



COUNTY OF ORANGE  
HEALTH CARE AGENCY

MEDICAL SERVICES  
MEDICAL SERVICES INITIATIVE



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DATE: May 21, 2013  
TO: MSI Primary Care Physicians  
FROM: Anthony Rose, MSI Administrator  
Shelley M. Vrungos, MSI Associate Administrator  
SUBJECT: Adjustment of MSI Reimbursement Rate

In March 2013, all MSI physician providers were notified that the physician and clinic reimbursement rate would be reduced to 20% of National Medicare for dates of service on and after January 15, 2013. MSI is acutely aware that this rate reduction has been a tremendous burden on our provider network and we value your continued dedication to the MSI population.

We do have good news! MSI has been informed by the California Department of Health Care Services (DHCS) that a federal ruling will require that certain physician providers be reimbursed at 100% of Medicare Area 26 rates for eligible Evaluation and Management Codes (E&M Codes 99201 – 99499). This ruling will apply to services provided between January 1, 2013 through December 31, 2013.

Additionally, MSI has learned there will be further federal funding to offset the majority of the County's increasing costs resulting from this requirement. (The County is still required to provide the necessary match funding for reimbursement up to the 2009 Medi-Cal reimbursement level).

MSI plans to implement this required rate adjustment in the following steps for services provided during the 2012-13 program year:

- For services provided on or after June 1, 2013 through June 30, 2013, MSI will adjust the rate from 20% to 50% of the National Medicare rate and process your claims normally.
- **Adjustment #1:** For dates of service from January 15, 2013 through May 31, 2013, MSI will adjust the rate from 20% to 50% of the Medicare National rate for the eligible E&M Codes provided the claims for these dates have been finalized (e.g. received, processed, and paid) as of 7/31/2013. Providers will receive a lump sum payment for all affected claims no later than August 31, 2013.

- **Adjustment #2:** In December 2013, MSI will adjust all claims from eligible providers with the applicable E&M codes with dates of service from January 1, 2013 through June 30, 2013 from 50% of Medicare National to 100% of Medicare Area 26 rates. This second adjustment will also include any claims that were not captured during **Adjustment #1**. Providers will receive a lump sum payment for these affected claims no later than December 31, 2013.

MSI deeply appreciates your dedicated service and high quality care that you continue to provide to MSI patients. We realize MSI providers represent the core backbone of the safety net delivery care system and are critical to our ability to serve such a large membership in Orange County.

If you should have any questions, please feel free to contact Anthony Rose, MSI Administrator at [arose@ochca.com](mailto:arose@ochca.com) or Shelley Vrungos, MSI Associate Administrator, at [svrungos@ochca.com](mailto:svrungos@ochca.com).