

**OMFS Update for Physician and Non-Physician Practitioner Services
Explanation of Changes
(Effective January 1, 2019)**

1. Data Sources

The Medicare CY 2019 update to the Medicare physician fee schedule was published in the Federal Register on November 23, 2018 (83 Fed. Reg. 59452). It is entitled “Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule and Other Revisions to Part B for CY 2019; Medicare Shared Savings Program Requirements; Quality Payment Program; Medicaid Promoting Interoperability Program; Quality Payment Program—Extreme and Uncontrollable Circumstance Policy for the 2019 MIPS Payment Year; Provisions From the Medicare Shared Savings Program— Accountable Care Organizations— Pathways to Success; and Expanding the Use of Telehealth Services for the Treatment of Opioid Use Disorder Under the Substance Use-Disorder Prevention That Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act” (CMS-1693-F). Hereafter, the final rule will be referenced as “CY 2019 Medicare Physician Fee Schedule Final Rule, CMS-1693-F.”

The [Federal Register](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Federal-Regulation-Notices.html?DLSort=2&DLEntries=10&DLPage=1&DLSortDir=descending) documents and supporting download files are available at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Federal-Regulation-Notices.html?DLSort=2&DLEntries=10&DLPage=1&DLSortDir=descending>

2. Revisions Adopted by Update Order to Conform to Medicare

Update Table

Title 8 CCR §9789.19: A new subdivision (f) is added, adopting updates for services rendered on or after January 1, 2019, to conform to Medicare changes, as follows:

Adjustment Factors	<p>Updated for 2019, to include the relevant 2019 Medicare adjustment factors:</p> <p>From CY 2019 Medicare Physician Fee Schedule Final Rule, CMS-1693-F:</p> <p>2019 Relative Value Unit budget neutrality adjustment factor: 0.9986 [Table 92 and Table 93]</p> <p>2019 Annual increase in the MEI: 1.015 [83 Fed. Reg. 59498]</p> <p>2019 Anesthesia practice expense and malpractice</p>
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	<p>adjustment factor: 1.0027 [Table 93]</p> <p>The 2018 cumulative adjustment factor for all services other than anesthesia was 1.1075 and 1.0604 for anesthesia. [8 CCR §9789.19(e)]</p> <p>The 2019 cumulative adjustment factor for all services other than anesthesia is 1.1226 and 1.0777 for anesthesia.</p> <p>[See detailed explanation set forth below this table.]</p>
Anesthesia Base Units by CPT Code	The anesthesia base units are unchanged for 2019, and are found in cms1676f_cy_2018_anesthesia_base_units.xlsx .”
California-Specific Codes	The maximum fee for each of these codes has been updated by the MEI 1.5% increase (1.015) pursuant to section 9789.12.14.
CCI Edits: Medically Unlikely Edits	For services rendered on or after January 1, 2019, use: “Practitioner Services MUE Table – Effective 01/01/2019.”
CCI Edits: National Correct Coding Initiative Policy Manual for Medicare Services	Updated to the CMS’ 2019 annual manual.
CCI Edits: Practitioner Procedure to Procedure (PTP) Edits	Updated to January 1, 2019.
CMS’ Medicare National Physician Fee Schedule Relative Value File [Zip]	Updated to the CMS’ 2019 RVU19A.
Conversion Factors adjusted for MEI and Relative Value Scale adjustment factor	<p>Updated the conversion factors in accordance with subdivision (c) of 8 CCR §9789.12.5. The 2019 Adjusted Conversion Factors are the Conversion Factors used to determine the maximum fees.</p> <p>[See detailed explanation set forth below this table.]</p>
Current Procedural Terminology (CPT®)	Updated to CPT® 2019.

Current Procedural Terminology CPT codes that shall not be used	Unchanged.
Diagnostic Cardiovascular Procedure CPT codes subject to the MPPR	Updated to 2019.
Diagnostic Imaging Family Indicator Description	Unchanged.
Diagnostic Imaging Family Procedures Subject to the MPPR	Updated to 2019.
Diagnostic Imaging Multiple Procedures Subject to the MPPR	Updated to 2019.
DWC Pharmaceutical Fee Schedule	Sets forth reference to DWC pharmaceutical fee schedule web page, which is unchanged from 2018.
Geographic Practice Cost Index (GPCI) by locality (Other than anesthesia services)	<p>Adopted and incorporated by reference certain columns of certain files from CMS' Medicare National Physician Fee Schedule Relative Value File RVU 19A:</p> <ul style="list-style-type: none"> • GPCI2019 Addendum E (Column B ("Locality Number"), column C ("Locality Name"), column D ("2019 PW GPCI"), column E ("PE GPCI"), and column F ("MP GPCI") for the State of California ("CA")) • 19LOCCO – Column B ("Locality Number"), column C ("State"), column D ("Fee Schedule Area"), and column E ("Counties") for the State of California ("CA")
Geographic Practice Cost Index (GPCIs) by locality and anesthesia shares (Anesthesia)	<p>Adopted and incorporated by reference the 2019 Anesthesia Conversion Factors:</p> <ul style="list-style-type: none"> • Locality-Adjusted Anesthesia Conversion Factors as a result of the CY 2019 Final Rule, excluding column G labeled, "National Anes CF of 22.2730" • Anesthesia Shares

	<p>Adopted and incorporated by reference certain columns of certain files from CMS' Medicare National Physician Fee Schedule Relative Value File RVU 19A:</p> <ul style="list-style-type: none"> • 19LOCCO – Column B (“Locality Number”), column C (“State”), column D (“Fee Schedule Area”), and column E (“Counties”) for the State of California (“CA”)
<p>Geographic Practice Cost Index (GPCI) locality mapping</p> <p>Zip Code files mapping zip codes to GPCI locality (for “other than anesthesia services” and anesthesia services)</p>	<p>For services rendered on or after January 1, 2019:</p> <p>Zip Code to Carrier Locality File – Revised 11/14/2018 [ZIP, 4MB], Column A (“STATE”), column B (“ZIP CODE”), and column D (“LOCALITY”) for the State of California (“CA”)</p> <p>Zip Codes requiring + 4 extension – Revised 11/14/2018 [ZIP, 1KB], for the State of California (“CA”)</p>
<p>Geographic Health Professional Shortage Area zip code data files</p>	<p>Updated to 2019 files for the Primary Care Geographic HPSA and the Mental Health Geographic HPSA.</p>
<p>Health Resources and Services Administration: Geographic HPSA shortage area query</p>	<p>Sets forth reference to the HRSA Geographic HPSA shortage web page query by state/county and by address; website references are unchanged from 2018.</p>
<p>Incident To Codes</p>	<p>Updated to 2019.</p>
<p>Medi-Cal Rates – DHCS</p>	<p>For services rendered on or after January 1, 2019, use: Medi-Cal Rates file – Updated 12/15/2018. [The 12/15/2018 Medi-Cal rates file will be available on approximately December 16, 2018.] The Medi-Cal rates file will be updated monthly by Administrative Director’s posting order. Medi-Cal rates are updated as of the 15th of each month, posted to the Medi-Cal website on the 16th of each month, and posted to the DWC website as soon as feasible.</p>
<p>Ophthalmology Procedure CPT codes subject to the MPPR</p>	<p>Updated to 2019.</p>
<p>Physical Therapy Multiple</p>	<p>Updated to 2019 Medicare list of “Always</p>

Procedure Payment Reduction: “Always Therapy” Codes; and Acupuncture and Chiropractic Codes	Therapy Codes”. In addition, retain the acupuncture codes and chiropractic manipulation codes, which are unchanged from 2018.
Physician Time	Updated to 2019
Splints and Casting Supplies	Sets forth reference to the Durable Medical Equipment, Prosthetics, Orthotics, Supplies fee schedule applicable to the date of service, reference is unchanged from 2018.
The 1995 Documentation Guidelines for Evaluation & Management Services	Sets forth reference to the 1995 Documentation Guidelines web page, which is unchanged from 2018.
The 1997 Documentation Guidelines for Evaluation and Management Services	Sets forth reference to the 1997 Documentation Guidelines web page, which is unchanged from 2018.

Adjustment Factors – Updating the Conversion Factors

- a. The 2019 annual increase in the Medicare Economic Index (MEI) is 1.5%. (CY 2019 Medicare Physician Fee Schedule Final Rule, CMS-1693-F (83 Fed. Reg. 59498.)) The MEI is an input price index that accounts for annual changes in the various resources involved in providing physician services.
- b. The 2019 Relative Value Scale (RVS) adjustment factors:
 - 1) The RVS adjustment factor for all services other than anesthesia for 2019 is the Medicare 2019 RVU budget neutrality adjustment (0.9986) (CY 2019 Medicare Physician Fee Schedule Final Rule, CMS-1693-F, Table 92).
 - 2) The RVS adjustment factor for anesthesia for 2019 is the product of the Medicare 2019 RVU budget neutrality adjustment (0.9986), and the 2019 anesthesia practice expense and malpractice adjustment (1.0027). (CY 2019 Medicare Physician Fee Schedule Final Rule, CMS-1693-F, Table 93). The RVS adjustment factor for anesthesia is (0.9986 x 1.0027), which equals to 1.0013.
 - 3) The “Statutory Update Factor” of 0.25 percent in Table 92 and Table 93 of CY 2019 Medicare Physician Fee Schedule Final Rule, CMS-1693-F is not applicable because Labor Code §5307.1(g)(1)(A)(iii) specifies that the physician fee schedule updates are to be based upon the Medicare Economic Index and the relative value scale adjustment factors.

- c. The cumulative adjustment factors applicable to the conversion factors (CFs) between 2012 and 2019 are shown in Column E of Table 1 and are the products of the MEI and RVS adjustment factors for 2018 and 2019.
- 1) The 2018 cumulative adjustment factor for all services other than anesthesia is 1.1075.
The 2019 annual adjustment factor is $1.015 \times 0.9986 = 1.013579$.
The 2019 cumulative adjustment factor is $1.013579 \times 1.1075 = 1.1226$.
 - 2) The 2018 cumulative adjustment factor for anesthesia is 1.0604.
The 2019 annual adjustment factor is $1.015 \times 0.9986 \times 1.0027 = 1.016315663$.
The 2019 cumulative adjustment factor is $1.016315663 \times 1.0604 = 1.0777$.

Table 1* Derivation of the Cumulative Adjustment Factors Applied to the Unadjusted 2019 CFs set forth in §9789.12.5(b)(2)

Type of Service	2018 Cumulative Adjustment Factor	2019 Adjustment Factors			2019 Cumulative Adjustment Factor
	(A)	(B) MEI	(C) RVS BN	(D) Total Annual Adjust. Factor (B) x (C)	(E) (A) x (D)
Anesthesia	1.0604	1.015	1.0013 (0.9986 x 1.0027)	1.016316	1.0777
All services other than anesthesia	1.1075	1.015	0.9986	1.013579	1.1226

*Due to rounding, the numbers presented in the table may not precisely reflect the underlying calculations.

- d. The unadjusted 2019 CFs are set forth in §9789.12.5(b)(2) and are “120 percent of the Medicare 2012 CF”. The 2018 CFs adjusted for the cumulative change in the MEI and RVS adjustment factors are shown in Table 2.

Table 2* 2019 Unadjusted CFs, Cumulative Adjustment Factors and 2019 Adjusted CFs

Type of Service	Unadjusted 2018 CF	Cumulative Adjustment Factor (from Table 1 Column E)	2019 Adjusted CF
	(A)	(B)	(C) (A) x (B)
Anesthesia	25.6896	1.0777	27.6859
All services other than anesthesia	40.8451	1.1226	45.8513

*Due to rounding, the numbers presented in the table may not precisely reflect the underlying calculations.

Geographic Practice Code Index by Locality

Beginning in 2017, pursuant to the Protecting Access to Medicare Act (PAMA), Medicare transitioned California payment localities to Metropolitan Statistical Areas, to be phased in over a 6-year period. Effective for services rendered on or after January 1, 2019, the use of the average statewide geographic adjustment factor is eliminated and Medicare's MSA-based locality-specific geographic adjustment factors is adopted. See section 9789.12.2, for how GPCIs are applied when determining payment amount for services other than anesthesia; and see section 9789.18.1, for how GPCIs are applied when determining payment amount for anesthesia services. Section 9789.19, references the data files needed to determine the GPCI by locality and GPCI locality mapping for the service rendered. Section 9789.19.1, Table A, contains the anesthesia conversion factor adjusted by Medicare locality GPCIs and anesthesia shares for anesthesia services rendered on or after January 1, 2019.

The workers' compensation 2019 Anesthesia Conversion Factor is 27.6859 (adjusted for Medicare Economic Index inflation rate and Relative Value Scale Adjustment factors); the 2019 Medicare Anesthesia Shares are applied to the Work GPCI, Practice Expense GPCI, and Malpractice GPCI to derive the Adjusted Anesthesia Conversion Factors by locality.

$$[(\text{Work GPCI by locality} * \text{Anesthesia Work Share}) + (\text{Practice Expense GPCI by locality} * \text{Anesthesia Practice Expense Share}) + (\text{Malpractice GPCI by locality} * \text{Anesthesia Malpractice Share})] * \text{Anesthesia Conversion Factor}.$$

The appropriate payment locality will be determined according to subdivision (e)(2) of section 9789.12.2.

See Tables 1 and 2 above, for the derivation of the workers' compensation 2019 Anesthesia Conversion Factor; and below for the 2019 anesthesia shares.

Anesthesia Shares

Work	PE	MP
0.781	0.158	0.061