

January, 2007

Dear Friends,

First and foremost, we would like to take this opportunity to thank you for your continued interest in, and support of the **Intact**[®] Breast Lesion Excision System (BLES). We look forward to working with you, now and in the future.

Intact Medical Corporation is pleased to share updated information for CY 2007 regarding the coding and billing for percutaneous biopsy of suspicious breast lesions using an automated vacuum assisted or rotating biopsy device and imaging guidance with its customers.

Physicians and hospitals that code and bill for percutaneous breast biopsy procedures should review and include on the UB-92 or the CMS-1500 claim form ALL the ICD-9-CM diagnosis codes and the CPT procedure codes that accurately reflect the patient's condition and the type of breast biopsy procedure(s) performed. This needs to be consistent with the patient's insurance company's reimbursement requirements. Suggested CPT codes and when they apply during a percutaneous breast biopsy procedure using the **Intact**[®] BLES are contained in the following attachment. Below is a synopsis of the changes to Medicare policy and a notification of changes to relevant CPT codes for breast biopsy:

– Changes in Medicare Policy for 2007 –

Effective January 1, 2007, two changes in Medicare policy have been implemented that impact the payment levels for percutaneous breast biopsy procedures and imaging procedures.

1. Budget Neutrality Adjustment for Physician Work Relative Value Units

2007 is the implementation year for the results of the third five-year review in the physician work values assigned to each CPT code. It is mandated by law that these values be reviewed at least every five years. The final results of the five year review demonstrated a need for increases in physician work payments totaling \$4 billion in new Medicare spending, annually.

However, because the Medicare program is subject to budget neutrality requirements – i.e. no increases or decreases of greater than \$20 million in a given year – the physician work relative value units (RVUs) for each code are being subjected to an approximate decrease of 10%. This decrease is not shown in the Medicare Physician Work RVUs that are listed in Addendum B of the Medicare Physician Fee Schedule published in the *Federal Register* on December 1, 2006; instead, the reduction has to be computed manually.

Because this budget neutrality adjustment is a Medicare policy, we have included the reduction in the Medicare adjusted column; however, commercial and private insurance companies are not subjected to this policy.

2. Deficit Reduction Act Payment Policy for Imaging Services Performed in an Office or Free-Standing Imaging Facility

In the Deficit Reduction Act of 2005, Congress directed the Medicare program as of January 1, 2007 to reduce the reimbursement for many types of imaging services performed in physician offices and free-standing imaging centers.

- Specifically, Congress made cuts in what is known as the technical fees, or practice expenses, in these locations—such as the cost of supplies, overhead, etc. Reimbursement for these fees could not be higher than the reimbursement for similar imaging services provided by hospitals in their outpatient departments.
- Because ultrasound guidance services and stereotactic imaging guidance services provided in outpatient departments are paid at much lower rates, the upshot is that payments for imaging in physician offices and free-standing imaging centers will be reduced. These reductions have been calculated in the payment levels listed for these imaging services in the Medicare national average payment levels adjusted column.

– Some Imaging CPT Codes Re-numbered for 2007 –

For 2007, some imaging CPT codes have been re-numbered and re-ordered in the radiology section of the CPT Book for better organization and potential ease of then finding certain CPT codes. Please note that the CPT codes for stereotactic imaging guidance and mammography have been renumbered, but the code descriptors themselves have not changed. These codes are denoted in the charts above with at “*” behind the code.

If you have any questions regarding reimbursement for the **Intact**[®] Breast Lesion Excision System (BLES), please contact Intact Medical Customer Service at (888) 430-4490 or at info@intactmedical.com; we will be happy to assist you.

Disclaimer:

The presence of an ICD-9 code or CPT code does not by itself guarantee coverage or payment at a particular level. Insurers have widely varying coverage and payment policies. You should always confirm with individual insurance companies the codes to bill and the coverage policies that will apply to a particular patient.

Intact Medical Corporation does not guarantee that the use of this information presented above will ensure coverage or payment for the product or the procedure. This document is for educational purposes only. Physicians and hospitals should use independent judgment when selecting codes that most appropriately describe the services rendered to a patient.

Physicians and hospitals are responsible for compliance with individual insurance company billing and reimbursement requirements.