e-prescribe using a qualifying system and electronic measure code; but will have an opportunity to show eligibility for one of the following exemptions:

- Physician's practice is located in a rural area without high speed internet access
- Physician's practice is located in an area without sufficient available pharmacies for electronic prescribing
- Physician is registered to participate in the Medicare or Medicaid electronic health record incentive (EHR) program and has adopted certified EHR technology
- Physician is unable to electronically prescribe due to local, state or federal law or regulation (e.g., prescribes controlled substances)
- Physician infrequently prescribes (e.g., prescribe fewer than 10 prescriptions between January 1, 2011, and June 30, 2011)
- There are insufficient opportunities to report the e-prescribing measure due to program limitations

Physicians will have to apply for an exemption from the 2012 e-prescribing penalty via an online web-portal, if available in time, or by mail submission of an application by October 1, 2011. Additional information on applying for an exemption will be published when it becomes available.

The proposed rule can be viewed at the Office of the Federal Register website, www.ofr.gov. It was published in the Federal Register on June 1, 2011. The comment period closes July 25, 2011.

5010 is six months away. Will you be ready?

The deadline for transitioning electronic transactions to the updated 5010 version of the Health Insurance Portability and Accountability Act (HIPAA) transactions standards is January 1, 2012. You will be required to conduct electronic transactions such as claims submissions, eligibility verification, claims status, remittance advice, and referral authorizations using the updated transaction standards.

continued on page 4

Operating Engineers fails to pay claims in a timely fashion

The California Medical Association (CMA) has received several complaints that Operating Engineers Health & Welfare Fund, a Southern California self-funded benefit plan leasing the Anthem Blue Cross Prudent Buyer network, is not paying claims in a timely manner. As a self-funded plan, Operating Engineers is mandated by the Employee Retirement Income Security Act of 1974 (ERISA) to pay claims within 30 calendar days of receipt. Operating Engineers has approximately 17,000 covered lives in California.

In discussions with Operating Engineers, CMA has learned that the plan is funded by contributions made based on hours worked by its enrollees. Operating Engineers reports that the construction industry has experienced a significant decrease in the average hours worked, which has affected its ability to pay claims in a timely manner.

CMA has also received reports of extended hold times from physicians who tried to contact Operating Engineers directly to resolve their claim issues. While Operating Engineers had previously made available an email portal for the purposes of escalating and resolving outstanding claims, the portal has since been taken down. CMA is inquiring as to whether Operating Engineers will make this escalation process available again.

The other option available to physicians is to seek payment from the patient. Section 4.17 of the standard Blue Cross Prudent Buyer agreement allows physicians to seek payment from the patient up to the Blue Cross Prudent Buyer rates if Operating Engineers or any "other payor" fails to make required payments. Physicians are prohibited from collecting from the patient at the time of service, as the contract requires physicians to first submit a claim to the other payor and allow 30 days for payment. Physicians, however, are encouraged to review the language in their specific contracts.

Physicians may also wish to get their legislators involved by calling or writing them with their concerns regarding Operating Engineers nonpayment of services and the need to maintain adequate patient access to medical care.

Physicians are reminded that one of the symptoms of an insolvent 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 time frames 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," available free to members in CMA's online resource library. This checklist includes instructions on how to research and monitor the financial solvency of your contracted medical groups/IPAs and discusses the options available to physicians in the event that a payor stops paying claims.



CMA RESOURCE: "Payor Solvency Checklist."

To avoid rejected claims and cash flow interruptions, physicians should prepare for the transition by working with their vendors, clearinghouses, billing services, and payors to upgrade and test their systems to ensure that they are able to successfully implement the new standards prior to the compliance date. Multiple resources to assist with the transition are available from the California Medical Association (CMA), the American Medical Association, and the Centers for Medicare & Medicaid Services. These resources are spelled out in a new publication, "Preparing for the New HIPAA 5010 Standards: A Guide for Physicians," available in CMA's online resource library.

CMA is also conducting a brief survey of physician practices to assess 5010 readiness and help us determine how we can further assist you. Take the survey online at <http://cal.md/5010survey>.



CMA RESOURCES: "Preparing for the New HIPAA 5010 Standards: A Guide for Physicians," "Are you ready for the Transition to HIPAA Version 5010?" resource sheet; CMA medical-legal document #1606, "HIPAA Electronic Transaction Rule."

CMA publishes Medicare enrollment guide

Medicare enrollment processes have changed considerably over the years, and even more so with the introduction of national provider identifiers. The enrollment application process for individual physicians can be complex and burdensome. CMA has published a new resource, "Medicare Enrollment Guide for Individual Physicians," to guide new physicians through the enrollment process and to assist enrolled physicians who are making changes or who must revalidate their enrollment. Topics covered include:

- Enrollment requirements
- Revalidation
- Deactivation
- Enrolling in PECOS
- EFT



CMA RESOURCES: "Medicare Enrollment Guide for Individual Physicians;" "Medicare Internet-based PECOS Enrollment Guide for Individuals;" CMA on-demand webinar – "PECOS and Medicare Provider Enrollment."

Health insurer report card finds increasing inaccuracy in claims payment

The nation's largest health insurers committed errors on nearly 20 percent of claims payments this year, up 2 percent from a year ago, according to the American Medical Association's (AMA) fourth annual National Health Insurer Report Card.

AMA said the increase in overall inaccuracy represents an extra \$3.6 million in erroneous claims payments compared to last year. AMA estimates that eliminating health insurer claim payment errors would save \$17 billion.

The AMA report card provides an annual assessment of how health insurers manage, process and pay claims. The findings are based on factors such as insurer non-payment to physicians, denials for medical treatment, prior authorization requirements, accurate contract fees to doctors and timeliness of claim payments.

UnitedHealthcare scored the best among the seven leading commercial health insurers with an accuracy rating of 90.23

Updated payor profiles now available

We've done the research for you...find out everything you need to know about a payor by downloading the California Medical Association's (CMA) payor profiles. CMA's Center for Economic Services has recently updated profiles on each of the major payors in California, including Aetna, Anthem Blue Cross, Blue Shield of California, CIGNA, Health Net, United Healthcare, and Medicare/Palmetto. Each profile includes key contact names and addresses for medical directors, provider relations and claims inquiries, in addition to up-to-date information on market penetration, links to reimbursement and medical policies, and instructions for accessing the plan's provider dispute process. Members can download CMA's Payor Profiles at no cost at www.cmanet.org/ces.

Payor Updates

AETNA: Aetna recently notified physicians through Aetna OfficeLink Updates that as of July 1, 2011, precertification is required for the following outpatient procedures: bronchoscopy, colonoscopy, upper gastrointestinal, cystoscopy, hysteroscopy, knee and shoulder arthroscopy and laparoscopic cholecystectomy. For more information visit the Aetna website at www.aetna.com.

ANTHEM BLUE CROSS: Blue Cross recently notified physicians of changes to its Prudent Buyer physician fee schedule that will take effect September 1, 2011. For more information, see "Anthem Blue Cross fee schedule changes take effect September 1" on page 2.

BLUE SHIELD OF CALIFORNIA: Blue Shield recently announced new and updated medication coverage policies, effective June 16, 2011. For more information, download the Second Quarter Formulary and Medication Coverage Policy Updates at the Blue Shield website, www.blueshieldca.com.

UNITED: United Healthcare recently announced that the PacifiCare name and logo will no longer be used as of June 30, 2011. PacifiCare HMO is now known as UnitedHealthcare Signature Value/United Healthcare WEST. PacifiCare PPO is now doing business as United Healthcare of California. For more information and to view copies of the new patient ID cards, see PacifiCare Branding Transition Frequently Asked Questions.

percent, while Anthem Blue Cross Blue Shield scored the worst with an accuracy rating of 61.05 percent.

A copy of the National Health Insurer Report Card can be downloaded from the AMA website, www.ama-assn.org.

Did you know?

The practice management experts in CMA's Center for Economic Services provide members with one-on-one help to identify, prevent and fight unfair payment practices. For more information, call CMA's reimbursement help line, (888) 401-8911, or email economicservices@cmanet.org.

CMS to provide overview of new Medicare benefit

Since 2005, newly enrolled Medicare beneficiaries are covered for an Initial Preventive Physical Examination (IPPE), commonly known as the “Welcome to Medicare” visit. As the result of the Patient Protection and Affordable Care Act, Medicare beneficiaries are now also covered for an Annual Wellness Visit (AWV).

The Centers for Medicare & Medicaid Services (CMS) is hosting a national provider call, “The ABCs of the Initial Preventive Physical Examination and Annual Wellness Visit,” on Thursday, July 21, 2011, from 10:30 a.m. to 12:00 p.m. Pacific time to provide an overview of both the IPPE and the AWV. The call will include an overview of the expanded coverage and include a discussion of coding and billing requirements. Physicians and their office staff are encouraged to participate.

Interested physicians must register by 10:30 a.m. on Wednesday, July 20, 2011. To register visit, www.eventsvc.com/palmettogba/072111.

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.

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 economicservices@cmanet.org.

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. For a complete list of upcoming events visit the CMA event calendar, www.cmanet.org/events.

Upcoming CMA webinars

*7/20: Writing Effective Appeals

12:15 - 1:15 pm

Sunjanel Avecilla from Practice Management Institute will teach how to appeal insurance claims efficiently and effectively, and how to enhance the overall reimbursement cycle.

*7/27: EHR: Selecting the Right System for Your Practice

12:15 - 1:15 pm and 6:15 - 7:15 pm

CMA’s David Ford will guide physician practices through the process of selecting an electronic health record system, including things to consider before getting started. This webinar is intended for practices at the very early stages of considering making the transition to EHR.

*7/28: Employment Practices Liability Issues - What Medical Offices Need to Know

12:15 - 1:15 pm

This webinar will be presented by CMA’s business partner, Marsh Affinity. Scheduled speakers are Martin LaPointe, Esq., Employment Law Attorney of Burke Warren McKay & Serritella, PC, and Kevin Ribble, Executive Vice President, Edgewater Holdings, Ltd.

Upcoming CMA conferences and seminars

7/9: Workshop for Physician Health Committees

California Patient Protection and Physician Health, Inc. is launching regional educational workshops on physician well-being for hospital medical staff committees and others involved in physician health activities. The next will be at the Alameda Contra Costa Medical Association.

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.

7/13: Santa Barbara County Medical Society

Call (805) 683-5333, for information and to register.

7/19: Tulare County Medical Society

Call (559) 627-2262, for information and to register.

8/9-11: Los Angeles County Medical Association

Call (213) 226-0313, for information and to register.

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

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.