

TABLE 28.—IMPACT OF FINAL RULE AND PHYSICIAN FEE SCHEDULE UPDATE ON MEDICARE PAYMENT FOR SELECTED PROCEDURES—Continued

HCPCS	MOD	DESC	Non-Facility			Facility		
			Old	New	% change	Old	New	% change
99254	Initial inpatient consult	N/A	N/A	N/A	137.95	131.05	-5
99255	Initial inpatient consult	N/A	N/A	N/A	189.81	180.94	-5
99261	Follow-up inpatient consult	N/A	N/A	N/A	22.07	20.73	-6
99262	Follow-up inpatient consult	N/A	N/A	N/A	43.77	42.16	-4
99263	Follow-up inpatient consult	N/A	N/A	N/A	65.11	62.19	-4
99282	Emergency dept visit	N/A	N/A	N/A	26.85	26.00	-3
99283	Emergency dept visit	N/A	N/A	N/A	60.33	57.62	-4
99284	Emergency dept visit	N/A	N/A	N/A	94.17	89.94	-4
99285	Emergency dept visit	N/A	N/A	N/A	146.77	140.18	-4
99291	Critical care, first hour	210.05	229.07	9	200.11	191.13	-4
99292	Critical care, add'l 30 min	107.78	101.19	-6	100.06	95.21	-5
99301	Nursing facility care	71.00	67.46	-5	61.06	57.97	-5
99302	Nursing facility care	96.75	92.05	-5	81.30	77.65	-4
99303	Nursing facility care	119.92	114.19	-5	101.16	96.27	-5
99311	Nursing fac care, subseq	40.83	39.00	-4	30.53	28.81	-6
99312	Nursing fac care, subseq	62.54	59.38	-5	50.40	48.13	-5
99313	Nursing fac care, subseq	85.71	81.16	-5	71.73	68.16	-5
99348	Home visit, est patient	74.31	70.62	-5	N/A	N/A	N/A
99350	Home visit, est patient	167.74	160.21	-4	N/A	N/A	N/A
G0317	ESRDrelsvc 4+/mo; 20+yr	262.28	285.29	9	262.28	285.29	9
G0318	ESRDrelsvc 2-3/mo; 20+yr	262.28	237.51	-9	262.28	237.51	-9
G0319	ESRDrelsvc 1/mo; 20+yr	262.28	190.07	-28	262.28	190.07	-28

B. Geographic Practice Cost Index Changes

Section 1848(e)(1)(A) of the Act requires that payments under the Medicare physician fee schedule vary among payment areas only to the extent that area costs vary as reflected by the area GPCIs. The GPCIs measure areas cost differences in the three components of the physician fee schedule: Physician work, practice expenses, and malpractice insurance. Section 1848(e)(1)(C) of the Act requires that the GPCIs be reviewed and, if necessary, revised at least every 3 years. Due to problems with the availability of U.S. Census Bureau data, which is the major resource utilized in both the work and practice expense GPCIs, we have updated only the malpractice GPCI in this regulation.

The first GPCI revision was implemented in 1995. The second revision was implemented in 1998. The third revision was implemented in 2001. This constitutes the fourth

revision to the GPCIs. Section 1848(e)(1)(C) of the Act also requires that GPCI revisions be phased in equally over a 2-year period if more than one year has elapsed since the last adjustment.

In order to mitigate the volatility associated with malpractice insurance premiums, we reduced the percent change in the malpractice GPCIs by a factor of 50 percent. As directed by the statute, we will implement ½ of this change in the first year (CY 2004) and ½ of this change in the second year (CY 2005). During this two-year phase-in, we will continue to work with the State Departments of Insurance to obtain the most current malpractice premium data available. As more current data are obtained, we will review and revise the malpractice GPCIs as appropriate.

An estimate of the 2004 proposed malpractice GPCI changes can be demonstrated by a comparison of area geographic adjustment factors (GAFs). The GAFs are a weighted composite of each area's work, practice expense, and

malpractice expense GPCIs using the national GPCI cost share weights. While we do not actually use the GAFs in computing the fee schedule payment for a specific service, they are useful in comparing overall area costs and payments. The actual effect on payment for any specific service will deviate from the GAF to the extent that the service's proportions of work, practice expenses, and malpractice expense RVUs differ from those of the GAF. Table 27 shows the estimated effects of the revised 2004 malpractice GPCIs on area GAFs. As directed by statute, the 2004 GAFs reflect only ½ of the impact of the revision to the malpractice GPCIs.

With the exception of Detroit, Michigan, no locality experienced an increase of more than 1 percent in total payments due to the revision of their malpractice GPCI for 2004. Alternatively, locality specific decreases in total payments due to the revision of the malpractice GPCIs do not exceed 1 percent for any given locality in 2004.

TABLE 29.—REVISED GEOGRAPHIC ADJUSTMENT FACTORS FROM FINAL RULE

Carrier No.	Locality No.	Locality name	2003 GAF	2004 GAF	Percent difference
00510	00	Alabama	0.927	0.923	-0.4
00831	01	Alaska	1.115	1.113	-0.1
00832	00	Arizona	0.991	0.991	0.0
00520	13	Arkansas	0.889	0.885	-0.4
31146	26	Anaheim/Santa Ana, CA	1.096	1.098	0.1
31146	18	Los Angeles, CA	1.088	1.088	0.0
31140	03	Marin/Napa/Solano, CA	1.103	1.104	0.0
31140	07	Oakland/Berkeley, CA	1.112	1.111	0.0