



ARRA AND COBRA CHANGES

The American Recovery and Reinvestment Act (ARRA) of 2009 which took effect February 17, 2009 as part of President Obama’s economic stimulus plan, establishes an employer-provided subsidy for employees who involuntarily lose their jobs. Specifically, it extends the benefits of COBRA which traditionally apply to group insurance covering twenty or more individuals. Under ARRA, certain involuntarily terminated individuals receive up to a 65% reduction in the premium otherwise payable when accepting COBRA continuation coverage. In other words, if an eligible employee pays 35% of the COBRA premium, they should be considered as having paid in full. The employer is subsequently reimbursed for the amount not paid by the employee through a credit against its payroll taxes after it has received the 35% premium payment from the individual.

To qualify, employees must have been involuntarily terminated (usually through a layoff or through a significant reduction of hours) between September 1, 2008 - December 31, 2009; be eligible for COBRA continuation coverage any time during that period; and have elected coverage. Individuals who did not elect COBRA coverage have an additional election period of sixty days after the individual is provided notice of the extended election period. Premium reduction lasts for up to nine months from the first month the reduction provisions apply to the individual and terminates if the individual becomes eligible under other group coverage or Medicare.

Don’t think you’re under the radar if you have less than twenty employees! Employers with two to nineteen employees are subject to the state continuation laws that affect group health insurance as well. In Georgia, Governor Perdue recently signed Senate Bill 94 which grants assistance eligible employees with additional benefits including up to nine months state continuation coverage, premium subsidy, and modified election periods. In many ways, it appears to mirror Federal COBRA coverage requirements. Other states may have similar laws.

What does this mean to you?

- Watch for communication from your insurance carrier or broker discussing exactly how these laws affect your practice based on your group insurance plan. Seek guidance as to what your specific responsibilities are if you terminated a COBRA-eligible employee between September 1, 2008 and December 31, 2009. Also, information is expected from carriers regarding the handling of state continuation of benefits, so be on the lookout for this as well.
- Use the updated Form 941 to file your quarterly payroll taxes. It has space to record the subsidy and receive your payroll tax credit if you have a former employee utilize the subsidy. If your payroll taxes are handled by a third party such as a payroll company or your accountant, discuss with them how best to convey the subsidy information so they can incorporate it into your tax filings.

MINIMUM WAGE INCREASES

Effective July 24, 2009 the Federal minimum wage will increase from \$6.55 per hour to \$7.25 per hour.

For some medical practices, this may affect payroll expenses related to part-time staff. With the economy already having a negative effect on practices, will this result in lay offs or are there other ways to keep the status quo? For assistance, call your GMC consultant or accountant today at (404) 266-9876.

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ARE YOU BILLING CORRECTLY FOR YOUR NON-PHYSICIAN PROVIDER?



During two recent operational reviews conducted by our consulting staff, we discovered that the services of the non-physician providers (NPPs), in these cases nurse practitioners and nurse midwives, were being billed inappropriately to Medicare and Medicaid.

The services provided by these individuals were incorrectly being billed under a physician's provider numbers.

This is of significant concern for several reasons. First, regardless of the intent of the practice, "we didn't know", "it was

too much of a hassle to fill out the applications", etc., the situation is still interpreted as fraud. Second, there is the potential for having to refund significant amounts of money depending on the volume of Medicare and Medicaid in the practice. Specifically, since reimbursement for nurse practitioners and PAs is generally 15% less than for physician services (or the situation qualifies to be billed as "incident to" the physician's services in which case reimbursement is at 100% of the physician fee schedule), these dollars can quickly add up. The payors also have the option of denying the services completely.

The advice is simple, make sure that your nurse practitioners, mid-wives and PAs have their own provider numbers if they see Medicare and Medicaid patients. One specific refinement of this bit of advice is that in states where there are organizations operating as Medicaid Care Management Organizations (CMOs), you need to make sure that your non-physician providers are credentialed with each one.

Next, make sure that your billing staff and providers understand the billing rules for these practitioners. There are certain instances (as mentioned above) when billing NPP services under the supervising physician to Medicare would be appropriate. (See "incident to" rules in Medicare Benefit Policy Manual, Chapter 15, Sections 60.1, 60.2, and 60.3 and Medicare Claims Processing Manual, Chapter 12, Section 30.6.1B.) Medicaid, however, does not recognize professional service "incident to" billing. Services provided by an NPP to Medicaid patients should be billed under the NPP that provide the service.

ARE YOU READY FOR RAC?

The three year CMS demonstration project using Recovery Audit Contractors (RACs) to find and collect improper Medicare payments was a success. Over \$1 billion dollars was recovered in five states.

By January 2010 the program will expand to all fifty states. What do you do if you receive a RAC demand letter? Should you call your attorney or GMC consultant? How do you appeal?

For the answer to these and many other questions, Gates, Moore & Company will be sponsoring a web cast in mid-August 2009. Watch our web page for information or contact our RAC specialist, Valerie Rock, CPC, ACS-EM.

RED FLAG RULE IMPLEMENTATION DATE NOW AUGUST 1, 2009

In late April 2009, the FTC decided to further delay the implementation of the Red Flag & Address Discrepancy Rule for certain creditors, including medical practices and hospitals. The implementation date is now August 1, 2009. In the previous edition of *Update*, we described in detail the implications of the Red Flag Rule within medical practices. Since then our staff has developed a “How To” manual that takes you step-by-step through the implementation of the Red Flag & Address Discrepancy Rule in your practice.

Specifically, the manual will help you:

- Perform a risk analysis
- Develop a written Identity Theft Prevention Program
- Document and train physicians and staff on the Identity Theft Prevention Program
- Develop and plan to monitor compliance with the Identity Theft Prevention Program

GMC consultants are available to provide advice or establish the program for you. If interested, please contact Mike Fleischman or your consulting contact at (404) 266-9876.



RED FLAG AND ADDRESS DISCREPANCY RULES PRODUCTS

Gates, Moore & Company has developed the *Red Flag and Address Discrepancy Rules Training Manual: A How To Guide For Your Medical Practice*. This manual explains these regulations and provides you with over 70 pages of a step-by-step approach to understanding, implementing, and complying with the Red Flag and Address Discrepancy Rules. With a few simple steps, the manual is customized with your practice name.

Download: \$65 at www.gatesmoore.com/red_flagonline.htm

In collaboration with BridgeFront, a leading national provider of healthcare education, we offer an On-line Training Program on the Red Flag Rule.

Comprehensive on-line course for: **\$19.95** at
www.gatesmoore.com/red_flagonline.htm.

CLIENT KUDOS!



We are proud to recognize the Atlanta ID Group for achieving the accomplishment of being recognized as one of the MGMA “Better Performers” again this year. This is the third year in a row that they have been recognized for this accomplishment. Atlanta ID Group has been a Gates, Moore & Company consulting and accounting client since 1988. We congratulate Spring Butler, Practice Manager, on this fine accomplishment.

Company News



GATES, MOORE & COMPANY WELCOMES JJ WALLER

We are pleased to announce that the newest member of our consulting staff is Jeffrey J. ("JJ") Waller. JJ specializes in the area of practice valuations and fair market value opinions. He previously worked as a healthcare consultant with another national consulting firm, and as such, aside from his valuation and FMV experience, has worked in a variety of different areas of practice management.

JJ received his Bachelor of Business Administration in banking and finance from the University of Mississippi at Oxford. He also holds a Masters of Arts in Economics from the University of Mississippi at Oxford. Please join us in welcoming JJ to our great consulting staff.

FLEISCHMAN APPOINTED COMMITTEE CHAIR

Mike Fleischman, Principal with Gates, Moore & Company, has been appointed as the Chair of the Healthcare Consultants Committee for the American College of Healthcare Executives (ACHE). Mike has served as a committee member for two years.

The role of the Healthcare Consultants Committee is to assist ACHE in identifying and suggesting and reviewing new programs or services for affiliates who are healthcare consultants.

Please join us in congratulating Mike on this fine accomplishment.

IS GATES GOOD ENOUGH FOR #33 IN A ROW?

One of the grandest traditions in Atlanta takes place on July 4th. On that day for 39 years, the Atlanta Track Club has sponsored the largest 10k race in the United States-- the AJC Peachtree Road Race.

This year our own Greg Gates will compete for his 33rd consecutive year (and he still has the same knees as when he began!). We congratulate Greg on his determination, tenacity, and cardiovascular system!

Update: Practice Management is published quarterly for clients by Gates, Moore & Company. Your questions and comments may be directed to:

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