

INTRODUCING THE PTAN - YOUR OLD MEDICARE PROVIDER NUMBERS HAVE A NEW NAME

As the intricacies of utilizing the NPI are being ironed out, other parts of the Medicare NPI implementation plan are surfacing. Effective March 1, 2009, Medicare is requiring three numbers to identify providers on the phone and one number to bill. The internal number that Medicare is using to identify providers and practices is the PTAN (Provider Transaction Access Number). Your NPIs have been crosswalked to your PTANs in order to process your claims and pay you appropriately. When your billing staff calls a Medicare carrier to address claims issues, pre-certifications, eligibility, and referrals, they need to know the NPI, the last 5 digits of the Tax ID Number (TIN), and the PTAN associated with the claim to enter into the IVR (interactive voice response) or tell the CSR (customer service representative). If you are communicating through written correspondence, also include the provider's name. You only have three attempts to provide this information correctly, so ensure your billing staff is provided with the correct information regarding your Medicare assignment.

Medicare stated in its MLN Matters issue SE0814 that the PTAN for existing practices will initially be their legacy provider number, e.g. their old Medicare numbers before the NPI. The MLN Matters issue MM6139 (Revised) was released August 8, 2008. This revision includes the latest data element required; the last 5 digits of the associated TIN. Currently, you must provide the NPI and PTAN.

New enrollees to Medicare will be given a PTAN as part of enrollment. So, do not throw away or lose the enrollment confirmation letter, as your assigned PTAN is on that letter. Also, existing practices should watch out for notification of any changes to their PTAN, since CMS stated that the legacy number would be your PTAN "initially".

Those providers who do not qualify and, therefore, do not have an NPI, are allowed to provide any two data elements including their name, PTAN, provider master address, and remittance address for identification purposes.

If you find that you have multiple PTANs and that your head is spinning trying to keep up with multiple PTANs and NPIs, etc., you do have the option of collapsing all of the PTANs associated with an NPI. CMS Transmittal 244 (Pub 100-8 Medicare Program Integrity) dated February 29, 2008 details instructions for the Medicare contractors to follow to assign and collapse PTANs. Evidently different carriers have been assigning PTANs in different ways. You can collapse multiple locations into one PTAN if the locations have the same tax identification number and are in the same pricing locality. Note that if you request this change and you enrolled in Medicare prior to October of 2003, you will be asked to complete new applications to revalidate your information and load you in the national system (PECOS). *Tip:* The revalidation/enrollment process may temporarily road block claims processing thus reimbursement, so plan accordingly.

Source links:

- <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0814.pdf>
- <http://www.cms.hhs.gov/transmittals/downloads/R244PI.pdf>
- <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6139.pdf>



Inside This Edition

| | |
|--|---|
| Introducing the PTAN..... | 1 |
| Not all Tax News is Bad News..... | 2 |
| Potential Bonus/Penalties Related e-Prescribing..... | 3 |
| Company News..... | 4 |

NOT ALL TAX NEWS IS BAD NEWS: TAX BREAKS ARE OUT THERE IF YOU KNOW WHERE TO LOOK

Just mention the word “taxes” and you will elicit a reaction from almost anyone. Rarely positive, the reactions range from rolling of the eyes to outright pulling of the hair and gnashing of the teeth. No matter how awful the tax laws may seem, some truly serendipitous tax breaks do exist if you merely seek them out.

EXPANDING TYPES OF MEDICAL DEDUCTIONS

This category of tax breaks is especially interesting because not only do most of us incur medical expenses, some of us provide these services to our patients. A health related expenditure qualifying as a medical deduction has an additional benefit if you participate in a Healthcare Reimbursement Arrangement (HRA), Flexible Spending Account (FSA) or Cafeteria Plan. Such an expenditure will qualify for reimbursement from your plan. Keep in mind that you can only deduct or be reimbursed for amounts not paid by your health insurance.

SELF-PRESCRIBED DIAGNOSTIC TESTS

Medical care includes a wide range of diagnostic services. Although a physician’s recommendation is important, it is not mandatory for a health related procedure, test or expenditure to be considered deductible or reimbursable. If the items are wholly medical in nature and serve no other function in everyday life, a physician’s recommendation is not necessary. Examples of this type of medical expense include annual physical exams, full-body electronic scans, home pregnancy test kits, body composition measurements, screening tests such as lung capacity; hearing; vision; osteoporosis (women only); CT Heart Calcification Scans; CT lung scans; and certain “take home” screening tests.

OVER THE COUNTER MEDICINES

While still not deductible as a medical expense, over the counter medications such as aspirin, antacids, allergy or cold medicines and pain relievers can be reimbursed by reimbursement plans.

FACILITATION OF PREGNANCY

The cost of infertility treatments qualify as deductible or reimbursable expenses. Included in these deductible costs are the expenses associated with acquiring a donated egg during fertility treatments. Allowable expenses are the donor’s fee for time and expenses, agency fees for procuring a donor, expenses of medical and psychological testing and post procedure medical care of the donor and possible related legal fees.

TAX FREE RENT

If you rent your personal residence for less than 15 days a year, the rental income is not taxable. The good news is that there is no limit to the amount of rent excluded as long as the property is rented for less than 15 days a year.

TAX FREE GAIN ON THE SALE OF YOUR HOME

If you have used and owned a home as your principal residence for at least two out of the last five years and have not used this rule in the last two years, you can exclude up to \$250,000 of the gain from the sale (\$500,000 for joint filers meeting certain conditions). This tax break differs from the prior rules that most of you remember because you do not have to reinvest the sales proceeds, and you can use this rule as often as you qualify. When you retire, consider making your non-rental vacation home your primary residence after you sell your current residence. If you are married and have met all of the qualifications, you can exclude \$500,000 of gain on the first sale. Once you have lived in the vacation home turned primary residence for two years, you can then sell the vacation home and exclude up to \$500,000 of gain again. Assuming a 15% capital gains rate, you could permanently save as much as \$150,000 in taxes within a period of two years and one day. Pretty soon you’re talking about some real money.

FREQUENT FLYER MILES

Personally used frequently flyer miles or other promotional benefits that you earn from your business travel expenditures with airlines, hotels or rental car companies are not taxable. After a few tough business trips, use the rewards to take a vacation. Be careful; benefits received in cash or converted to cash under such programs (when earned with business travel) are taxable. The IRS’ largess does not apply when tax avoidance exists.

KIDS WORKING IN YOUR BUSINESS

If your kids work in a business that you own, you can pay them for their efforts and shift the income to their lower tax bracket. In fact, a dependant child will not have to pay tax on up to \$5,450 of earned income in 2008. This well-tested technique works as long as the wages are commensurate with the work done. So smile! Some tax news is good news.

POTENTIAL BONUS/PENALTIES RELATED E-PRESCRIBING



Under the Medicare Payment Bill that became law in July, physicians who prescribe electronically for Part D Medicare patients in 2009 will receive an incentive payment equal to 2% of all the Medicare services they provide for the year. This alone would seem incentive enough for those practices that have a significant number of Medicare patients to want to get on board as soon as possible.

A further incentive, or disincentive if you will, is that beginning in 2012 physicians who are still writing paper prescriptions will see a cut in their total Medicare payments for the year. Some physicians may be eligible for an exemption from the penalties if CMS determines that e-prescribing represents a significant hardship. These exemptions, however, are limited to situations such as a physician in a rural area who doesn't have sufficient internet access.

According to CMS, they estimate that it will cost each physician about \$3,000 to purchase and install a basic electronic prescribing system. Beyond that it could cost anywhere from \$800 to \$400 per month to maintain. However, Medicare feels certain that the 2% Medicare bonus payment will cover these costs in most cases. It is also a favorable aspect that the incentives would be available for three years before penalties kick in.

The incentive behind the e-prescribing program is that it will save Medicare an estimated \$156 million over five years by reducing the number of adverse drug reactions. According to Michael Leavitt, Secretary of The Department of Health and Human Services, "Without the safety and accuracy of electronic drug orders, patients have poor health outcomes and practices use up unnecessary resources clarifying orders to pharmacies". "That's a lot of people needlessly hurt and a lot of time wasted," he said.

One of the barriers to the full adaptation of e-prescribing is that the Drug Enforcement Administration (DEA) does not allow electronic drug orders for controlled substances. Many physicians observe that the need to maintain a separate paper system for these medications, which is estimated to be about 10% of all prescriptions, negates any potential savings or efficiency gained from using e-prescribing.

There are proposed new regulations put forth by the DEA to lift the ban of e-prescribing of controlled substances. However, in the proposed regulations, DEA incorporates several layers of protection relating to the physician authenticating his identification that many view as burdensome.

Additionally, there are a few other issues that still need to be addressed. One of these is that CMS is finalizing three additional standards on e-prescribing. This should be completed within the next two years. A second issue is that many state laws prohibit electronic prescribing over state lines. This can be a significant issue in some communities. Finally, many independent pharmacies lack the ability to receive e-prescriptions due to their unwillingness or inability to invest in the technology. Of favorable note, though, many of the electronic medical record systems available allow for e-prescribing.

Like it or not, it's time to get into the 21st century and to consider ways that you can streamline practice operations. The fact that Medicare is offering a bonus for e-prescribing may be a way to temper this transition.

Percent of annual Medicare pay:

| | Incentive | Penalty |
|--------|-----------|---------|
| 2009 | 2% | None |
| 2010 | 2% | None |
| 2011 | 1% | None |
| 2012 | 1% | 1% |
| 2013 | 0.5% | 1.5% |
| Beyond | None | 2% |

Source: The Medicare Improvements for Patients and Providers Act of 2008

Company News



GATES, MOORE & COMPANY WELCOMES TOM DEMOCKO, CPA

We are pleased to announce that Thomas J. Democko, CPA has joined Gates, Moore & Company as a Senior Accountant. Tom brings a wealth of experience to the table having been a practicing CPA for over 20 years. His broad range of experience includes individual, corporate and partnership taxation, as well as with the administration of pension plans, and with qualification and reporting for not-for-profit entities. Tom is also experienced in payroll tax compliance, preparation and review of financial statements, and resolution of issues with the IRS and state tax authorities. He is knowledgeable of a number of accounting software applications. Tom received his BBA with a concentration in accounting from Georgia State University. He is a member of the American Institute of Certified Public Accountants and the Georgia Society of Certified Public Accountants.

Please join us in welcoming Tom as another great member of our tax and accounting team.

UPCOMING SEMINARS FEATURING GATES, MOORE & COMPANY STAFF

“Assessing Employment Agreements”

Sponsor: American College of Obstetricians and Gynecologists

October 14, 2008

Web Cast

Speaker: *L. Michael Fleischman, FAAHC*

“Coding and Compliance: Playing By the Rules”

Sponsor: American College of Rheumatology Scientific Meeting 2008

Practice Issues

San Francisco, CA

October 29, 2008

Speaker: *Valerie G. Rock, CPC, ACS-EM*

“Employee Relations: From Headache to Hallelujah!”

Sponsor: Physician's Alliance

October 29, 2008

Atlanta, GA

Speaker: *Lori Foley, CMA, CMM, PHR*

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