



**INFORMATIONAL MEMORANDUM
OIR-12-06M
ISSUED**

November 6, 2012

Florida Office of Insurance Regulation
Kevin M. McCarty, Commissioner

To Insurers Writing Motor Vehicle Insurance in the State of Florida

The purpose of this memorandum is to ensure consistent application of the provision related to the Medicare fee schedule in Personal Injury Protection (“PIP”) Insurance.

House Bill 119 made modifications to Section 627.736(5)(a)(2), Florida Statutes, by establishing the date on which changes to the Medicare fee schedule or payment limitation are effective.

The legislation provides that: “[T]he applicable fee schedule or payment limitation under Medicare is the fee schedule or payment limitation in effect on March 1 of the year in which the services, supplies, or care is rendered, **and the applicable fee schedule or payment limitation applies throughout the remainder of that year**, notwithstanding any subsequent change made to the fee schedule or payment limitation, except that it may not be less than the allowable amount under the applicable schedule of Medicare Part B for 2007 for medical services, supplies, and care subject to Medicare Part B.”

Insurers have questioned whether the above-emphasized language indicates that the Medicare fee schedule in place on March 1st applies through the calendar year (through December 31st), or whether the March 1 fee schedule applies through February 29 of the following year.

The Office of Insurance Regulation believes the plain language of Section 627.736(5)(a)(2), Florida Statutes, requires the fee schedule in place on March 1 to apply throughout the following 365 days, or until the following March 1.

Further, the following legislative intent is expressed in the Florida House of Representatives Final Bill Analysis dated May 7, 2012, which states in pertinent part:

“In calculating reimbursements under the schedule of maximum charges, the applicable fee schedule or payment limitation under Medicare is the fee schedule or payment limitation that was in effect on March 1st of the year in which services, treatment, supplies, or care were rendered, and applies until March 1st of the following year, regardless of any subsequent changes to such fee schedule or payment limitation.”

Therefore, consistent implementation of House Bill 119 requires insurers to apply the Medicare Fee Schedule that is in place on March 1 of the year in which services, supplies or care is rendered throughout the following 365 days, or until the following March 1.

If you have questions regarding this memorandum, please contact Sandra Starnes, Director of Property and Casualty Product Review, Florida Office of Insurance Regulation at Sandra.Starnes@flor.com or (850) 413-5344.