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HealthREFORMSchool

Survive and Thrive in the New Health Care Landscape

News for independent or small-group practices

11 Things Physicians in Independent or Small-Group Practice Need to Know

Although the Affordable Care Act (ACA) to reform the nation's health care system was enacted in March 2010, the legal and political wrangling will go on for years. Texas physicians cannot allow the new law to get in the way of what medicine is all about — ***caring for patients***.

ACA is immense in size and scope, and many provisions are not yet fully understood. That is why the Texas Medical Association is continuing its massive education campaign to help Texas physicians and their practices survive and thrive in this environment. Here are 11 things about the new health law that every physician practicing in a large practice needs to know.

1. More Patients Covered

An estimated 4.5 million Texans will gain health coverage through the new law, which may impact your practice. Some coverage increases began in 2010, while others don't occur until 2014. Here are the ways coverage will expand in Texas:

High-risk pool. In July 2010, a national high-risk pool began providing coverage for previously uninsured individuals with preexisting conditions. These federal high-risk pools will be phased out in 2014 as health care exchanges become available.

Consumer protections/Insurance reform. Consumer protections went into effect September 2010 for newly written policies and upon renewal of existing policies in the individual and group markets. Some of the provisions below apply to all health insurance products, including self-funded or ERISA plans, while others do not:

- Allow parents to keep their children up to age 26 on individual or group family policies;
- Eliminate lifetime dollar spending limits;
- Prohibit use of rescission for patients who get sick (except in cases of fraud);
- Restrict waiting periods to 90 days or less; and
- Prohibit exclusions based on preexisting conditions for children enrolled in group plans (for adults, the provision becomes effective in 2014 for group health plans).

Preventive health care services. Physicians may want to prepare for more patients who now have new insurance coverage for preventive services. The law requires new individual and group health plans or nongrandfathered renewed health plans to cover in-network preventive health services without any copayment or deductible, including immunizations, preventive care for women and children, and other preventive services rated "A" or "B" by the U.S. Preventive Services Task Force (USPSTF). This provision went into effect September 2010.

In January, the Centers for Medicare & Medicaid Services (CMS) removed cost sharing for some preventive services and provides for an annual personalized preventive care plan for Medicare patients.

Health care exchanges. Beginning in 2014, more than 3 million Texans will qualify for health care coverage under the new health care exchange. ACA creates state-based health insurance exchanges for individuals and some small businesses. Patients with incomes up to 400 percent of poverty, or $88,000 for a family of four by 2009 standards, will be eligible to receive federal tax subsidies to purchase certain qualified coverage in the exchange.

Medicaid expansion. The new law expands Medicaid in 2014. Children and adults, including childless adults, under the age of 65 and earning up to 133 percent of poverty will be eligible for Medicaid. The income limits will be about $14,404 for an individual and $29,326 for a family of four.

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Important Effective Dates

March 2010	Increased scrutiny of the medical profession
July 2010	High-risk pool
Sept. 2010	Consumer protections
	Insurance reforms
	Preventive services
Dec. 2010	RAC contracts
Jan. 2011	Physician Compare website
	Business tax reporting
Jan. 2011-15	Increased Medicare payments for primary care physicians
	Surgeons in HPSAs eligible for 10-percent bonus
June 30, 2011	Action needed to avoid e-prescribing penalties
Jan. 2012:	E-prescribing penalties
Jan. 2013-14	Increased Medicaid payments for primary care services
Jan. 2013	Physician performance measures on website
Jan. 2014	Health insurance exchange
	Medicaid expansion
	Individual mandates to purchase insurance
	Employer penalties relating to health coverage
Jan. 2015	PQRS penalties
Dec. 2015	IPAB
Jan. 2018	Cadillac plan tax

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As a result, around 1.5 million more Texans will become newly eligible for health care coverage. As under current law, undocumented immigrants will not be covered by Medicaid except in an emergency.

2. Increased Medicaid Payments for Primary Care

In 2013 and 2014, Medicaid payments for primary care services will increase to Medicare parity for primary care services provided by family physicians, general internists, and pediatricians. Primary care services are defined as evaluation and management services and vaccine administration. The federal government will pay states the full costs of paying the higher fees.

3. Increased Medicare Payments for Primary Care

Primary care physicians (those specializing in family medicine, internal medicine, and pediatrics) who treat Medicare patients may receive a 10-percent bonus payment. To qualify, physicians' Medicare charges for office, home health, and nursing facility visits must make up at least 60 percent of their overall Medicare charges. This bonus is in addition to existing bonuses for physicians practicing in shortage areas. The bonus begins in 2011 and lasts through 2015.

4. General Surgeons in Health Professional Shortage Areas

General surgeons practicing in health professional shortage areas will be eligible for a 10-percent bonus payment for major surgery services. The pay increase lasts from 2011 through 2015.

5. Penalty for Not Participating in Medicare PQRS

The Physician Quality Reporting System (PQRS), a voluntary Medicare reporting initiative, will continue. Currently, physicians participating in PQRS receive a 2-percent bonus for reporting their quality measures. Beginning in 2015, physicians will be penalized 1.5 percent if they don't participate. The penalty increases to 2 percent in 2016.

6. E-Prescribing Bonuses/Penalties

E-prescribing Medicare bonuses will continue through 2012 (1-percent, Medicare Part B) but be reduced in 2013. However, eligible physicians who do not report successful e-prescribing on their claims and have not received an exemption will be penalized 1 percent. **To avoid the 1-percent penalty in 2012, by June 30 THIS YEAR, physicians must e-prescribe successfully and report via claims using the G-code 8553 on at least 10 Medicare encounters.** Physicians who report 25 claims using the G-code by Dec. 31 this year will be eligible for the 1-percent 2012 incentive and avoid the 1.5-percent penalty in 2013.

7. Independent Payment Advisory Board

The law creates a 15-member Independent Payment Advisory Board (IPAB) that has the authority to control Medicare spending. It is responsible for reducing the per-capita rated growth in Medicare spending. Recommendations must reduce Medicare spending starting in 2015 but may not include provisions that would ration health care, raise revenues, increase beneficiary premiums, increase cost sharing, or reduce payment rates for services prior to Dec. 31, 2018. IPAB recommendations on what Medicare should pay physicians would automatically become law unless Congress passes another proposal to reach the same budgetary savings.

8. Recovery Audit Contractors

The new law expands the Recovery Audit Contractor (RAC) program to Medicaid and Medicare parts C and D. Texas will be required to contract with at least one RAC by the end of the year. The sole purpose of the RACs is to identify underpayments and overpayments and to recoup any overpayments.

9. Physician Compare Website

The health system reform law creates a Physician Compare website that will contain information on physicians enrolled in Medicare. On Jan. 1, CMS launched the Physician Compare website at www.medicare.gov/find-a-doctor/provider-search.aspx. The website has little comparative information but rather has basic information regarding a physician's specialty and enrollment status. The website is difficult to use and contains some inaccurate information. The government continues its attempt to improve it.

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By 2013, the website must contain physician performance information for the public that compares clinical quality and patient experience measures to the extent that the government develops "scientifically sound" measures. Some form of patient survey likely also will obtain feedback on specific physicians for comparison purposes.

Measures to be considered include those developed under the Physician Quality Reporting System, along with measures that will assess patient health outcomes, patients' functional status, and risk-adjusted resource use.

Physicians will have an opportunity to review and correct performance ratings prior to their publication. The law does not spell out exactly what the review process will look like, nor whether physicians will be entitled to a formal review as Texas law requires of such systems.

10. Increased Scrutiny of the Medical Profession

Health system reform increases many burdensome regulatory efforts on top of the already existing scheme of fraud and abuse laws. For instance, the federal government is expanding its national database of physician "adverse actions." The National Practitioner Data Bank and the Health Care Integrity Data Bank are being merged, and the types of activities that must be reported are expanded. Under the new law, "any adverse action" taken against a physician by a state or fraud enforcement agency must be reported and listed. This is an expansion of the current standard. Health plans and hospitals already are required to report adverse actions of certain types. Physicians should take time to review their operations and compliance programs to ensure they are in compliance with the new laws.

11. Business Tax Implications

Small-Business Tax Credit

The new law provides a tax credit for small employers with fewer than 25 full-time equivalent employees and average annual compensation levels not exceeding $50,000 if the employer provides health care benefits and pays at least half of the premium cost. Credit phases out with more employees and higher compensation.

- The credit is in effect for tax years starting in 2009.
- The largest tax credit of 35 percent is available to employers with 10 or fewer employees and average annual wages of less than $26,000. This maximum credit amount increases to 50 percent in 2014.

Business Tax Reporting

Starting in 2012, employers must disclose the value of all tax-excluded health benefits on employees' W-2 forms. The law originally required all businesses to report annually all payments for purchased goods, property, or services in excess of $600 on an IRS Form 1099. In April, 2011 Congress repealed this requirement

Cadillac Plan Tax

Beginning in 2018, high-cost plans above $10,200 for individuals or $27,500 for families are subject to a 40-percent tax. The plan costs include employer and employee premiums as well as contributions to health savings or reimbursement accounts. It does not include the cost of separate vision or dental plans. Taxability thresholds increase by inflation plus 1 percent for 2019 and are based on inflation after that.

Tax Penalty for Uninsured

Beginning in 2014, individuals who do not maintain qualifying health insurance coverage are subject to tax penalties:

- 2014 — the greater of $95 or 1 percent of income,
- 2015 — the greater of $325 or 2 percent of income, and
- 2016 — the greater of $625 or 2.5 percent of income.

After 2016, penalties increase annually depending on inflation.

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Questions? Turn to TMA for Answers

TMA has a wealth of information posted on our website. We also have webinars, online tools, publications, and live seminars to help you learn more about the new health law. The best part is you can earn continuing medical education credits at the same time.

1. Practice Consulting Services for help on billing, collections, coding assistance; pre-RAC audits; operations assessment; and more. Up to 20 hours of CME approved for operations or billing and collections assessments.
2. Hassle Factor Log (TMA helps you resolve your insurance-related problems.)
3. Free advice: TMAs Mini-Consults offer one-on-one help.
4. Health Reform and "Accountable" Care" live seminar (3 hours CME)
5. "Evaluating Your Medicare Options" recorded webinar (1 hour CME). Includes discussion of the Office of Inspector General work plan; proper documentation/coding; local coverage determinations; and quality issues such as PQRS, E-prescribing, and meaningful use.
6. Health System Reform Timeline for Provisions Effective in 2011 (texmed.org/hrs)
7. "Avoiding RAC Audits" recorded webinar (1 hour CME)
8. "Physician Ethics and Enforcement of Commercial and Government Program Fraud Laws" online course (2 hours CME)
9. *Switch: How to Change Things When Change Is Hard* publication and home study (4.5 hours CME)

Call the TMA Knowledge Center at (800) 880-7955 for more information, or go to texmed.org/hsr for a complete list of resources available for you and your staff.

Please note: The new law is very complex and will be considerably influenced by the many regulations that must be adopted under its provisions. Further, the law may be amended over time. This document is intended as a summary only. To read the act in its entirety, go to www.texmed.org/hsr (June 2010).

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