Federal Sequestration Reduces Medicare Payments

On March 1, 2013, budget gridlock in Washington resulted in sequestration, triggering cuts to various federal programs. All services and programs within Medicare (provider services, Medicare Advantage plans, etc.) will be cut by 2%, starting April 1, 2013.

Payments for Parts A and B services furnished before April 1 will not be impacted. CMS has not yet detailed how it plans to cut the monthly payments to Part C (Medicare Advantage) and Part D prescription drug plan contracts.

Providers should be prepared for increasing payment reductions in 2013. In trying to fix the deficit, the Budget Control Act of 2011 mandated that Congress enact legislation by January 2013 to meet budget targets.

Under continued sequestration, Medicare payments will be reduced by 2% each year until 2021. Furthermore, as the federal government negotiates the budget, Medicare remains a hot topic. In January, legislators postponed a nearly 27% cut in payments to physicians. This fix expires at the end of 2013, and without a permanent fix, providers could see larger payment reductions.

Getting the Facts on Covered California

A cornerstone of the Affordable Care Act is the state-based health insurance exchange, where individuals and small businesses can shop and buy health insurance. California moved quickly to set up its exchange, Covered California, which will open for enrollment from October 2013 to March 2014. Each subsequent year, Californians can enroll in plans from October to December.

With its launch, millions of Californians are expected to gain access to health care. In particular, they can access basic services offered by plans through Covered California which must cover visits to the doctor, pediatrics, prescriptions, medical tests, preventive services and similar primary care services. These are known as Essential Health Benefits. Reportedly, as many as 33 insurers have applied to participate in the exchange.

Covered California hopes to negotiate and finalize contracts by June 2013.

As Covered California connects patients to insurance companies, providers need not take any direct actions. However, they will want to be a part of the new plans’ networks, as providers must still contract with insurers. By working with plans and IPAs, providers can maintain and increase their membership.

Assignment Process for Duals Demonstration Pilot

Though the Duals Demonstration Pilot Program’s start date has been moved to January 2014, certain aspects like the “intelligent assignment” process for beneficiaries remain. This process outlines how DHCS will assign beneficiaries to a managed care health plan if they do not select a plan or opt out within 90 days of their effective enrollment date. For Los Angeles County, beneficiaries will be automatically enrolled into either L.A. Care or Health Net.

Under “intelligent assignment,” the selected health plan will best match the needs of the beneficiary and maintain continuity of care, by using the beneficiary’s medical history and primary provider utilization history in the assignment process. DHCS will use Medicare and Medi-Cal claims history data from the past 12 months in order to identify and assign the individual’s most frequently utilized provider, which may not be his or her current primary care physician.

Upcoming Events & Seminars

Preferred IPA will be hosting a dinner in June on the Duals Demonstration Pilot Program to help familiarize provider offices with the latest updates on the program.

For more details, please call (818) 265 – 0800 and ask for the Provider Relations department.

Contact Preferred IPA to learn more about recent changes in healthcare and find out how we can help you!

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<tr>
<th>Address</th>
<th>Telephone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>1025 N. Brand Blvd., Suite 100, Glendale, CA 91202</td>
<td>818.265.0800</td>
<td><a href="mailto:info@preferredipa.com">info@preferredipa.com</a></td>
</tr>
</tbody>
</table>