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Habilitation Outreach for Professionals in Education



Hear now. And always. Cochlear

Welcome to this Live e-Seminar!

We will begin at the top of the hour. Thank you for joining us!
Notes For Online Events

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Insurance Basics on Cochlear Implantation and Baha: Helping Parents Negotiate the System

John McClanahan, Senior Director, Reimbursement and Funding
Cochlear Americas



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Introduction

Cochlear America's Commitment to Educational Outreach



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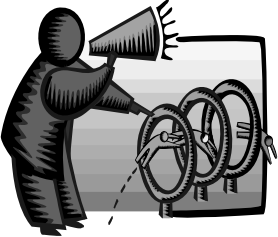
Hear now. And always. Cochlear

John McClanahan

- Senior Director, Reimbursement and Funding, Cochlear Americas
- Been with Cochlear for 10 years
- Responsible for day-to-day aspects of Cochlear's reimbursement dept as well as long term efforts to expand coverage and payment
- 40 years in healthcare including clinical, health insurance and reimbursement
- jmccclanahan@cochlear.com

- # Agenda
- The Payer World
 - Health Insurance status: Baha and CI
 - Professional Services
 - External parts and accessories
 - Bilaterals
 - Advocacy
- ITC Healthspan Outreach for Professionals in Education
- © 2010 Healthspan Outreach for Professionals in Education

The Reimbursement Department



- Preauthorization Service
 - OMS 800-633-4667
- Consulting
 - Information and assistance
- Billing Service
 - Medicare, Medicaid, state programs, commercial plan agreements
- Warranty Program
- Vaccination Support Program
- Strategic Initiatives

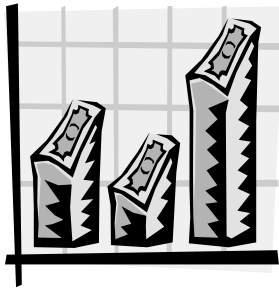
Established 1988

IFT
Habitat Outreach for Professionals in Education

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Cochran

The Payer World

US Health Insurance (2006)



- 301 million Americans
- 179 million (59.5%) -- commercial health plans
 - 88 million (50%): BC/BS
- 82 million (27.3%) -- public plans
 - Federal, state or local government programs
- 48 million (15.9%) -- not covered
 - Up to 7.5 million
- Figures do not balance due to double-coverage

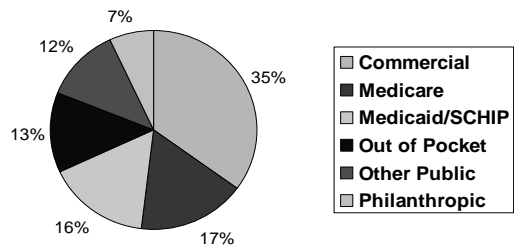
<http://www.census.gov/hhes/www/hlthins/hlthin05/hlth05asc.html>



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U.S. Health Care = \$2 Trillion (2006)



<http://www.cms.hhs.gov/NationalHealthExpendData/downloads/PieChartSourcesExpenditures2005.pdf>



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Commercial Health Plans

- Cover 60% of all people with insurance coverage
- Clinical policy drives coverage and patient eligibility guidelines
 - Internal technology assessment groups
 - Commercial tech assessment companies
- Coverage:
 - Requires careful review of patient policy and benefits
 - Verifying or obtaining benefits
- Payment based upon:
 - Contracts
 - Payment arrangements
 - Collections



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Medicare

- Federal program
- Medicare (n = 40 million)
 - 85% Age 65 or older
 - 15% Disabled/ESRD
- Process >1 billion claims/year
- Manage 55 private contractors
 - ~85% are BCBS plans
- Pay more than 1 million providers for services rendered to beneficiaries



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Medicaid

- Joint federal-state program
- Largest program providing medical and health related services to America's poor
 - Eligible individuals and families with low incomes and resources
 - And/or eligible individuals with chronic medical needs
- N = 54.6 million⁹
 - 49% Children (under 21)
 - 26% Adults
 - 16% Blind/Disabled
 - 9% Over 65 years of age
- Delivery systems
 - 41% covered by traditional Medicaid
 - 59% by managed care plans

9. U.S. Department of Health and Human Services, Office of the Assistant Secretary for Health, "Medicaid: A State-by-State Guide," 2006.

Health Insurance Status: Baha and CI

Baha

- Nov 2005: Medicare covers as a prosthetic implant – no longer a hearing aid
- Medicare policy will help leverage changes in commercial carriers coverage for Baha
 - Some carriers changed language
 - Some cover Baha as a hearing aid
 - Some specifically exclude
- No CPT code for fitting the sound processor
- All other services, e.g., evaluation and rehabilitation covered by existing codes

Cochlear Implants

- Covered for 20 years
- Explicit coding protocol in place
- Some refinement of coding for post-operative services in the last year
- Bilateral coverage is improving

Professional Services Cochlear Implants



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Programming/Rehabilitation

- “20% of the cost but 50% of the outcome”
- Generally a benefit covered by payers...
 - Often limited -- sometimes seen as “endless therapy”
- Services without clinician generally not covered
 - Exceptions: Based upon progress; reduced cost
- Schools and camps
 - Generally not covered



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Professional Services

- Most payers cover (re)habilitation
 - Commercial: generally limited benefits
 - Policy details
 - Medicare: not limited
 - Medicaid: limited
- Extension of benefits is possible:
 - Based upon progress or lack of progress
 - Case management helps
 - Family involvement helpful
 - Clinician and/or educator can help



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CI Programming

92601: Diagnostic analysis of CI, patient *younger than 7 years of age*; with programming

- Use once – initial hook-up

92602: subsequent programming

92603: Diagnostic analysis of CI, *age 7 years or older*, with programming

- Use once – initial hook-up

92604: subsequent programming



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Programming codes (Medicare)

Programming can be billed by audiology private practice

- Provider type 64
- http://www.cms.hhs.gov/manuals/pm_trans/AB03070.pdf

Physician supervision no longer required for programming

- http://www.cms.hhs.gov/manuals/pm_trans/B0128.pdf

Aural (re)habilitation

New Codes: Effective 1/1/06

- 92626: Evaluation of auditory rehabilitation status; first hour
- 92627: each additional 15 minutes (List separately in addition to code for primary procedure)
- 92630: Auditory rehabilitation; pre-lingual hearing loss
- 92633: post-lingual hearing loss

Aural (re)habilitation

Medicare covers:

- 92626 and 92627

Medicare does not cover

- 92630 and 92633:
- Use 92507: Treatment of speech, language, voice, communication, and/or auditory processing
 - Effective 3-1-03
 - Billed from physician office (“incident to”) or hospital outpatient

External Parts and Accessories...including Sound Processors

External parts/services

- Cords, cables, batteries, repairs...
 - “Externals” or “peripherals” required to keep device working
 - Becomes important after warranty expires
 - Payers cover externals in different ways
 - Success obtaining coverage depends upon knowledge
- Payers:
 - Medicare – cover all services required to maintain function of the device
 - Medicaid – Some cover, some don’t
 - Commercial/private – Not an automatic benefit but coverage should be investigated



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Sound Processors

New sound/speech processor technology is improving performance

- Replacements, upgrades, additional

Payer reactions are mixed

- Coverage depends upon many factors
 - Medical necessity
 - Performance
 - Policy benefits
 - “Useful life”
 - Cost



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Other factors

“Useful life” – argument for upgrades?

- Depends upon care and maintenance of current device
- Some policies will cover if the current processor is used continually for 5 to 7 years

FM systems

- Generally not covered
- Could be – if medical necessity is established



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Commercial/private plan coverage

Biggest “unknown” re: health insurance plans

- Many assume externals are not covered -- strongly **encourage** investigate benefits
 - Benefit category: supplies, DME or prosthetic devices
- Other sources of coverage/replacement
 - Homeowners, property/casualty, renter’s policy
 - Veteran’s Administration
 - State Voc Rehab programs
 - Manufacturer extended service contracts
 - One time replacement: If lost/stolen



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Medicare

Device manufacturers are Medicare providers for externals

- Bill Medicare directly for externals

Some clinics are providers but many hesitant

- Complicated billing guidelines
- Cost of billing
- Cost of maintaining inventories
- Medicare fee schedules (payment) is below cost

Medicare Coverage

CI “Companies” have assumed a role

- Assist centers & ensure access to externals
- No “national” Medicare policy regarding externals
 - Coverage is “local” – which may be inconsistent
- Current Medicare regulations: If a service is provided to a Medicare patient, the Mfg must bill Medicare

Medicare Coverage

Patients will have a co-payment or liability

- Assigned:
 - No “upfront” payment
 - Charges billed to Medicare
 - Medicare pays the Mfg at 80%
 - Mfg bills patient for 20% co-payment
- Unassigned:
 - Payment “upfront”
 - Mfg sends claim to Medicare
 - Medicare pays patient 80%
- Manufacturers have discretion regarding status

Medicare Coverage Details

Replacement sound processors covered if:

- Lost, damaged (beyond repair) or stolen
- Obsolete
- Upgrades/additional SP – not covered

Repairs to sound processors covered

- Repair - Replace

All other PAS covered

- If “necessary” to function of device
- Convenience items not covered
 - Patient responsibility

Medicaid Coverage

Inconsistent coverage patterns

- ~ 50% of states have coverage for PAS
 - Controlled/limited benefits
 - Low payment

Remainder do not have policies, or have not been challenged regarding coverage

Remainder do not have policies, or have not been challenged regarding coverage

Medicaid Coverage Details

For those states with policies in place:

- Sound processors replaced
 - If lost, damaged (beyond repair) or stolen
 - Obsolete
- Sound processor upgrades are possible
 - If medial necessity is established
 - Based upon improved performance
 - Useful life
- Repairs to sound processors covered
- Other PAS usually covered

Billing for Sound Processors

- Cochlear bills for new sound processors, upgrades or replacements
- Separation of activities:
 - Recipients/families: obtain coverage
 - Clinic/professional: support medical necessity w/ letter or documentation
 - Cochlear:
 - Obtain authorization
 - Bill payer

- # Bilateral Cochlear Implantation

Preauthorization of Coverage

Can be challenging

- Specific exclusions -- hard to fight
 - Vague wording -- can be appealed
- Administrative hurdles

Patient/family involvement is critical

- Understand health care coverage and payment
- Study policy language, benefits & appeal process
- Use all available resources
 - Manufacturer, outside groups, legal aid



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Participation

Be involved with – or even coordinate if necessary-- the process to identify/verify benefits and obtain coverage

- Don’t rely totally on others
- Refuse to be intimidated by the health plan
- Use all available resources

Denials should be appealed

- Why is request denied? Who will review appeal?
- Specific reason: N/C, not medically necessary, excluded?



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Bilateral cochlear implants

Getting much better!

- Interest/demand is increasing
- Number of surgeries is increasing
- Number of “exceptions” is increasing
 - Exceptions to exclusions
- Some large payers have formalized coverage



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Recent Developments

- BCBS plans announce coverage
 - Anthem: CA, GA, MO, WI, NY, CO, CT, IN, KY, ME, NV, NH, OH, VA,
 - HSCS: TX, IL, OK, NM,
 - AL, FL, NC, MA & TN
- Tufts Health Plan announces coverage



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Bilateral cochlear implants

Coverage: Case-by-case

Points to consider:

- Persistence is key
- Medical necessity
- Coordinated efforts among
 - Family/patient and Clinician
- Combination of medical, educational/behavioral and legal arguments
 - Performance
 - Non-medical impact
 - Education, safety, workplace

Obtaining coverage

- Always mention the initial implant
- Emotive aspect: payers seem to cover children more readily than adults
- Performance: Improved localization & function in noise
- Bilaterals are not “experimental”
 - Device clinical trials are exempted from investigational requirements
- A preponderance of literature regarding the advantage of binaural hearing

A Work in Progress

There is a lot of work to do!!

What is needed?

- Clinical/research community must prove the “hypothesis” = “2 is better than 1”
- Increased public awareness
- Coordinated public policy efforts
- Selected legal avenues
- Consumer network(s) for mutual support

Medicare coverage

- Medicare does not cover bilateral CI procedures
- Anecdotal cases of covered procedures...
 - First device implanted prior to Medicare coverage
 - Patient continues to meet Medicare coverage guidelines
 - Patient presents with multiple problems
 - Traditional Medicare: May have to defend medical necessity post-op
 - Medicare Advantage: Possible preauthorization

Resources for bilateral help

- Otologic Management Services
 - Cochlear benefit verification and preauthorization service
- Other companies have similar services
- LTHF
 - Contact information:
 - Palo Alto, CA (Pacific time zone)
 - (877) Hear Help (877-432-7435)
 - www.advocacy.letthemhear.org

OMS (Otologic Management Services)

Verify/obtain/preauthorize coverage for as many CI and Baha services as possible.

- “No-charge” service since 1988
- Requires center’s agreement to participate
- Good for small to medium centers
 - Large centers usually have resources

Expanded OMS: January 2007

- Faegre and Benson LLD
 - Challenge on a legal basis
- Medical Advisory Committee
 - Advise on issues of medical necessity and coverage

Politics and Advocacy

Politics and Advocacy

Why is reimbursement so “difficult”?

- Hearing health is not generally considered to be a medical or health issue
- Low volume of surgeries
- Still seen as “experimental” technology
- Lack of aggression by the cochlear implant community

Upcoming HOPE Online Seminars

- Visit www.cochlear.com/HOPE

- Upcoming sessions

Thursday, May 10, 2pm ET

A Fresh Look at Getting Started with Auditory Skills

Mary Ellen Nevins & Ashley Garber, HOPE Specialists

Wednesday, May 16, 3pm ET

Clear Speech: Applying Research Findings to the Classroom

Ann Bradlow, Ph.D. Dept of Linguistics, Northwestern University

Tuesday, June 19, 2:00 pm ET

How to reach cochlear implantation by 12-18 months of age and why you would want to

Dianne Hammes, M.A. & Jean Thomas, M.S., Carle Clinic Foundation

All past HOPE sessions (40+) are archived and available with Certificate of Participation and/or AAA CEUs



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HOPE e-news

- Free monthly electronic newsletter on events, upcoming online seminars, products, and resources to support teachers, therapists, and other educational professionals

- “Features” on issues of interest to educational professionals (i.e., troubleshooting, reading, mainstreaming, promoting parent involvement)

- To sign-up: www.cochlear.com/HOPE



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Contact Cochlear

- Cochlear's website:
 - www.cochlear.com
- For inquiries and comments regarding HOPE programming, please contact:
 - dsorkin@cochlear.com
- For a certificate of participation, please send your feedback form to:
 - hopefeedback@cochlear.com
- For information on this seminar, contact John McClanahan:
 - jmcclanahan@cochlear.com



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Questions?



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