

SPECIAL REPORT TO MEMBERSHIP
INDEPENDENT PHYSICAL THERAPIST (IPT) ISSUES

March 23.2007

Blue Cross Blue Shield Recovery Audit

In late February and early March 2007, and with no prior notice or communication with the MPTA (the physical therapy provider class representative to BCBSM), BCBSM sent out several hundred audit recovery letters to IPTs. The letters seek recovery of overpayments made to IPTs from February 1, 2005 through September 30, 2006. The bulk of the demands relate to payments that BCBSM states were over the daily global "cap" on PT services provided by IPTs. The cap has been in the \$80 to \$83 range during this period.

When the audit recovery letters became known, members of the Reimbursement Relations Committee immediately met with high-level BCBSM personnel on March 6, 2007 and a comprehensive review of the entire audit was requested. BCBSM was also asked why our provider group had not been notified or consulted as soon as the error was found. We received a commitment at that meeting to receive answers to our questions in a timely manner. We met with Kim Sorget, Vice President of Provider Contracting and Network Management, plus high-ranking individuals from Medical Affairs, and PPO management at this meeting. Mr. Sorget is the vice president responsible for the provider audit department.

Several IPT's have told MPTA the same version of events:

- When they contacted BCBSM audit staff they are told that this is a BCBSM "systems error".
- BCBSM audit staff were advised by the IPT that at the time they initially received overpayments they had questioned the payments over the BCBSM Provider Inquiry hotlines. The IPTs were assured that the amounts they received for the payments in question were correct.
- IPT's were told by BCBSM auditors that nonetheless, the payments were not proper and the IPT's should have returned the check despite the verification.
- The BCBSM audit staff stated that BCBSM error is not a reason for reconsidering the repayment demand, and the recovery was due as demanded in 30 days.
- IPT's that contacted BCBSM for repayment were advised that the interest rate on their repayment schedule would be 10.25%.

MPTA submitted written requests to BCBSM regarding these claims, and stated that our members were reporting that the payments were made with the understanding from

BCBSM that they were correct. The majority of BCBSM overpayment demands appear to relate to one of the following sources:

- MESSA coverage
- Federal BC coverage
- “Dual condition” claims on the same date
- Mistakes by BCBSM regarding the amount of patient co-pay.

MPTA has sent out updates on these issues and the reader is referred to the updates for specifics. On Thursday March 22, 2007, MPTA requested a blanket 30-day extension for all providers, and more reasonable repayment options. BCBSM replied on March 23, 2007 as follows:

- 1) A 30-day extension was granted (meaning the due date is now the end of April versus end of March).
- 2) The greater of \$10,000 or 25% must be repaid by the extended due date.
- 3) The “loan” will be interest free for 90 days following the extended due date.
- 4) The interest rate after the 90-day interest free period will be at the Prime rate. (Current Prime rate is 8.25%).

Options for members:

- Send written notification requesting a Managerial Level Conference (MLC) to dispute the audit and repayment demands (see form letter included with the 3/22/2007 update). It is our understanding that this will stop the clock on repayment demands until the MLC request is resolved.
- Pay the demand as indicated above.
- Set up an alternative repayment schedule. BCBSM has assured us that any “reasonable” request will be considered. We recommend that you ask for something that you can handle.

MPTA is will be actively exploring other options that may be available to members dealing with the repayment letters. Of particular interest is a similar case that we hope could serve as a precedent for denying the recovery through the administrative process. We will report any progress as soon as possible.

Information related to questions on the BCBSM Recovery Audit:

- The IPT participating agreement allows BCBSM to go back two years for audit recoveries.
- The audit did not include physician self-referral practices where billing for “PT” occurs under the physicians PIN. Physicians have never had a cap on their reimbursement for physical therapy services.
- On October 1, 2006 the cap on IPT billing was removed, hence there was no dispute for payments made for the same services between October 1, 2006 and February 2007.
- No audit was done on Rehab Agencies (OPT) or hospital OP Departments. For clarification, IPT and physicians bill using individual CPT codes, and OPT and

hospitals bill using revenue codes, therefore it is unlikely that “overpayments” were made to OPT or hospital OP providers.

- The Reimbursement Relations Committee originally met with BCBSM on August 15, 2001 with the expressed purpose of changing BCBSM reimbursement policy to a single fee schedule with no cap (essentially what the physicians were getting, and like the Medicare payment system). The committee has met with BCBSM several times a year since then, encountering strong resistance to our request. However by early 2006, BCBSM made a commitment to level the playing field by enforcing a single fee schedule for all providers by early 2008. This was to occur in stages, with the IPT’s going first on October 1, 2006. This was offered by BCBSM since it required the least amount of systems change on their part. A commitment was made to change the OPT and hospital OP schedule as soon as the BCBSM processing systems could be altered to pay all providers by CPT code per the physicians fee schedule. If BCBSM had agreed to our original request, this problem might never have occurred.

IPT Enrollment of Employed PT Staff

MPTA requested a legal clarification from BCBSM regarding the IPT enrollment process. Several members have contacted me about the affidavit that must be signed as part of the enrollment process to obtain an IPT PIN, and a written interpretation from BCBSM was needed for me to properly advise the MPTA membership. In early March MPTA received an official interpretation of our questions. The basic requirement as outlined in the IPT Provider Class Plan and the IPT Rider is essentially three-fold:

1. The IPT must have a current Michigan PT license.
2. The IPT must have a Medicare Supplier Number.
3. The IPT must be an owner in the practice, and not be an employee of another IPT, a physician, a hospital or an OPT.

Based on the calls that MPTA has received, there is confusion regarding the employed (non-owner) PT. We have been asked if the employed PT can just cross out the part about ownership and sign the affidavit. We are told that this would be inappropriate and MPTA advises members not to sign anything that is not true in its entirety.

In some instances it appears that the owner/IPT has had an employed PT sign the affidavit, an IPT PIN has been generated, and the employed individual is listed as an IPT on the BCBSM web site. MPTAs advice continues to be the same: do **not** have an employed PT sign the affidavit if they are not an owner of the business. An employed PT can treat BCBSM patients and the billing should go out under the owner/IPT’s PIN. This is not like Medicare where an employed PT can get a Medicare PTPP supplier number and bill Medicare under that number and assign payment to the owner. Members who are out of compliance with this rule should correct the situation ASAP.

On a related note, the IPT class has dramatically expanded, growing to over 733 IPTs now compared to roughly 125 in 2000. This has understandably raised the level of concern at BCBSM regarding this provider class. It is imperative that all PT’s who want

to bill and practice independently understand the rules and follow them. MPTA continues to be an advocate for all practice opportunities for its members, however special care is advised for those who choose to become part of this provider class. Many resources are available to members and the committee is ready to assist anyone with questions.

Mark D. Beissel, PT, DPT, OCS, FAAOMPT
Chair, Reimbursement Relations Committee
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