



# Medicare: Today's Issue

April 21, 2004

## *BETTER BENEFITS – MORE CHOICES*

*Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!*

### **Investments in Better Care: Provisions in the MMA**

The Medicare Modernization Act includes several provisions, some of which are described below, to enhance beneficiary access to quality health care services and improve provider payments.

#### **MMA Rural Provisions:**

- ✓ **Home Health:** The MMA increases payments to home health agencies by 5 percent for one year for services furnished in rural areas, resulting in \$100 million in additional payments.
- ✓ **Ambulance:** Payment to ambulance providers and suppliers furnishing services in rural areas is increased under the MMA, directing the Secretary to increase payments for ambulance trips that originate in rural areas with a particularly low population density. Additionally, payments for rural ground ambulance services are increased by 2 percent. Under the MMA, payments for ground ambulance trips that exceed 50 miles also are increased. To ease the current transition to the national fee schedule, an alternate fee schedule phase-in formula for some providers based on a blend of the national fee schedule and a regional fee schedule is established under the MMA. The MMA also establishes a presumption of medical necessity for certain rural air ambulance services.
- ✓ **Rural Community Hospitals:** A 5-year demonstration to test the advisability and feasibility of establishing rural community hospitals (RCHs) is established under the MMA.
- ✓ **Office of Rural Health Policy Improvements:** The MMA expands the list of explicit responsibilities of the Office to include administering grants, cooperative agreements, and contracts to provide technical assistance and other activities as necessary to support activities related to improving health care in rural areas.
- ✓ **Frontier Extended Stay Clinics:** The MMA authorizes a new demonstration project, under which frontier extended stay clinics in isolated rural areas are treated as providers of items and services under the Medicare program.
- ✓ **Hospice:** Under the MMA, nurse practitioners are authorized to act as the attending physician for a beneficiary that elects hospice. Nurse practitioners often play a central role in furnishing care in rural areas. This provision allows them to continue to serve their patients who elect hospice care.
- ✓ **Lab Tests:** Providing additional dollars to some rural hospitals, the MMA establishes reasonable cost payment for clinical laboratory tests furnished by certain rural hospitals as part of their outpatient services.

#### **Skilled Nursing Facility Provisions:**

- ✓ **Exclusions from SNF PPS:** The MMA clarifies that certain professional services provided by individuals affiliated with Rural Health Clinics (RHC) and Federally Qualified Health Centers (FQHC) are excluded from the SNF PPS, in the same manner as such services would have been excluded if provided by an individual not affiliated with an RHC or FQHC. This includes the services of physicians, nurse practitioners, physician assistants and clinical psychologists.
- ✓ **SNF Payment Rates:** To support improved staffing and care for medically complex patients, CMS is currently providing an additional \$1.5 billion above the base payment rate to skilled nursing facilities in FY 2004.

### **MMA Health IT Provisions:**

- ✓ **Telemedicine:** The MMA extends the current telemedicine demonstration by 4 additional years, and authorizes an additional \$30 million in funding.
- ✓ **Telehealth Originating Sites:** Skilled nursing facilities (SNFs) are treated as originating sites for telehealth services in an evaluation included in the MMA. This provision assists in the determination of whether SNFs should be included in the list of originating telehealth sites. Additionally, the provision authorizes the expansion of SNFs as telehealth originating sites if the Secretary concludes it is advisable to do so.

### **Other MMA Provisions:**

- ✓ **Modifying Medicare Payment Systems:** With the aim of targeting funding for patients needing SNF, ESRD, home health, and rehabilitation hospital services, CMS has invested \$4 million annually in researching methods to modify Medicare payment systems. This funding will ensure improved access to care for patients with the most intense care needs.
- ✓ **Sole Community Hospitals:** The MMA prevents CMS from denying a sole community hospital application based on unavailable cost report data due to changes in ownership, changes in fiscal intermediaries, or other extraordinary circumstances, as long as data are available for at least one applicable base cost reporting period.
- ✓ **Moratorium on Therapy Caps:** The MMA places a moratorium on the caps mandated by previous law, effectively increasing spending to an estimated \$300 million in 2004 and \$400 million in 2005 for physical therapy, speech language pathology and occupational therapy services provided in settings other than hospitals.