

# Payment Shifts: Expect reimbursement structure changes ahead, policy experts say

by Mary Beth Nierengarten • October 10, 2011

**San Francisco, Calif.**—Although the new U.S. health care law does not specifically alter the current fee-for-service payment structure, changes to how physicians and hospitals will be reimbursed for services are under construction. These changes are reflected by the growing focus on the development and implementation of quality improvement and physician and institutional performance measures on which **reimbursement** will increasingly be made, panelists said here on Sept. 11 at the 2011 American Academy of Otolaryngology-Head and Neck Surgery (AAO-HNS) Annual Meeting.

“The payment landscape is shifting from fee-for-service to fee-for-value, with value defined in broad terms as higher quality care at a lower cost” said Jane Dillon, MD, vice chair of Advocate Physician Partners, a Chicago-area physician hospital organization.

“Otolaryngologists need to recognize this reality and identify opportunities for participation in this paradigm shift.”

To meet the challenges posed by this shifting payment landscape, the AAO-HNS is working on behalf of its members to ensure appropriate reimbursement for services and new technologies and to advocate for reimbursement where questioned.

## Physician Payment Policy Committee (3P)

The Physician Payment Policy Committee, or 3P, was formed to manage, monitor, and direct key issues that affect members with respect to reimbursement and CPT-related problems. Michael Setzen, MD, AAO-HNS Coordinator for Practice Affairs, co-chair of 3P and president of the American Rhinologic Society, explained that the committee is composed of representatives from all branches of otolaryngology and subspecialties. A primary aim of the committee, he said, is to generate consensus in order to present a united front to insurance carriers in discussions related to reimbursement issues.

If reimbursement is sought for a service or procedure involving rhinology, for example, 3P will conduct an evidence-based review of all the relevant published literature, and then pass the review on to the different subspecialty AAO-HNS committees. In this case, the review goes to the Rhinology and Paranasal Sinus Committee and the appropriate subspecialty society such as the American Rhinologic Society, which conducts a final review and comment. All comments are returned to 3P, which then drafts a final document that is sent to insurance companies after review and approval by the AAO-HNS Board of Directors.

It also works in the opposite direction, Dr. Setzen explained. "If an insurance carrier draws up a guideline and we disagree with it, 3P reviews it and engages the appropriate subspecialty society and AAO-HNS committee for comment before finalizing a response, passing it by the board for approval and engaging the insurance company in a discussion," he said.

So far this process was used with success when the AAO-HNS was able to convince United Healthcare to change its guidelines on reimbursement for rhinoplasty, septoplasty and repair of vestibular stenosis, he said.

"It is important for members to realize the power of the AAO-HNS, and its ability to deal with the large insurance companies and get them to listen to us," he said. He urged members having trouble with reimbursement issues to seek out the AAO-HNS.

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He also urged members to get involved in the process and volunteer their time. "The only way we can get this to work is to get members involved on multiple levels, whether it is on the board of governors, AAO-HNS committees, subspecialty committees or state or local societies," he said.

Another way that members can get involved is to participate in and appropriately complete the surveys sent out by the American Medical Association (AMA) on current procedural technology (CPT) codes. "It is critical that members step up and respond to these surveys, because the AMA bases the value of procedures on these survey responses," he said. He also emphasized the importance of completing the surveys by providing all the details requested. "We need members to respond to these surveys so that we get a significant response rate as well as appropriate responses," he said. "That is a big issue. If members do not do these surveys or do not do them appropriately, our reimbursement will suffer."

## New Technology Pathway

Another new initiative that works with the 3P committee is the New Technology Pathway. Developed and approved by the AAO-HNS in 2010, this initiative provides a starting point and structure for the AAO-HNS's CPT and relative value scale update committee (RUC) processes. According to Dr. Dillon, who is also the AAO-HNS CPT/relative value unit (RVU) Committee Chair, the new pathway "helps ensure that the AAO-HNS can efficiently develop new CPT codes that are appropriately valued and reimbursed."

Instead of relying on endorsement by a single or group of physicians for a new technology, the New Technology Pathway creates a process by which new technology is reviewed at the organizational level and then possibly supported by the AAO-HNS, Dr. Setzen explained. (See “New Technology Pathway” for an outline of this process.)

To make this work, emphasis is placed on the development of good evidence or studies on which to base the recommended new technology. “There is an emphasis on the development of good literature that is increasingly important for coverage by payors,” Dr. Dillon said. “Without this literature support, we may get a code and even a decent value, but we may not get paid. Development of literature, before a code is even proposed to CPT, is key.”

The information the AAO-HNS needs to evaluate a code inquiry and to start the process, including CPT requirements, includes a description of the service or procedure by the requesting party, the type of request (e.g., is it for a new, revised, or revalued CPT code or is it a coding inquiry for a new technology). The AAO-HNS also needs to know whether approval by the Food and Drug Administration (FDA) has been obtained, whether it is widely performed and how the service or procedure is currently reported. Also needed is whether there is support for a code for the service or procedure through the relevant subspecialty society and AAO-HNS subspecialty committees and whether members of other specialties will also perform the service or procedure.

One area in which this New Technology Pathway may be used is for new technologies that are categorized by insurance carriers as “investigational and experimental” and, therefore, not reimbursable. “I think this is one of the biggest challenges to reimbursement and one of the biggest issues moving forward,” Dr. Setzen said. **ENT Today**

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