

Medicare Proposed Rules Published

In August, the Centers for Medicare and Medicaid Services (CMS) published two proposed rules setting the Hospital Outpatient and Physician Fee Schedule payment rates for 2004. Both rules are subject to comment and the final rules will likely be published in early November.

Hospital Outpatient Prospective Payment System

Medicare reimbursement for hospital outpatient sleep tests under the Hospital Outpatient Prospective Payment System (HOPPS) is proposed to increase in 2004. The proposed increases in payment for the APCs (209, 213) that include sleep tests are slightly greater than the average inflationary increase for all APCs. Under HOPPS, hospital procedures are grouped by clinical and resource cost similarities into ambulatory payment classifications (APCs), which are similar to DRGs. The APC payment is made to the hospital for the facility fee associated with a particular procedure. Physicians continue to bill the professional component of the service separately. Below, is a chart showing the CPT codes and payment rates for the APCs for sleep services.

Physician Fee Schedule

No changes were made to the relative values for the professional components of the sleep medicine CPT codes in the proposed physician fee schedule rule. For services provided in a physician office or free-standing center, the technical fees (TCs) are proposed to increase slightly for 95807, 95808, and 95810 and decrease slightly for 95805 and 95806. Due to a change in pricing for certain supplies, the technical fee for 95811 is proposed to increase by close to 9%. Below, is a chart showing the payment rates for sleep services for 2003 and 2004 using the 2003 conversion factor for comparison purposes.

An unresolved issue is whether Congress will intercede and prevent a 4.2% reduction in the conversion factor from taking effect on January 1, 2004. The House-passed Medicare reform bill includes a provision mandating a 1.5% increase in the conversion factor in 2004 and 2005. The Senate Medicare bill does not have a comparable provision. Congress's ability to enact this change will be hampered by the difficulty the House and Senate are having in reconciling their differences in the larger Medicare bill which adds a drug benefit and makes other reforms to the Medicare program.