

THE SPINAL COLUMN

Winter 2010

Ingenix and the Healthcare Industry

By: Barbara Cataletto, MBA, CPC, Chief Executive Officer

Ingenix provided the insurance industry with data it claimed were the prevailing, “usual and customary” market rates for medical services in specific geographic regions. Ingenix’s “usual and customary” data tables were used to pay tens of millions of medical claims for out-of-network services.

Ingenix, as an independent source of medical charge information, was actually a wholly-owned subsidiary of UnitedHealth Group, one of the largest health insurance companies in the country and, therefore, had a financial incentive to produce charge data that shifted costs from insurers to their customers.

Pursuant to an agreement reached in January 2009 with the New York Attorney General, UnitedHealth and several other large national insurance companies agreed to stop using the Ingenix database products and to fund a new non-profit entity that will be able collect and analyze medical charge data in a truly independent manner.

The New York Attorney General concluded that the “prevailing rates” Ingenix generated for doctor visits in New York were as much as 30% lower than the actual market rates for these services. In other words, insurance companies were paying only 70 cents on each dollar they owed their customers under the terms of their policies.

- The use of Ingenix Data was widespread in the insurance industry;
- Lack of transparency to consumers about the Ingenix Data
- Evidence that Ingenix Data was faulty

HIAA (Health Insurance Association of America) sold its database to Ingenix, the information technology business unit of United HealthCare, one of the nation’s largest insurance companies. Ingenix had purchased the Medical Data Resource (MDR) database. Ingenix had developed close ties with the health insurance industry.

Ingenix and its customers executed actual purchases of data and software through subsequent “Product Schedules”. Insurers could receive large discounts on the Ingenix database products by participating in Ingenix’s “Data Contribution Program.” Aetna, Ingenix’s single largest data contributor, eliminated (“pre-scrubbed”) the highest 20% of valid medical charges before sending its claims data to Ingenix

Ingenix has never tested its results to determine if its statistical conclusions bear any relationship to the

actual high, low, median or 80th percentile or actual marketplace CPT [Current Procedural Terminology] code service rates charged by health care providers in any given area

Ingenix is a wholly-owned subsidiary of UnitedHealth Group, making this essentially a closed-loop system of the health insurance industry collecting the information among itself, pooling the information together, all relying on the same rate information, a system that is impenetrable to the consumer.

On January 13, 2009, UnitedHealth Group and signed an agreement with the New York Attorney General to shut down the PHCS and MDR databases. Under the agreement, the companies promised to contribute \$50 million to start a new non-profit entity that would create and administer an independent medical claims database.

The new database will be housed at a New York academic institution and will make its price data available to the public through a website

The Attorney General’s office issued a report on January 13, 2009 concluding that there was a conflict of interest between Ingenix and the insurance industry, and that this conflict resulted in under-payments to New York consumers. After comparing the Ingenix “usual, customary, and reasonable” (UCR) rates with insurance claims actually filed in New York for doctor office visits, the Attorney General’s office found that insurers systematically under-reimbursed New York consumers by up to 28%.

The New York Attorney General’s office has subsequently entered into written settlements with 11 other insurers doing business in the State of New York, including insurance giants Aetna, CIGNA, and Wellpoint. All of these insurance carriers have agreed to discontinue using the Ingenix database to determine UCR reimbursement rates, and to contribute to the new non-profit UCR database.

On June 19, 2009, as a result of the Attorney General’s investigation, the New York Department of Insurance issued a new regulation requiring insurance companies operating in New York to use “usual and customary” reimbursement schedules that accurately reflect market rates. The regulation prohibits insurance companies from obtaining usual and customary (UCR) data from any individual or company “with a pecuniary interest in the development or use of the UCR schedule, including any insurer, health maintenance organization, medical association, or health care

provider.”

The investigative findings produced significant data:

- The Use of Ingenix Database Products Was Widespread;
- The Deliberate Lack of Transparency in Disclosure Materials;
- The Continuing False Attribution of Data to HIAA;
- New Evidence of Ingenix Data “Scrubbing”;
- Ingenix was used to pay Federal Employees’ claims and Military Family claims;
- Regulatory Mandates to use Ingenix Data;
- The use of Ingenix data by Self-Funding Insurers;
- Ingenix was used in other Health Insurance Products.

(continued on page 2)

IN THIS ISSUE...

Ingenix and the Healthcare Industry

-Cover Article

Business Dynamics Limited is proud to announce the release of their new product CaseCoder.

-Page 2

Reimbursement Advisory December 2009

-Page 2

Coding Advisory: CMS Payment and Policy Changes For Calendar Year 2010

-Page 2

Coding Advisory November 2009

-Page 3

Coding Advisory December 2009

-Page 3

Business Dynamics: Making a Difference

-Page 3

As reported on October 27, 2009, New York State Attorney General Cuomo's ongoing investigation into how the health insurance industry reimburses consumers for out-of-network health care charges, has resulted in a new not-for-profit company, FAIR Health, Inc., and an upstate research network headquartered at Syracuse University. Together, they will develop a new independent database for consumer reimbursement in addition to a new website where first time consumers can compare prices before they choose their doctors. The new database will make FAIR Health a center for health care research and an engine of health care reform. This much needed transparency, accountability and fairness to a broken consumer reimbursement system will be a triple win for consumers, New York and the nation.

Attorney General Cuomo has forced the insurance industry to end a practice that has shortchanged American consumers by billions of dollars. The Ingenix databases were riddled with errors and conflicts of interest. The investigation revealed that the Ingenix database intentionally skewed "usual and customary" rates downward through faulty data collection, poor pooling procedures and the lack of audits; meaning consumers were forced to pay more than they should have.

Approximately 70% of insured working families have out-of-network plans that let them choose their own doctors and the system impacts one in three individuals, or over 110 million people nationwide.

Source: U.S. Senate Committee on Commerce, Science and Transportation, Office of Oversight and Investigations – June 24, 2009

Business Dynamics Limited

**is proud to announce the release
of their new product**



The first web-based logic driven spine coding system designed to ease the tedious process of spine coding. This new program is compatible with Blackberry, iPhone, and other internet capable phones and was designed to:

Ensure coding accuracy

Shorten Turnaround Time

Increase Efficiency in Return on Revenue

**For more information
please log onto**

www.casecoder.com

or call 516-294-4118 ext. 1530.

Reimbursement Advisory

December 2009

Medicare Fee Schedule

President Obama signed the 2010 Defense Spending Bill. Included in this bill is the order to extend the 2009 Medicare Fee Schedule for services rendered through February 28, 2010. The recently released 2010 Fee Schedule is on hold until at least March 1, 2010.

We will continue to monitor the situation and advise of any updates as they become available.

The above is for informational purposes only.

We at Business Dynamics Limited remain at your disposal to answer any and all of your concerns. Please do not hesitate to contact us should you require additional information.

Coding Advisory

November 2009

CMS Payment and Policy Changes for Calendar Year 2010

Please be advised that Medicare has submitted final changes to the Policies and Payment rates effective for calendar year 2010. There are significant changes that are going to impact claim submission and reimbursement.

CMS is finalizing its proposal to stop coverage for consultation codes, including inpatient or outpatient services. The fee schedules for Calendar Year 2010 will eliminate CPT Codes 99241 – 99245 and 99251 – 99255. The rule will require the billing of the appropriate new patient or established patient for these services. To compensate for these changes, Medicare has "redistributed" percentages of the consult codes to the Evaluation and Management codes to increase their reimbursement value. These codes include 99201 – 99205, 99211 – 99215, and 99221 – 99223.

Across the board, however, the conversion factor for services rendered in 2010 has been reduced by 21.2 percent. In particular, CPT Codes 63047 and 22612 have been greatly affected. Once again, expect to see a decrease in payment amounts for your Medicare services. As of the release of this advisory, this issue is under additional review with Congress.

The final rule is expected to be released on the November 25, 2009 Federal Register.

For further information, please refer to the Press Release issued by CMS on October 30, 2009 regarding the Payment and Fee Schedule Policies.

Reference: http://www.cms.hhs.gov/apps/media/press_releases.asp

Mission Statement

To enhance the revenue of the Spine Specialist through improved collection efforts and strategies.

To restore the significant value of the highly specialized services provided by Spine Specialists through economic growth.

To expand the knowledge base for Spine Reimbursement Specialists by providing practical education and training in the fields of spine coding and collection.

Coding Advisory

November 2009

Coding Updates and Changes for 2010

Deleted

- 63660 Revision or removal of spinal neurostimulator electrode percutaneous array(s) or plate/paddle(s)
- 0062T Percutaneous intradiscal annuloplasty, any method except electrothermal, unilateral or bilateral including fluoroscopic guidance; single level***
- 0063T One or more additional levels (List separately in addition to 0062T for primary procedure)***
***For Percutaneous intradiscal annuloplasty, any method other than electrothermal, use 22899

New

- 63661 Removal of spinal neurostimulator electrode percutaneous array(s), including fluoroscopy, when performed
- 63662 Removal of spinal neurostimulator electrode plate/paddle(s) placed via laminotomy or laminectomy, including fluoroscopy, when performed
- 63663 Revision including replacement, when performed, of spinal neurostimulator electrode percutaneous array(s) including fluoroscopy, when performed
- 63664 Revision including replacement, when performed, of spinal neurostimulator electrode plate/paddle(s) placed via laminotomy or laminectomy, including fluoroscopy when performed
- 0200T Percutaneous sacral augmentation (sacroplasty), unilateral injection(s), including the use of a balloon or mechanical device, when used, one or more needles
- 0201T Percutaneous sacral augmentation (sacroplasty), bilateral injections, including the use of a balloon or mechanical device, when used, two or more needles
- 0202T Posterior vertebral joint(s) arthroplasty (e.g. facet joint[s] replacement) including facetectomy, laminectomy, foraminotomy, and vertebral column fixation, injection of bone cement, when performed, including fluoroscopy, single level, lumbar spine

Revised Text

- 72291 Radiological supervision and interpretation, percutaneous vertebroplasty, vertebral augmentation or sacral augmentation, (sacroplasty), including cavity creation, per vertebral body or sacrum; under fluoroscopic guidance.
- 72292 Radiological supervision and interpretation, percutaneous vertebroplasty, vertebral augmentation or sacral augmentation, (sacroplasty), including cavity creation, per vertebral body or sacrum; under CT guidance.

Reference: CPT 2010 Professional Addition; American Medical Association (2009)

Coding Advisory

December 2009

Coding Updates and Changes for 2010

Deleted

- 64470 Injection, anesthetic agent and/or steroid, paravertebral facet joint or facet joint nerve; cervical or thoracic, single level
- 64472 Cervical or thoracic, each additional level
- 64475 Injection, anesthetic agent and/or steroid, paravertebral facet joint or facet joint nerve; lumbar or sacral, single level
- 64476 Lumbar or sacral, each additional level

New

- 64490 Injection(s), diagnostic or therapeutic agent, paravertebral facet (zygapophyseal) joint (or nerves innervating that joint) with image guidance (fluoroscopy or CT), cervical or thoracic; single level
- 64491 Second level, cervical or thoracic (list separately in addition to code for primary procedure)
- 64492 Third and any additional level(s), cervical or thoracic (List separately in addition to code for primary procedure)
Do not report 64492 more than once per day
- 64493 Injection(s), diagnostic or therapeutic agent, paravertebral facet (zygapophyseal) joint (or nerves innervating that joint) with image guidance (fluoroscopy or CT), lumbar or sacral; single level
- 64494 Second level, lumbar or sacral (list separately in addition to code for primary procedure)
- 64495 Third and any additional level(s), lumbar or sacral (List separately in addition to code for primary procedure)
Do not report 64495 more than once per day

Reference: CPT 2010 Professional Addition; American Medical Association (2009)

Business Dynamics: Making A Difference

By: Cathy Humphrey

The holiday season is a time to reflect and give thanks for blessings big and small. Here at Business Dynamics, we realize how truly fortunate we have been this past year and decided it was time to give back. With local food pantries suffering from the largest food shortages in decades, we thought of no better way to give back than to provide a holiday meal to those families who may not have otherwise enjoyed one.

Therefore, we organized the Business Dynamics 1st Annual Food Drive. Staff members were asked to nominate families they knew who needed a helping hand this season, adding a very personal touch to this important initiative. Leading the way was the CEO of Business Dynamics, Barbara Cataletto and Medical Director, Dr. Mauro Cataletto, who together donated over 400 pounds of Turkey! Add to that the 20 baskets of food donated by the staff, and you have a recipe for a very happy holiday! Our staff not only donated all the fixings for a wonderful turkey dinner, but also donated their personal time and resources in planning and decorating each basket.

Although it is always a wonderful feeling to give back to the community, the personal feedback we received from each family made it that much more rewarding. One of our baskets went to a young, hard-working couple with 4 small children. Their mother is a nurse, but has been out of work for months due to health-related issues. This holiday season, the family was seeking a place to celebrate Christmas, so that their children could have a proper holiday meal. Fortunately, one of our staff members attends the same church and was able to offer this wonderful family one of our holiday food baskets. Now, the family could stay indoors and enjoy their children for the holidays, without worry.

The opportunity to make a difference in just one life is what this joyous holiday season is all about. Thanks to the hard work of management and staff, we've ensured that 20 less fortunate families had the best holiday possible and a great start to this New Year!

ANNOUNCEMENTS

Recognition and thanks to all employees at Business Dynamics for working together this holiday season to provide food baskets for families who are less fortunate than ourselves.

Business Dynamics will be hosting our own booth at the SAS Conference in New Orleans, Louisiana – April 28-30, 2010. For more information call (516) 294-4118 ext. 1530.

We are proud to announce the launch of three new websites which include:

Business Dynamics Online:

www.businessdynamicsonline.com

Business Dynamics Consulting:

www.businessdynamicsconsulting.com

CaseCoder:

www.casecoder.com

Please visit our websites to view our fresh new look and new logos.

CODING UPDATE INSIDE

Reverse the Decline in the Spine Industry

The medical industry has always been thought of as the “Recession Proof” industry. Medical treatment is a necessity, and people will not go without it... **Right?**

There are many effects that this economic recession has had on the medical industry. Many hospitals and practices are experiencing declines in many areas, from patient volume, to profits. The rise in the unemployed, means a rise in the uninsured. A rise in the uninsured means a decrease in the number of admissions in hospitals and visits in the doctor’s office. Patients are delaying elective procedures and any other procedures that may include higher out-of-pocket fees. These are just a few of the immediate effects of the recession. We foresee many more declines to follow.

Our goal at Business Dynamics is to help you compete with the recession and **Reverse the Decline** in the spine industry. It is our priority to assist you in retaining and strengthening the financial health of your practice.

About Us

Founded in 1994, Business Dynamics has rapidly emerged as one of the nation’s leading firms in healthcare management consulting. We offer specialized services individually tailored to the spine community at regional and national levels. Our highly trained and skilled staff work diligently to support spine practices, orthopedic and neurosurgical groups, spine centers, hospitals and ASCs to achieve enhanced practice operations and maximized reimbursement.

Our Services include:

- Practice and ASC Accounts Receivable Management
- Claims Reviews and Education
- Comprehensive Office Assessments & Policy Development
- “Spinal Cord” Coding Hotline (Coding Support)
- Customized Lectures and Seminars
- Web-Based Spine Specific Coding Courses
- Practice Development and Set-Up
- Custom Analysis and Reports