

HOT INFORMATION FOR 2007

Medicare Premiums and Deductibles for 2007

Part A Deductible

Medicare Part A pays for inpatient hospital, skilled nursing facility, hospice, and certain home health care. The \$992 deductible, paid by the beneficiary when admitted as a hospital inpatient, is an increase of \$40 from \$952 in 2006. The Part A deductible is the beneficiary's only cost for up to 60 days of Medicare-covered inpatient hospital care in a benefit period. Beneficiaries must pay an additional \$248 per day for days 61 through 90 in 2007, and \$496 per day for hospital stays beyond the 90th day for lifetime reserve days. The daily coinsurance for the 21st through 100th day in a skilled nursing facility will be \$124 in 2007.

Part B Deductible

Centers for Medicare & Medicaid Services (CMS) updates the premiums, deductibles, and co-payments made by Medicare beneficiaries each year. These adjustments are made according to formulas set by statute. The law requires that the standard monthly premium for Medicare Part B must be sufficient to cover 25 percent of the program's costs for aged beneficiaries, including the costs of maintaining a

reserve against unexpected spending increases. The federal government pays the remaining 75 percent. Statutory formulas are also used to determine the Medicare Part B deductible, the Part A deductible for hospital stays, and other contributions.

The standard Medicare Part B monthly premium will be \$93.50 in 2007, an increase of \$5.00 or 5.6 percent from the current \$88.50 Part B premium.

Growth in traditional fee-for-service Part B spending per capita, and not spending in the Medicare Advantage program, accounts for the bulk of the premium increase. Although outpatient hospital spending accounts for only about 13 percent of total Part B spending, it accounts for one-third of the increase in the 2007 premium. Hospital spending accounts for more of the premium growth than spending growth for physician services and physician-related services, including lab tests and physician-administered drugs, which together account for a greater share of the total Part B spending.

In 2007, approximately 4 percent

of Medicare Part B enrollees with higher incomes will pay a higher Part B premium based on their income. The income-related Part B premiums for 2007 will be \$106.00, \$124.70, \$143.40, or \$162.10, depending on the extent to which an individual beneficiary's income exceeds \$80,000 (or married couple's income exceeds \$160,000), with the highest premium rates only paid by less than 1 percent of beneficiaries whose incomes are over \$200,000 (or \$400,000 for married couple). A beneficiary who pays the highest income-related premium in 2007 would pay \$1,945 per year in Part B premiums.

These limits will reduce Medicare costs by an estimated \$7.7 billion over the next five years and \$20.8 billion over the next 10 years, improving Medicare's sustainability to provide effective coverage for all eligible persons in the future.

Premiums and Deductibles for 2007

Part A Premium: \$410 (paid by about 1 percent of beneficiaries)

Part A deductible: \$992

Part B standard premium: \$93.50

Part B deductible: \$131

CMS Mailing Lists

The Centers for Medicare & Medicaid Services (CMS) offers a way for you to receive consistent and accurate information regarding recent news, policy changes, and updates: **CMS Mailing Lists**. Also referred to as listservs, these electronic mailing lists enable you to receive e-mails about the latest CMS Fee-for-Service (FFS) initiatives. All that is required to subscribe is your name and a valid e-mail address, and you can start receiving electronic updates automatically!

To subscribe to any of CMS' mailing lists, visit the CMS Mailing Lists web page at www.hhs.gov/apps/ mailinglists/ on the CMS website to see all available listservs.

For more specialized information, visit the provider center web pages:

New Waived Test:

Immunostics, Inc., hema-screen Specific Immunochemical Fecal Occult Blood Test effective June 15, 2006: CPT Code/Modifier 82274QW, G0328QW

- ◇ Ambulance Services—www.cms.hhs.gov/center/ambulance.asp
- ◇ Ambulatory Surgical Centers—www.cms.hhs.gov/center/asc.asp
- ◇ Anesthesiologists—www.cms.hhs.gov/center/anesth.asp
- ◇ Clinical Laboratory—www.cms.hhs.gov/center/clinical.asp
- ◇ Critical Access Hospital—www.cms.hhs.gov/center/cah.asp
- ◇ Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) - www.cms.hhs.gov/center/dme.asp
- ◇ End Stage Renal Disease—www.cms.hhs.gov/center/esrd.asp
- ◇ Federally Qualified Health Center (FQHC) - www.cms.hhs.gov/center/fqhc.asp
- ◇ Home Health Agencies—www.cms.hhs.gov/center/hha.asp

**MEDICARE'S
IMPACT TO YOU**

Beginning October 1, 2006 and until further notice, claims that you submit containing only an NPI will be returned to you as unprocessable if a properly matching legacy number cannot be found.

CMS: For additional FFS-related information, please visit the following resources:

The Medicare Learning Network (MLN) web page at www.cms.hhs.gov/MLNGenInfo

To Participate in live dialogue discussions between CMS and the provider community:

visit the Open Door Forums web page at www.cms.hhs.gov/OpenDoorForums

CMS Available Products

There are 52 products available which include:

- ◇ [Medicare Physician Guide: A Resource for Residents, Practicing Physicians, and Other Health Care Professionals](#)
- ◇ [CMS-Keeping in Touch with Medicare Fee-for-Service](#)
- ◇ [Medicare Preventative Services Resources for Physicians, Providers, Suppliers and Other Health Care Professionals](#)
- ◇ [Collecting, Submitting and Updating Beneficiary Insurance Information to Medicare: Fact Sheet for Physician and Provider Billing Staff](#)
- ◇ [Complying with Medicare Secondary Payer Requirements: Fact Sheet for Physicians and Provider Administrators](#)
- ◇ [What Doctors Need to Know about the Advance Beneficiary Notice](#)
- ◇ [Federally Qualified Health Center Fact Sheet](#)
- ◇ [Rural Health Clinic Fact Sheet](#)

Change in Online Availability of NPI Application/Update Form (CMS-10114)

Health care providers can still apply for National Provider Identifiers (NPI) in one of three ways.

- (1) For the most efficient application processing and the fastest receipt of NPIs, health care providers should consider using the web-based NPI application process. They can log onto the National Plan and Provider Enumeration Systems (NPPES) and apply on line at <https://nppes.cms.hhs.gov/NPPES/Welcome.do>; or
- (2) Health care providers can

agree to have an Electronic File Interchange (EFI) organization (EFIO) submit application data on their behalf (i.e., through a bulk enumeration process) if an EFIO requests their permission to do so; or,

(3) Health care providers may wish to obtain a copy of the paper NPI Application/Update Form (CMS-10114) and mail the completed, signed application to the NPI Enumerator located in Fargo, ND, whereby staff at the NPI Enumerator will enter the application data

into NPPES. The form will only be available upon request through the NPI Enumerator. Health care providers that would like to obtain a copy of this form should contact the NPI Enumerator in any of these ways:

Phone: 1-800-465-3203 or TTY 1-800-692-2326

Email: customerservice@npienumerator.com

Mail: NPI Enumerator

P.O. Box 6059

Fargo, ND 58108-6059

New 1500 Paper Claim Form Approved

In conjunction with the implementation of the National Provider Identifier (NPI), CMS will issue Form CMS-1500 (08/05). This form will accommodate the implementation of the NPI. The implementation for Medicare will take

place with the new CMS 1500 being effective for optional use from January 2, 2007 thru March 30, 2007. It will be required for use starting April 2, 2007.

It goes without saying that in order to determine when the

form will begin being accepted, it is important to check with private payors. More importantly, check with software vendors to see when they will be able to accommodate the necessary changes for this form.

Medicare's Physician Payment System Impacts Rural Docs

Medicare's physician payment system has substantial impact on rural physicians, especially since 51 percent of rural doctors—compared with 44 percent of urban physicians—receive at least 38 percent of their payments from Medicare, according to a report by RUPRI Center for Rural Health Policy Analysis.

The report, "Medicare Physician Payment: Impacts of Changes on

Rural Physicians," studied the effect of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 on physician payment rates in rural areas. It examined creating a floor of 1.00 in the geographic practice cost index for work expense, as well as establishing incentive payments for providing services in shortage areas and bonuses for practicing in a physician scarcity area.

The center found that increases to the GPCI for work expense accounted for a significant percentage of the two-year increases in total payment to physicians in rural areas. Additionally, bonus payments are a more direct means to increase payment above what can be accomplished by minor adjustments to the payment formula, the report says.

Average Employee / Employer Health Care Cost Trends: 2002-2007

	2002	2007
Employer	\$4,342	\$6,924
Employee	\$1,044	\$1,872
Total Cost	\$5,386	\$8,796