KENT CONRAD
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cc: Melanne
Steve

COMMITTEES
AGRICULTURE, NUTRITION, AND FORESTRY
FINANCE
BUDGET
SELECT COMMITTEE ON INDIAN AFFAIRS

United States Senate

WASHINGTON, DC 20510-3403

November 18, 1993

Hillary Rodham Clinton
Chairperson
Task Force on Health Care Reform
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mrs. Clinton:

As a cosponsor of the President's health care reform plan, I wish to bring to your attention an issue that affects the treatment of certain non-physician providers by the Medicare program.

Early this year, Senator Grassley and I introduced S.833 and S.834, to provide greater payment equity among non-physician practitioners and between non-physician practitioners and physicians. A scaled down version of these proposals was added in 1992 to section 127 of S.3274/H.R.11 as it passed the Senate.

I urge you to consider adding such provisions to the President's plan, either as part of the modifications now being made, or during subsequent consideration of health care reform. Health professionals like nurse practitioners, physician assistants, clinical nurse specialists and certified nurse midwives play a vital role in our health care delivery infrastructure, particularly in rural areas. As I'm certain you are aware, these providers are sure to prove extremely important as we attempt to improve the efficiency of the U.S. health care system. Federal policies should facilitate their use.

Therefore, I am extremely hopeful that provisions similar to those proposed in S.833 and S.834 will be added to health care reform. I would greatly appreciate your assistance with this issue either prior to introduction or during subsequent consideration of the health care reform plan.

Thank you for your consideration of my request. I look forward to continuing to work with you to ensure that high quality, affordable care is available to all Americans.

Sincerely,

KENT CONRAD
United States Senator

KC:wcdo

THE WHITE HOUSE

WASHINGTON

January 12, 1994

Senator Kent Conrad
724 Hart Senate Office Building
United States Senate
Washington, D.C. 20510-3403

Dear Senator Conrad:

I am writing in response to your letter about Medicare reimbursement of non-physician providers. We recognize that health professionals like nurse practitioners, physician assistants, clinical nurse specialists and certified nurse midwives play an essential role in health care delivery. We therefore adopted for the Health Security Act the version of your proposal on payment equity for non-physician practitioners that passed the Senate last year.

Physician assistants may bill Medicare for any service provided in any geographic area, and reimbursement is provided to the employer of the physician assistant. Nurse practitioners may bill Medicare for any service provided in urban areas, unless the services are provided in hospitals. They are reimbursed directly, except for services provided in skilled nursing facilities and nursing facilities. Clinical nurse specialists in urban areas may be reimbursed directly for any service except for services furnished in hospitals, skilled nursing facilities and nursing facilities.

Thank you for writing to share your concerns. I welcome any additional comments or questions, and I look forward to continuing to work with you in the coming months.

Sincerely,

Hillary

Hillary Rodham Clinton

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PAYMENTS TO NON-PHYSICIAN PRACTITIONERS

- **PHYSICIAN ASSISTANTS** (PA)
  - MAY BILL MEDICARE FOR ANY SERVICE PROVIDED IN ANY GEOGRAPHIC AREA
  - REIMBURSEMENT MADE TO EMPLOYER OF PA
- **NURSE PRACTITIONERS** (NP)
  - IN URBAN AREAS, MAY BILL MEDICARE FOR ANY SERVICE EXCEPT SERVICES FURNISHED IN HOSPITALS (INCLUDING OUTPATIENT DEPARTMENTS)
  - DIRECT REIMBURSEMENT MADE TO NP, EXCEPT FOR SNF AND NURSING FACILITY SERVICES
- **CLINICAL NURSE SPECIALISTS** (CNS)
  - IN URBAN AREAS, MAY BILL FOR ANY SERVICE EXCEPT SERVICES FURNISHED IN HOSPITALS, SNFS AND NURSING FACILITIES
  - DIRECT REIMBURSEMENT MADE TO CNS
- **COSTS** (millions)

FY96	FY97	FY98	FY99	FY00	5-YEAR
$250	$450	$500	$600	$650	$2,450

* For services within scope of state licensure laws for particular practitioner.

NON-PHYSICIAN PRACTITIONERS

Current Law

Medicare can directly reimburse for certain services furnished by physician assistants (PAs), nurse practitioners (NPs) and clinical nurse specialists (CNSs) in a limited number of settings. These services and settings are:

- PAs. Services in a hospital, skilled nursing facility (SNF) or nursing facility and services as an assistant at surgery in any geographical area; and any service in a rural Health Professional Shortage Area (HPSA).
- NPs. Services in a SNF or nursing facility in any geographical area; and any service in a rural area.
- CNSs. Any service in a rural area.

Direct reimbursement does not mean that Medicare pays the practitioner directly. It means that the service of the practitioner is separately identified and a separate payment is made for the service.

- The statute specifies that direct payment can only be made to the employer of a PA.
- The statute also specifies that direct payment can only be made to the employer of a NP for services furnished in a skilled nursing facility (SNF) or nursing home.
- However, Medicare can make payment directly to a NP or CNS for any service furnished in a rural area.

For PA, NP and CNS services for which direct reimbursement is not made, Medicare does make payment in one of two ways:

- First, if the practitioner furnishes services in a facility, payment is included as part of Medicare's reimbursement to the facility for the facility service.
- Second, if the practitioner is employed by a physician, Medicare will pay the physician for the services of the practitioner as "incident to" a physician's service (i.e., a physician bills as if the physician provided the service and Medicare does not know who actually provided the service).

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Direct reimbursement can be made only if the practitioner is legally authorized to provide the service under State law. The statute requires that PAs be under the supervision of a physician and that NPs and CNSs work in collaboration with a physician for direct reimbursement. Payment is based on customary and prevailing charges and fee schedules limited to 65, 75 and 85 percent of the physician fee schedule for different services.

Proposal

The bill would expand Medicare direct payment for services furnished by PAs, NPs and CNSs so that the following services would be covered in the following settings:

- PAs. Any service furnished in any area.
- NPs. In urban areas, any service furnished except to hospital inpatients (i.e., outpatient services).
- CNSs. In urban areas, any service furnished except to hospital inpatients or SNF or nursing facility patients (i.e., outpatient services).

For the additional services covered in the additional settings, the following rules on direct reimbursement would apply:

- PAs. All direct reimbursement would be made to the employer of the PA.
- NPs. Direct reimbursement would be made to the NP except for services furnished in SNFs and nursing facilities in any area.
- CNSs. Direct reimbursement would be made to the CNS.

Costs (in millions)

FY 96	FY 97	FY 98	FY 99	FY 00	5-Year
+$250	+$450	+$500	+$600	+$650	$2,450