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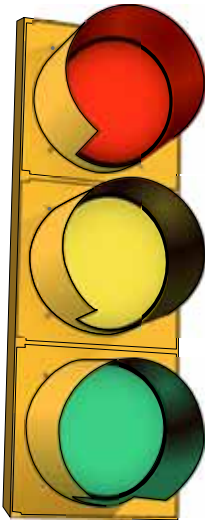
Implementation Date: January 3, 2005

Coverage by Medicare Advantage Organizations for National Coverage Determination (NCD) Services Not Previously Included in the Medicare Advantage's Capitated Rates

Provider Types Affected

Physicians, providers, and suppliers billing for the services mentioned below.

Provider Action Needed



STOP – Impact to You

Medicare Advantage (MA) rates were recently adjusted to account for three National Coverage Determination (NCD) services. These services are implantable automatic defibrillators (effective 10/1/03), ventricular assist devices (effective 1/1/04), and lung volume reduction surgery (effective 1/1/04). MA organizations are liable for payment for these NCD services beginning January 1, 2005.

CAUTION – What You Need to Know

For services rendered prior to January 1, 2005, payment for services relating to the three NCD services mentioned above are paid by Medicare on a fee-for-service basis for MA plan enrollees. Note that, prior to January 1, 2005, beneficiaries are not responsible for Part A or Part B deductibles associated with these services, although they are responsible for coinsurance amounts appropriate under Medicare fee-for-service rules.

GO – What You Need to Do

Be aware that these services will not be paid on a fee-for-service basis for dates of service on or after January 1, 2005. Instead, the MA plan will be responsible for making payment. Note also that MA enrollees receiving services for lung volume reduction surgery services must receive these services in designated hospitals.

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Background

When Medicare initially issued these NCDs, new coverage was introduced and the cost of that coverage was not reflected in the rates paid to MA plans. Thus, Medicare paid for these services separately on a fee-for-service basis until such time as the cost could be considered in determining MA rates. The Centers for Medicare & Medicaid Services (CMS) will factor these costs into the MA payment rates as of January 1, 2005. At that time, Medicare will no longer pay for these services on the fee-for-service basis.

Additional Information

If you have any questions regarding this issue, please contact your carrier or intermediary at their toll-free number, which may be found at:

<http://www.cms.hhs.gov/medlearn/tollnums.asp>

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