

Change in the Medicare Conversion Factor: What this means to you!

Medicare and Medicaid Extenders Act of 2011

On December 15, 2010, President Obama signed into law the Medicare and Medicaid Extenders Act of 2010 (MMEA). This new legislation contains a number of Medicare provisions which change or extend current Medicare fee-for-service program policies.

On Dec. 29, 2010, the U.S. Centers for Medicare & Medicaid Services (CMS) released the final Relative Value Units (RVUs) and the Medicare conversion factor (\$33.9764) for 2011 compared to \$36.8729 in the second half of 2010.

The fee schedule includes annual updates to the relative weights of physician services and implements key provisions of the Affordable Care Act of 2010. AAOS estimates the average change to orthopaedic Medicare fees to be an increase of 3 percent.

Physician Payment Update

The MMEA provides for a zero percent update to the physician fee schedule for claims with dates of service January 1, 2011, through December 31, 2011. While the physician fee schedule update will be zero percent, other changes to the RVUs (e.g., misvalued code initiative and rescaling of the RVUs to match the revised Medicare Economic Index weights) are budget neutral. To make those changes budget neutral, CMS must make an adjustment to the conversion factor so the conversion factor will not be unchanged in CY 2011 from CY 2010. The revised conversion factor to be used for physician payment as of January 1, 2011 is \$33.9764

Impact on AAHKS Members

As a result of the changes described above, your Health Policy & Practice Committee has looked critically at the impact on your reimbursement for the most common procedures you perform. Because the Practice Expense and MP RVUs increased for total joint procedures, the payment rates went up in 2011 despite the lower conversion factor.

Broken down by category, Medicare payment for hip/knee surgical codes increased an average of 5.50%, Medicare payment for hip/knee imaging codes decreased an average of -10.28%, and E/M codes increased an average of 5.35%.

You should also keep in mind that changes in RVUs have a direct impact on many of the commercial insurance physician fee schedules as well. Accordingly, the estimated overall average impact for a typical AAHKS member practice was a positive 8.93%, with hip/knee surgical codes increased an average of 11.72%, hip/knee imaging codes decreased an average of -4.71%, and E/M codes increased an average of 11.89%.

The following table demonstrates the impact of the changes in RVUs for the most common surgical procedure codes performed by AAHKS members.

CPT	Short Descriptor	2010 Total RVU	2011 Total RVU	2010 Medicare payment	2011 Medicare payment	Dollar Change	% Dollar Change
27125	Hemiarthroplasty	29.68	33.21	\$1,070.99	\$1,128.36	\$57.37	5.36%
27130	THA	38.1	42.45	\$1,374.82	\$1,442.30	\$67.48	4.91%
27134	THA Revision	51.41	57.04	\$1,855.11	\$1,938.01	\$82.90	4.47%
27236	Open Repair Hip Fracture	31.37	35.08	\$1,131.97	\$1,191.89	\$59.92	5.29%
27446	Unicompartmental Knee Replacement	29.24	32.58	\$1,055.11	\$1,160.95	\$105.84	10.03%
27447	TKA	40.75	45.37	\$1,470.45	\$1,541.51	\$71.06	4.38%
27487	TKA Revision	46.85	52.07	\$1,690.56	\$1,769.15	\$78.56	4.65%
29881	Meniscectomy	17.92	20.17	\$646.64	\$685.30	\$38.66	5.98%

The CMS website link is <http://www.cms.gov/PhysicianFeeSched>

If you have further questions, please feel free contact either Matt Twetten Twetten@aaos.org or David Halsey, MD david.halsey@uvm.edu.