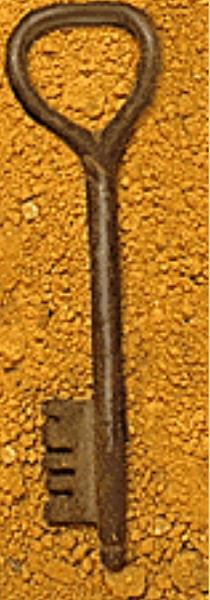




# Contractor Executive Conference

## Budget Issues

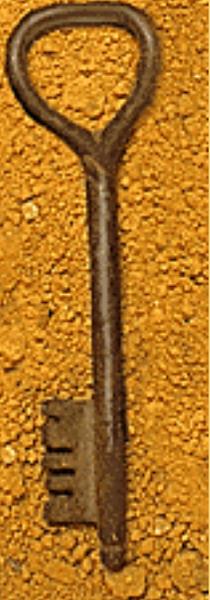
May 4, 2004



# Fiscal Year (FY) 2004 Funding

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- ◆ Allocation was \$75 million less than the amount requested.
- ◆ Contractor budgets for FY 2004 were funded according to Regional Office (RO) recommendations.
- ◆ Money to fund contractor supplemental budget requests (SBRs) is limited.



# FY 2004 Spending and SBRs

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- ◆ Overall, March interim expenditure rates showed that program management (PM) and Medicare integrity program (MIP) spending was lower than anticipated.
  - CMS is working with some contractors who are having problems.
- ◆ MIP funding is running into deficits and the program areas made need to shift funds.
- ◆ PM SBRs have been limited.

# FY 2004 Workloads and Related Costs

- ◆ National bills/claims volume is higher than expected:
  - 3 million claims higher for Part A
  - 13 million claims higher for Part B
- ◆ Per Claim Cost appears to be 1 cent lower than expected, making bills/claims costs slightly lower than expected.

# FY 2004 Activity-Based Costing (ABC) Reports

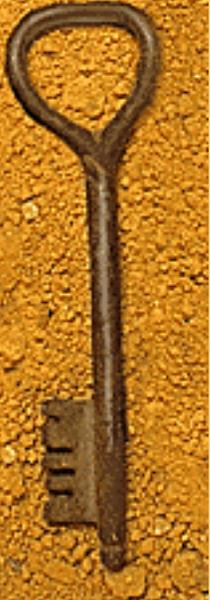
- ◆ CMS is reviewing the first 6 months of data rather than quarterly data (CMS will no longer perform quarterly reviews of ABC data).
  - ROs will investigate the 6-month findings.
- ◆ CMS believes that the ABC numbers will be solid enough for use in future budget estimations.
- ◆ Therefore, CMS is considering lifting the 5% cap on shifting funds between budget line items for FY 2005.
- ◆ Despite the relatively constant number of SBRs (about 500), the year-to-year fluctuations between overall contractor funding deficits and surpluses (\$8.5 million surplus at the end of FY 2003) seem to further support lifting the 5% cap.



# Provider Enrollment Chain & Ownership System (PECOS)

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- ◆ Currently, CMS is using a modified SBR process with a standardized request template and simultaneous RO/Central Office review.
- ◆ CMS has approved \$5.5 million in SBRs for PECOS.
- ◆ 7 Carriers have projected a deficit in funding for PECOS, for which CMS will provide the appropriate funding.
- ◆ 10 Carriers will be released from the 5% cap to allow increased flexibility to shift funds for PECOS.



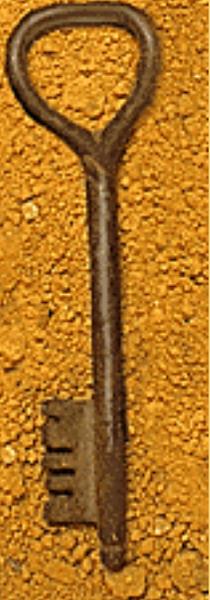
# FY 2005 Funding

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- ◆ Contractor funding will increase only \$28 million from this year's figure.
- ◆ CMS has asked work components to hold work requirements in their budget and performance requirements (BPRs) to 2004 levels, since funding will remain at approximately 2004 levels.
- ◆ MIP funding will remain at \$72 million.
- ◆ SBR funding is limited for FY 2005.
- ◆ Funds for the Medicare Modernization Act (MMA) implementation will be handled either through a special MMA BPR or SBRs (more to come on this issue).

# FY 2005 BPRs Schedule

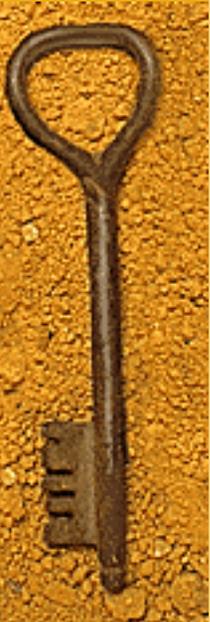
<b>April 8, 2004</b>	Draft BPRs released
<b>June 16, 2004</b>	Final BPRs sent to contractors
<b>July 28, 2004</b>	Contractor budget requests due



# FY 2005 ABC Codes

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- ◆ There are minimal changes to the 2005 ABC Codes.
  - 2 codes added; 2 codes removed
- ◆ Walk-in code was eliminated.
  - Report under activity code of person who handles any walk-ins.
- ◆ Medical review (MR) program safeguard contractor support code was eliminated.
  - Replaced with a PM MR code.



# Closing

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*Empire asked a question regarding the  
“Comp Credit Contractor”.*

- ◆ The goal of this contractor (GHI) is to increase all contractor credits.
  - They will be paid a penny per claim credit recovered for the other contractors.
- ◆ This contractor will begin operations in July.