
President's Letter

November 30, 2012

Fee-for-service micro-allocation update

Dear Colleagues:

As you may know, the NLMA is working on the fee-for-service (FFS) micro-allocation with the Physician Services Division of the Department of Health and Community Services (DHCS). Micro-allocation is the process whereby sections apportion their newly negotiated funds to specific fee codes within the MCP Payment Schedule. Section representatives submit a proposal on behalf of their group which requests targeting items to be increased; suggests editorial and rule changes to better reflect service delivery; recommends the deletion of antiquated fee codes; adjusts for disparities; and, so forth.

Over the past six to eight months, NLMA staff have worked in conjunction with DHCS to determine the costs of all items presented and to address areas of priority for the NLMA and those of government. This micro-allocation process has undoubtedly been the most extensive undertaken in the last 20 years. While there have been delays, the work has progressed reasonably well with both the NLMA and the Department agreeing to needed changes in many areas.

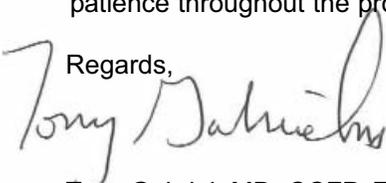
We are hoping to have a draft of the costing for those changes completed for all sections by the end of December or early January. Detailed information will subsequently be provided to the respective FFS section representative(s) for review and sign-off or for further discussion/debate. Along with the costing, your section representative will also receive a draft of applicable Payment Schedule changes that have resulted from the micro-allocation. Smaller FFS sections can expect further contact directly from your section representative(s) once they receive the information from the NLMA. For the larger groups (such as the GPs) a broad-based Micro-Allocation Working Group that currently exists will be consulted.

Through your representative, sections will be asked to either sign-off on the applicable documents or else further debate will ensue with regard to any contentious issues. The process does not proceed until all FFS Sections have signed off. Following sign-off by all section representatives, the proposal will be presented for approval to the NLMA Board of Directors.

Finally, the Payment Schedule is presented for ministerial approval and software vendors that provide electronic billing services for physicians are notified so that all the necessary changes can be made to the billing software prior to the effective date of the new schedule. Until the new schedule is implemented, negotiated increases will continue to be received through quarterly payments.

We trust that you understand the immense nature of this micro-allocation and appreciate your patience throughout the process.

Regards,



Tony Gabriel, MD, CCFP, FCFP
President



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