Frequently Asked Questions: 2014 Medicare Physician Fee Schedule
The Centers for Medicare and Medicaid Services (CMS) released the final 2014 Medicare Physician Fee Schedule on Nov. 27, 2013.

Q: What will my 2014 Fee Schedule look like?
A: Overall, services provided by the dermatology specialty face a 1.5 percent reduction in Medicare payments. The 2014 conversion factor is 35.8228. The impact of that 1.5 percent reduction for individual practices will vary depending on the practice’s mix of services. Specific information for members is available through local Medicare Administrative Contractors (MACs).

Q: Now that Congress has agreed to a three-month reprieve from the 24 percent Medicare payment cut that was scheduled to begin Jan. 1, 2014, how will this affect the Fee Schedule?
A: CMS has announced that the 2014 conversion factor is 35.8228. Congress did not make any changes to the practice expense and work relative values implemented in the 2014 Medicare Physician Fee Schedule.

Q: What is the Medicare Economic Index (MEI)?
A: The Medicare Economic Index (MEI) is a fixed-weight price index that is used to update physician payments for inflation.

Q: How will the recalculation of the Medicare Economic Index affect my practice?
A: Payment for services that have high practice expense components will go down and services whose values are primarily based on physician work will go up under the 2014 Medicare Physician Fee Schedule. This is a result of a significant change by CMS to the weighting of practice expense and physician work.

Q: How did CMS change the Physician Quality Reporting System?
A: The 2014 Medicare Physician Fee Schedule final rule includes one new dermatology measure for the Physician Quality Reporting System (PQRS) related to psoriasis. However, CMS also raised the number of PQRS measures that providers must report to earn a 2014 incentive from three to nine, but lowered the reporting threshold from 80 percent to 50 percent. A provider can solely avoid the 2 percent payment adjustment in 2016 (i.e. will not be eligible for an incentive) by reporting at least three measures.

Q: If there are only five dermatology-related measures in PQRS, how can I report on the required nine measures to earn a 2014 incentive?
A: To report on nine measures for PQRS, dermatologists may apply other measures — not specific to dermatology — that are still applicable to their practices. The AADA has developed a list of other measures that dermatologists can report on through the Academy’s Physician Quality Reporting System. View the list of measures here.
Q: Is the 2014 Fee Schedule final? Do you anticipate any further changes in 2014?
A: Although this is the Final 2014 Medicare Physician Fee Schedule, the AADA is monitoring for indications that the Fee Schedule will change. However, the AADA has requested that CMS issue a technical correction for the practice expense and overall payment rate for 17003 (destruction of premalignant lesions, 2-14). The destruction codes have a valuation error, which resulted in an approximate payment rate of $10 for 2014. The AADA expects that 17003 will likely be reduced to less than $6 in the near future.

Q: What is the AADA doing for its members?
A: In addition to strong and integrated Academy involvement in the RUC process throughout the year, the AADA has actively weighed in with CMS on important provisions of the fee schedule that affect physician payments. The AADA will continue to analyze the final rule for its impact on dermatology and move forward on multiple fronts to address issues of concern. The AADA will submit its comments to CMS prior to the Jan. 27 deadline.

Q: How do I change my Medicare participation status?
A: The deadline for physicians to change their Medicare participation status has been extended to Jan. 31, 2014. Learn more about Medicare participation options.

Q: Who can I talk to for more information?
- For more information on coding and reimbursement, contact ppm1@aad.org.
- For more information on the 2014 Medicare Physician Fee Schedule, contact James Scroggs at jscroggs@aad.org.
- For more information on the Physician Quality Reporting System, contact Scott Weinberg at sweinberg@aad.org.
- For more information on the sustainable growth rate formula and congressional efforts to reform the Medicare physician payment system, contact Shawn Friesen at sfriesen@aad.org.