

Participating or Non-Participating in Medicare

For over ten years, every year has begun with the possibility that Medicare fees will be cut significantly to satisfy a Medicare physician payment formula, the sustainable growth rate (SGR). Although the APA and AMA continue their ongoing lobbying to have the SGR eliminated, and there is currently much support from Congress and from the administrators at the Centers for Medicare and Medicaid Services (CMS), a permanent fix may not be imminent.

So far, each year Congress has acted to override the SGR (although sometimes belatedly) and Medicare fees have remained relatively stable. Unfortunately, although Medicare fees have gone up approximately 3 percent since 2001, physician costs are estimated to have risen about 23 percent during that same period.

If you are currently a participating provider in Medicare, with your Medicare carrier or contractor reimbursing you directly for your patients' care, one way to correct slightly for decreased fees is to switch your status to nonparticipating (nonpar), so that next year you will be able to bill as a nonpar provider. Although Medicare reimburses nonpar providers at 95% of what they reimburse participating providers, nonpar "limiting charges" are set at 115% of the Medicare approved amount for nonparticipating providers. What this means is that for each service you provide you can bill for a little over 9% more than you would be able to as a participating provider, with the difference being paid by the patient. Whatever status, par or non-pa, you are January 1, is generally binding for the full year unless you opt out of Medicare entirely.

How It Works if You Are a Nonpar Medicare Provider

The participating fee schedule for 90792 is \$168.00

The nonpar fee schedule for 90792 is \$159.60 (or 95% of \$168.00)

The limiting fee the nonpar provider can charge the patient is \$183.54

- Medicare will reimburse the **participating provider** at 80% of \$183.88, or \$134.40 and the patient is responsible for paying the \$33.60
- Medicare will reimburse the patient of the **nonpar provider** at 80% of \$159.60, or \$127.68. You may bill your patient the *limiting fee* of \$183.54 for the 90792 (which means the patient will wind up paying \$55.86 out of pocket after she's reimbursed by Medicare). You wind up a little over 9% ahead.

Remember, as a nonpar provider you still have to submit the CMS-1500 form to your Medicare carrier or contractor just as you would if you were a participating provider.

To make things a bit more confusing, as a nonpar provider you can decide to “accept assignment” (just as if you were a participating provider) on a claim-by-claim basis. On claims for which you decide to accept assignment, you will be reimbursed directly by Medicare, but will receive 5% less for them than you would as a participating provider. When you accept assignment you cannot bill the patient the limiting charge (the 15% above the nonpar amount). You can only do this on claims for which you don’t accept assignment. When you accept assignment you can only bill the patient for the copay.

The major disadvantage to being a nonpar Medicare provider is that if you wish to take advantage of the 115% limiting charge by not accepting assignment, you must collect the entire fee from the patient, who will then be reimbursed by Medicare for a smaller percentage of the fee than he would otherwise receive. Medicare reimburses the patient for 80% of the nonpar fee before the limiting percentage is added and the patient has to pay the extra amount out of pocket. When you do accept assignment as a nonpar provider because you don’t want the difficulty of collecting the entire payment from the patient, you wind up receiving less money than you would as a participating provider.

As a nonpar physician you also will not be included in the directories Medicare provides for its recipients and your claims may not be processed as quickly as those submitted by participating physicians.

Still, if you think the possibility of being able to collect over 9% more for each claim is worth these disadvantages, all you need to do is fill out an application form that you can obtain from your Medicare carrier or contractor.

If you want to contact Medicare changing your status, and don’t know how to reach your contractor or carrier, you can contact Ellen Jaffe in the APA’s Office of Healthcare Systems and Financing (ejaffe@psych.org, 703-907-8591) and she can provide you with that information.