

Small Entity Compliance Guide

Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule, Clinical Laboratory Fee Schedule & Other Revisions to Part B for CY 2014

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42 CFR Parts 405, 410, 411, 414, 423, and 425

CMS-1600-FC, RIN 0938- AR56

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, Pub. L. 104-121, as amended by Pub. L. 110-28, May 25, 2007) contains requirements for issuance of “small entity compliance guides.” Guides are to explain what actions affected entities must take to comply with agency rules. Such guides must be prepared when agencies issue final rules for which agencies were required to prepare a Final Regulatory Flexibility Analysis under the Regulatory Flexibility Act.

The complete text of this final rule with comment period can be found on the CMS website at: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Federal-Regulation-Notices-Items/CMS-1600-FC.html?DLPage=1&DLSort=3&DLSortDir=descending>.

This final rule with comment period implements changes to the physician fee schedule (PFS) and other Medicare Part B payment policies to ensure that our payment systems are updated to reflect changes in medical practice and the relative value of services. It finalizes the calendar year (CY) 2013 interim relative value units (RVUs) and establishes interim RVUs for new, revised and misvalued procedure codes for CY 2014.

It also addresses, implements or discusses changes to several of the quality reporting initiatives that are associated with PFS payments – the Physician Quality Reporting System (PQRS), as well as changes to the Physician Compare tool on the Medicare.gov website. Furthermore, the rule continues the phased-in implementation of the physician value-based payment modifier (Value Modifier), created by the Affordable Care Act, that will affect payments to certain physician groups based on the quality and cost of care they furnish to beneficiaries enrolled in the traditional Medicare fee-for-service program. Finally, the rule addresses changes to a handful of other programs which are listed in the Table of Contents within the rule.

This final rule with comment period also, in accordance with the statute, announced that the total reduction in the PFS conversion factor between CY 2013 and CY 2014 would be 20.1 percent, including budget neutrality adjustments to account for changes in the relative value units. The estimate of the CY 2014 SGR is -16.7 percent; and, as calculated under the law as of November 1, 2013, the conversion factor for CY 2014 would be \$27.2006. As subsequently adopted by section 101 of the Pathway for SGR Reform Act of 2013, the 0.5 percent physician update for January 1, 2014 through March 31st, 2014 changed the first quarter CY 2014 conversion factor to \$35.8228.

For purposes of the RFA, physicians, nonphysician practitioners (NPPs), and suppliers including independent diagnostic testing facilities (IDTFs), are considered small businesses if they generate revenues of \$10 million or less, according to the Small Business Administration size schedule. Approximately 95 percent of physicians are considered to be small entities. There are over 1 million physicians, other practitioners, and medical suppliers that receive Medicare payment under the PFS.

This rule imposes no direct federal compliance requirements with significant economic impacts on small entities. In order to assist physicians, nonphysician practitioners (NPPs), and suppliers including independent diagnostic testing facilities (IDTFs) in understanding and adapting to changes in Medicare billing and payment procedures, we have developed webpages that include additional material on the PFS at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/index.html> and

<http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Federal-Regulation-Notices-Items/CMS-1600-FC.html>.