



Western Physicians' Alliance



NEWSLETTER

January 2014

2014: The Year of the Government Mandate

In 2014 certain medical practices will be affected by four major government-sponsored requirements:

1. The International Classification of Diseases: 10th Revision, **Clinical Modification (ICD-10-CM)** coding system for billing, effective October 1;
2. The second stage of the Meaningful Use incentive program (MU2) for **Electronic Health Records (EHRs)**;
3. Updated rules for the **Health Insurance Portability and Accountability Act (HIPAA)** and;
4. The **Physician Quality Reporting System (PQRS)**.

ICD-10-CM: The requirement to use the new coding system will probably have the greatest impact, for the simple reason that practices not using the new code set will no longer be reimbursed by third-party payers. The **ICD-10-CM** codes require a far greater level of specificity than the current ICD-9-CM code set, and thus require training for coders, billers, and providers, as well as extensive changes to – and testing of – billing software.

Meaningful Use: This year will also be important for doctors taking part in the government's Meaningful Use (MU) incentive program to adopt electronic health record (EHR) systems. Those who successfully attested to MU1 in 2011 or 2012 can choose any 90-day period in 2014 to meet their MU2 objectives and qualify for the next round of incentive payments. In addition, 2014 is the last year in which doctors who have not previously participated in MU can do so and avoid financial penalties beginning in 2015. The biggest challenge many doctors will face in attesting to MU2 is meeting the requirements for electronically exchanging patients' health information with other providers, especially those using a different EHR system. Participating in a

health information exchange network will also enable doctors to meet the interoperability requirements.

HIPAA: Risk Analysis required this year, plus more stringent penalties. HIPAA's more comprehensive rule for guarding patients' protected health information (PHI) – and more stringent penalties for failing to do so – began in September, but 2014 will be the first full year in which medical practices feel their effect. Among other things, **HIPAA rules** require a practice to conduct and document a risk analysis for their PHI, review its practices and procedures for when PHI is lost or stolen, having the ability to send health information to patients electronically, and update its notice of privacy and ensure its availability to patients. The **HIPAA rule** also sets and describes the four categories of penalties for rule violations and the dollar amounts for each.

PQRS: Requiring PCP's attention in 2014 is PQRS, the federal program that rewards physicians and practices for successfully reporting on 138 outcome quality measures. That's because 2014 is the last year in which the financial rewards – equal to 0.5% of covered Medicare Part B Physician Fee Schedule (PFS) services – are available. Beginning in 2015, the incentive turns into a penalty equal to 1.5% of covered Part B PFS services. The penalty rises to 2% in 2016. To date, physicians' participation in PQRS has been fairly low. It remains to be seen whether the threat of a penalty will cause more doctors to report.

If you would like more information contact the WPA offices at trey@wpareno.com.

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