

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Centers for Medicare & Medicaid Services

#### 42 CFR Parts 410 and 414

[CMS-1476-FC]

RIN 0938-AL96

#### Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule for Calendar Year 2004

**AGENCY:** Centers for Medicare & Medicaid Services (CMS), HHS.

**ACTION:** Final rule with comment period.

**SUMMARY:** This final rule will refine the resource-based practice expense relative value units (RVUs) and make other changes to Medicare Part B payment policy. The policy changes concern: Medicare Economic Index, practice expense for professional component services, definition of diabetes for diabetes self-management training, supplemental survey data for practice expense, geographic practice cost indices, and several coding issues. In addition, this rule updates the codes subject to the physician self-referral prohibition. We also make revisions to the sustainable growth rate and the anesthesia conversion factor.

These changes will ensure that our payment systems are updated to reflect changes in medical practice and the relative value of services.

We are also finalizing the calendar year (CY) 2003 interim RVUs and are issuing interim RVUs for new and revised procedure codes for CY 2004.

As required by the statute, we are announcing that the physician fee schedule update for CY 2004 is -4.5 percent, the initial estimate of the sustainable growth rate for CY 2004 is 7.4 percent, and the conversion factor for CY 2004 is \$35.1339.

We published a proposed rule (68 FR 50428) in the **Federal Register** on Part B drug payment reform on August 20, 2003. This proposed rule would also make changes to Medicare payment for furnishing or administering certain drugs and biologicals. We have not finalized these proposals to take into account that the Congress is considering legislation that would address these issues. We will continue to monitor legislative activity that would reform the Medicare Part B drug payment system. If legislation is not enacted soon on this issue, we remain committed to completing the regulatory process.

**DATES:** *Effective date:* These regulations are effective on January 1, 2004.

*Comment date:* We will consider comments on the physician self-referral designated health services additions and deletions identified in Tables 8 and 9, and the interim work RVUs for selected procedure codes identified in Addendum C if we receive them at the appropriate address, as provided in the addresses section, no later than 5 p.m. on January 6, 2004.

**ADDRESSES:** In commenting, please refer to file code CMS-1476-FC. Because of staff and resource limitations, we cannot accept comments by facsimile (FAX) transmission. Mail written comments (one original and two copies) to the following address ONLY:

Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS-1476-FC, P.O. Box 8013, Baltimore, MD 21244-8013.

Please allow sufficient time for us to receive mailed comments on time in the event of delivery delays.

If you prefer, you may deliver (by hand or courier) your written comments (one original and two copies) to one of the following addresses:

Room 445-G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, DC 20201, or Room C5-14-03, 7500 Security Boulevard, Baltimore, MD 21244-8013.

(Because access to the interior of the HHH Building is not readily available to persons without Federal Government identification, commenters are encouraged to leave their comments in the CMS drop slots located in the main lobby of the building. A stamp-in clock is available if you wish to retain proof of filing by stamping in and retaining an extra copy of the comments being filed.)

Comments mailed to the addresses indicated as appropriate for hand or courier delivery may be delayed and could be considered late.

For information on viewing public comments, see the beginning of the **SUPPLEMENTARY INFORMATION** section.

#### FOR FURTHER INFORMATION CONTACT:

Pam West (410) 786-2302 (for issues related to practice expense.)

Jim Menas (410) 786-4507 (for issues related to anesthesia.)

Rick Ensor (410) 786-5617 (for issues related to Geographic Cost Price Index (GPCI).)

Mary Stojak (410) 786-6939 (for issues related to the definition of diabetes for diabetes self-management training (DSMT).)

Shannon Martin (410) 786-7939 (for issues related to rebasing of the Medicare Economic Index (MEI).)

Craig Dobyski, (410) 786-4584 (for issues related to telehealth).

Joanne Sinsheimer, (410) 786-4620 (for issues related to updates to the list of certain services subject to the physician self-referral prohibitions).

Diane Milstead (410) 786-3355, Latesha Walker (410) 786-1101, or Gaysha Brooks (410) 786-3355 (for all other issues.)

#### SUPPLEMENTARY INFORMATION:

*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 \$10. 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**.

This **Federal Register** document is also available from the **Federal Register** online database through GPO access, a service of the U.S. Government Printing Office. The Web site address is <http://www.access.gpo.gov/nara/index.html>.

#### Accessing Physician Fee Schedule Web Site and Pricing Information

Information on the physician fee schedule and pricing files can be found on our homepage. You can access this data by typing the following: <http://cms.hhs.gov/physicians/pfs> or you can access this data by using the following directions:

1. Go to the CMS homepage (<http://www.cms.hhs.gov>).
2. Place your cursor over the word "Professionals" in the blue area near the top of the page. Select "Physicians" from the drop-down menu.
3. Scroll down and under "Payment/Billing" select "Physician Fee Schedule".

The Physician Fee Schedule pricing information is contained in two public use files.

(1) National Physician Fee Schedule Relative Value File—This file contains all CPT/HCPCS (excluding codes beginning with B, E, L, K, and O), their short descriptions and a status indicator, which denotes whether or not the service is priced under the physician fee schedule. The file also contains the components used in the calculation of the annual pricing amount (that is., the RVUs, GPICs, and