

July 20, 2007

Dear Healthcare Practitioner and Office Staff Members:

On July 13, 2007, Presbyterian (PHP) received notification from the New Mexico Medical Assistance Division, advising PHP that an increase to the fee schedule was to be implemented effective July 1, 2007. This action is intended to distribute funds that were allocated by the Legislature for state fiscal year 2008 for provider fee increases. As you are aware, the allocated funds are to be paid to the managed care organizations to be disseminated to providers as a “pass-through” via an increase in the fee schedule.

The fee schedule increase will apply to traditional fee-for-service Medicaid, SALUD! managed care and the State Coverage Insurance (SCI) programs. It is the understanding of Presbyterian that once these funds have been exhausted, there may be a change in reimbursement as directed by the New Mexico Medical Assistance Division. For this reason, there will not be an amendment to your existing contract for this fee schedule increase as it is tied to this special allocation.

All Salud and SCI claims are currently on hold in our claims payment system to ensure that we process your claims at the new rates as directed. We fully anticipate that we will have all configuration changes completed by July 27, 2007, at which time all claims will be released.

The following is description of the increases that will take effect as of July 1, 2007:

- Surgical CPT codes (10021 through 69990) will be set at 105% of the 2006 New Mexico Medicare Physician Fee Schedule (RBRVS).
- Radiology CPT codes (70010 through 79999) will be set at 105% of the 2006 New Mexico Medicare Physician Fee Schedule.
- Laboratory and Pathology CPT codes (80048 through 89356) will be set at 100% of the 2006 New Mexico Medicare Clinical Lab Fee Schedule or 100% of the 2006 New Mexico Medicare Physician Fee Schedule.
- Medicine CPT codes (90281 through 99602) will be set at 105% of the 2006 New Mexico Medicare Physician Fee Schedule.
- Evaluation & Management Services (99201 through 99499) will be set at 105% of the 2006 New Mexico Physician Fee Schedule.
- Drugs were set at 100% of the 2007 2nd quarter Medicare Average Sales Price Fee Schedule. Where there were no set allowables from Medicare for certain drug codes, Presbyterian used 100% of the 2007 2nd quarter Average Wholesale Price Median All Fee Schedule.

Exceptions to the above noted rates are as follows:

- New Patient Preventative Medicine CPT codes 99381 through 99385 will be set 115% of the 2006 New Mexico Physician Fee Schedule.
- Established Patient Preventative Medicine CPT codes 99391 through 99395 will be set at 115% of the 2006 New Mexico Physician Fee Schedule.
- Inpatient Neonatal and Pediatric Critical Care Services code 99293 through 99300 will be set at 110% of the 2006 New Mexico Medicare Physician Fee Schedule.
- Nursing Facility Services CPT codes 99304 through 99318 will be set at 115% of the 2006 New Mexico Medicare Physician Fee Schedule.
- New Born Care Services CPT codes 99431 through 99440 will be set at 110% of the 2006 New Mexico Medicare Physician Fee Schedule.
- Prenatal Care and OB Services CPT code 59400 through 59622 will be set at 125% of the 2006 New Mexico Medicare Physician Fee Schedule.
- Obstetrical Ultrasound CPT codes 76801 through 76828 will be set at 125% of the 2006 New Mexico Medicare Physician Fee Schedule.
- Anesthesia Services – The base conversion factor will be set at 105% of the 2006 new Mexico Medicare Anesthesia conversion factor (effective July 1, 2007 this will equal \$18.21).
- Durable Medical Equipment – No Changes.
- Ambulatory Surgical Centers – No Changes.
- Inpatient or outpatient services that are paid at a per diem or a DRG methodology will be increased by 3.8%.

For any code in which there is not a published allowable from the Medicare Physician Fee Schedule, Presbyterian used the Ingenix Fee Schedule to “gap fill” those missing allowables. The Ingenix Fee Schedule is very similar to the Resource Based Relative Value Scale (RBRVS), Fee Schedule. Though RBRVS was developed specifically for assigning allowables to Medicare covered services, there are some “holes or gaps.” In order to create a complete Presbyterian Salud! fee schedule, these Medicare non-covered services needed to have relative value units (RVUs) assigned. Ingenix has, whenever possible, filled these gaps using the same methodology originally used to develop the values for Medicare covered services.

The Presbyterian Salud/SCI fee schedules are driven by the place of service code submitted on your claim form in the following manner:

- The Presbyterian Salud/SCI Non-Facility Fee Schedule will be used when billing place of service codes 04, 11, 12, 13, 14, 15, 20, 25, 32, 33, 49, 50, 54, 55, 57, 60, 61, 62, 65, 71, 72, 81, and 99.
- The Presbyterian Salud/SCI Facility Fee Schedule will be used when billing place of service codes 03, 05, 06, 07, 08, 21, 22, 23, 24, 26, 31, 34, 41, 42, 51, 52, 53, and 56. *Services commonly performed in an office setting, when performed in a hospital based setting may be reduced per the New Mexico Medicare fee schedule site of service differential. Radiology, laboratory, pathology, dental, and all DME HCPCS codes are not usually subject to the site of service differential by place of service.*
- The Presbyterian Salud/SCI Drug Fee Schedule will be used when billing with any place of service code noted above.

- The Presbyterian Salud/SCI Durable Medical Equipment Fee Schedule will be used when billing with any place of service code noted above.

For any code where there is no established allowable, PHP will review these claims and price according to procedures that are similar in nature and do have established allowables. All miscellaneous codes, i.e., E1399, 15999, etc., will need to be submitted with either an invoice or medical records for pricing. Failure to submit an invoice or medical records will result in denial of your claim.

All of the Presbyterian Salud/SCI fee schedules can be found on the PHP Web site. You may log on to the Provider page of www.phs.org to access the Salud/SCI fee schedules as well as other vital provider information.

If you have any questions please feel free to contact me via e-mail at sttafoya@phs.org, or by phone at (505) 923-8782 Monday through Friday from 8:00 a.m. to 5:00 p.m. We appreciate your commitment to providing excellent care and service to our members. As always, thank you for partnering with us to improve the health of individuals, families, and communities.

Sincerely,



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