

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

42 CFR Parts 400, 405, 410, 411, 412, 413, 414, 415, 417, and 489

[BPD-827-P]

RIN 0938-AG96

Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule for Calendar Year 1996

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: Proposed rule.

SUMMARY: This proposed rule discusses several policy changes affecting payment for physician services including:

- Medicare payment for physician services in teaching settings.
- Changes in calculating the default Medicare volume performance standard beginning in fiscal year 1996.
- Our efforts to implement the statutory requirement in the Social Security Act Amendments of 1994 to develop a resource-based system for practice expenses.

The rule would redesignate current regulations on teaching hospitals, on the services of physicians to providers, on the services of physicians in providers, and on the services of interns and residents. This redesignation would consolidate related rules affecting a specific audience in a separate part and, thereby, make them easier to use.

DATES: Comments will be considered if we receive them at the appropriate address, as provided below, no later than 5 p.m. on September 25, 1995.

ADDRESSES: Mail written comments (1 original and 3 copies) to the following address: Health Care Financing Administration, Department of Health and Human Services, Attention: BPD-827-P, P.O. Box 7519, Baltimore, MD 21207-0519.

If you prefer, you may deliver your written comments (1 original and 3 copies) to one of the following addresses: Room 309-G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, DC 20201, or

Before August 4, 1995

Room 132, East High Rise Building,
6325 Security Boulevard, Baltimore,
MD 21207.

After August 6, 1995

Room C5-09-26, 7500 Security
Boulevard, Baltimore, MD 21244-
1850.

Because of staffing and resource limitations, we cannot accept comments by facsimile (FAX) transmission. In commenting, please refer to file code BPD-827-P. Comments received timely will be available for public inspection as they are received, generally beginning approximately 3 weeks after publication of a document, in Room 309-G of the Department's offices at 200 Independence Avenue, SW., Washington, DC, on Monday through Friday of each week from 8:30 a.m. to 5 p.m. (phone: (202) 690-7890).

Copies: To order copies of the **Federal Register** containing this document, send your request to: New Orders, Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954. Specify the date of the issue requested and enclose a check or money order payable to the Superintendent of Documents, or enclose your Visa or Master Card number and expiration date. Credit card orders can also be placed by calling the order desk at (202) 512-1800 or by faxing to (202) 512-2250. The cost for each copy is \$8. As an alternative, you can view and photocopy the **Federal Register** document at most libraries designated as Federal Depository Libraries and at many other public and academic libraries throughout the country that receive the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Elizabeth Holland, (410) 966-1309 (after September 1, 1995, (410) 786-1309) (for all issues except those related to physician services in teaching settings). William Morse, (410) 966-4520 (after September 1, 1995, (410) 786-4520) (for issues related to physician services in teaching settings).

SUPPLEMENTARY INFORMATION: To assist readers in referencing sections contained in this preamble, we are providing the following table of contents. Some of the issues discussed in this preamble affect the payment policies but do not require changes to the regulations in the Code of Federal Regulations (CFR).

Table of Contents

- I. Background
 - A. Legislative History
 - B. Published Changes to the Fee Schedule
- II. Specific Proposals for Calendar Year (CY) 1996
 - A. Budget-Neutrality Adjustments for Relative Value Units (RVUs)
 - B. Bundled Services
 1. Hydration Therapy and Chemotherapy
 2. Evaluation of Psychiatric Records and Reports and Family Counseling Services
 3. Fitting of Spectacles
 - C. X-Rays and Electrocardiograms (EKGs) Taken in the Emergency Room

- D. Extension of Site-of-Service Payment Differential to Services in Ambulatory Surgical Centers (ASCs)
- E. Services of Teaching Physicians
 1. General Background
 2. Payment for Physician Services Furnished in Teaching Settings
 3. Payments for Supervising Physicians in Teaching Settings and for Residents in Certain Settings
- F. Unspecified Physical and Occupational Therapy Services (HCPCS Codes M0005 Through M0008 and H5300)
- G. Transportation in Connection With Furnishing Diagnostic Tests
- H. Maxillofacial Prosthetic Services
- I. Coverage of Mammography Services
- J. Use of Category-Specific Volume and Intensity (VI) Growth Allowances in Calculating the Default Medicare Volume Performance Standard (MVPS)
- III. Issue for Change in Calendar Year (CY) 1998—Two Anesthesia Providers Involved in One Procedure
- IV. Issues for Discussion
 - A. Resource-Based Practice Expense (PE) Relative Value Units (RVUs)
 - B. Primary Care Case Management and Other Managed Care Approaches
- V. Collection of Information Requirements
- VI. Response to Comments
- VII. Regulatory Impact Analysis
 - A. Regulatory Flexibility Act
 - B. Budget-Neutrality Adjustments for Relative Value Units
 - C. Bundled Services
 1. Hydration Therapy and Chemotherapy
 2. Evaluation of Psychiatric Records and Reports and Family Counseling Services
 3. Fitting of Spectacles
 - D. X-Rays and Electrocardiograms (EKGs) Taken in the Emergency Room
 - E. Extension of Site-of-Service Payment Differential to Services in Ambulatory Surgical Centers (ASCs)
 - F. Services of Teaching Physicians
 - G. Unspecified Physical and Occupational Therapy Services (HCPCS Codes M0005 Through M0008 and H5300)
 - H. Transportation in Connection With Furnishing Diagnostic Tests
 - I. Maxillofacial Prosthetic Services
 - J. Coverage of Mammography Services
 - K. Use of Category-Specific Volume and Intensity (VI) Growth Allowances in Calculating the Default Medicare Volume Performance Standard (MVPS)
 - L. Two Anesthesia Providers Involved in One Procedure
 - M. Rural Hospital Impact Statement

In addition, because of the many organizations and terms to which we refer by acronym in this final rule, we are listing these acronyms and their corresponding terms in alphabetical order below:

AMA American Medical Association
 ASC Ambulatory surgical center
 CF Conversion factor
 CFR Code of Federal Regulations
 COBRA Consolidated Omnibus Budget Reconciliation Act
 CPEP Clinical Practice Expert Panel
 CPT [Physicians'] Current Procedural Terminology [4th Edition, 1994,