

American Medical Association

Physicians dedicated to the health of America



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7/28/98

This is the 1983 agreement. Several amendments have since been executed none of which alter the original terms in regard to the use of CPT codes for reporting Medicare and Medicaid covered services by physicians.

AGREEMENT

The Department of Health and Human Services
Health Care Financing Administration
and
American Medical Association



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This Agreement is entered into February 1, 1983, between the Department of Health and Human Services, Health Care Financing Administration (hereinafter for convenience referred to as "HCFA") and the American Medical Association (hereinafter for convenience referred to as "AMA").

WHEREAS, the AMA has developed, published and updated a system of nomenclature and codes for describing medical procedures performed by physicians, which is commonly known as physicians' Current Procedural Terminology, now in its fourth edition (CPT-4); and

WHEREAS, HCFA has responsibility for administering various health care reimbursement, oversight and other programs in which procedures performed by physicians are routinely reported to HCFA, its agents and other entities participating in programs administered by HCFA; and

WHEREAS, HCFA has developed a new system of nomenclature called HCFA Common Procedure Coding System (HCPCS) for these purposes; and

WHEREAS, HCFA has concluded that CPT-4 is suitable for uses in HCPCS; and

WHEREAS, AMA is willing to permit HCFA, its agents and other entities participating in programs administered by HCFA, and the health care field in general to use CPT-4 codes and terminology as part of HCPCS;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the parties agree as follows:

1. HCFA shall adopt and use CPT-4 in connection with HCPCS, for the purpose of reporting physicians' services under Medicare and Medicaid. HCFA agrees not to use any other system of procedure nomenclature in HCPCS for reporting physicians' services. HCFA retains sole responsibility for determining which codes represent covered services and the amounts to be paid for those services.

2. HCFA shall: (a) publicly endorse the use of CPT-4 based HCPCS for the purpose set forth in paragraph 1; (b) where permitted by HCFA's statutory authority and budgetary constraints, require the use of CPT-4 based HCPCS in programs administered by HCFA by its agents and other entities participating in those programs; and (c) encourage the voluntary use of CPT-4 based HCPCS by others.

3. (a) HCFA shall have a non-exclusive, royalty free, and irrevocable license to use, copy, publish and distribute the most current publicly available CPT-4 to the extent that such is used as part of HCPCS in its programs as specified in this Agreement. HCFA's agents and other entities will be authorized to use copies of HCPCS provided by HCFA incorporating CPT-4 codes and nomenclature in formats approved in writing by the AMA only for purposes directly related to participating in HCFA programs (provided, however, that such agents and other entities at all times will clearly separate CPT-4 from non-CPT-4 material and said copies contain the AMA's copyright notices in such content and location(s) as specified by the AMA in its sole discretion) except where AMA agrees to allow HCFA agents and other entities participating in programs administered by HCFA to use CPT-4 in converting their private business coding systems simultaneously with their similar conversion for purposes of Medicare and/or Medicaid.

(b) AMA may allow said HCFA agents and other entities to use CPT-4 in converting their private business coding systems simultaneously with their similar conversion for purposes of Medicare and/or Medicaid subject to the AMA's policies and appropriate requirements concerning preservation of the AMA's copyright in CPT-4. HCFA agrees to include a statement in HCPCS that participants will be authorized to use the copies of CPT-4 material in HCPCS only for purposes directly related to participating in HCFA programs and permission for any other use must be obtained from the AMA.

(c) HCPCS shall be prepared in format(s) approved in writing by the AMA which include appropriate notice(s) to indicate that CPT-4 is copyrighted material of the AMA. All CPT-4 material in the HCPCS must be clearly separated from the non-CPT-4 material and the propriety, adequacy, content and placement of AMA's copyright notice(s) in the HCPCS is subject to the mutual agreement of HCFA and AMA. Further, all copies, displays and printed versions of HCPCS shall contain the following disclaimer on a page not later than the third page of HCPCS or at such other location(s) as specified by the AMA:

Physician's Current Procedural Terminology, Fourth Edition, Copyright 1977, 1980, 1981 and 1982 by the American Medical Association ("CPT-4") is a listing of descriptive terms and numeric identifying codes and modifiers for reporting medical services and procedures performed by physicians. This Health Care Financing Administration Common Procedure Coding System ("HCPCS") includes CPT-4 descriptive terms and numeric identifying codes and modifiers for reporting medical services and procedures and other materials contained in CPT-4 which are copyrighted by the American Medical Association.

For purposes of paragraphs 3(a) and 3(c) hereof, AMA shall be deemed to approve HCPCS format(s) provided said format(s) are provided to the AMA in accordance with paragraph 13 hereof and the AMA does not notify HCFA of any objections to said format(s) within thirty (30) days of the AMA's

4. Both AMA and HCFA will encourage health insurance organizations to adopt CPT-4 for the reporting of physicians' services in order to achieve the widest possible acceptance of the system and uniformity of physicians' services reporting consistent therewith. Therefore, AMA will expeditiously review requests for CPT-4 usage where any HCFA agents or other entities participating in programs administered by HCFA request to convert their private claims processing to HCPCS with CPT-4 as its base and will grant a non-exclusive, royalty-free license to use, copy, publish, and distribute CPT-4 to such HCFA agents or other entities in order to encourage the above stated aims, unless a good cause is extant, and will provide such HCFA agents or other entities its CPT-4 books or tapes at those prices customarily charged to other persons.

5. AMA recognizes that HCFA and other users of CPT-4 may not provide reimbursement under their programs for certain medical procedures identified in CPT-4. Accordingly, HCFA and other health insurance organizations may independently establish policies and procedures governing the manner in which the codes are to be used within their operations. These policies and procedures include, but are not limited to, those related to coverage and reimbursement. To carry out these policies and procedures, HCFA and health insurance organizations may issue instructions governing the use of CPT-4 codes in the claims process, and may specify CPT-4 codes that are not to be used. The parties acknowledge that where certain statutory or regulatory requirements of Medicare or Medicaid cannot be accommodated, HCFA may, subject to provisions of paragraph 8 of this Agreement, develop and use an appropriate HCPCS code to meet such requirements after providing notice to AMA. All other additions of new nomenclature or codes, deletions of existing nomenclature or codes, or other modifications to CPT-4 shall be made pursuant to paragraph 8.

6. HCFA shall be solely responsible, at its expense, for any material it prints, distributes, or prepares pursuant to this Agreement as well as all other related activities HCFA may perform under this Agreement. In connection with the preparation thereof, AMA will provide to HCFA, at no expense to HCFA, such consultation services and other background materials in the area of medical procedure terminology as HCFA may reasonably request.

7. AMA may continue to print, publish, sell, and otherwise disseminate CPT-4.

8. Maintenance of CPT-4 Editorial Panel

(a) AMA and HCFA acknowledge their joint interest in maintaining CPT-4 as a complete compilation of procedure nomenclature and codes which will be capable of fully describing all medical procedures performed by physicians in the United States. The parties also acknowledge their joint interest in improving the efficiency and effectiveness of procedure nomenclature and coding systems. To these ends, and during the term of this Agreement, AMA shall continue to convene the Editorial Panel which is responsible for maintaining CPT-4.

(b) The Editorial Panel has the sole responsibility and authority to revise, update or modify CPT-4. All such modifications shall be published and effective not sooner than thirty (30) days nor later than one hundred eighty (180) days after adoption by the Editorial Panel, except that HCFA may delay for a reasonable period of time the implementation of any modification to CPT-4 if necessary due to budgetary constraints or other reasonable administrative considerations constituting good cause for the delay.

(c) The Editorial Panel shall consist of ten (10) members, with seven (7) members nominated by AMA and one by HCFA. The Health Insurance Association of America and the Blue Cross and Blue Shield Associations each shall also be invited to nominate one member. Should either the Health Insurance Association of America or the Blue Cross and Blue Shield Associations decline to nominate a member, HCFA shall be permitted to nominate (a) replacement member(s). Any person nominated to the Editorial Panel shall be a physician knowledgeable in the areas of medical procedure nomenclature and coding and committed to maintaining CPT-4 in accordance with the highest professional standards and shall be subject to the approval of the AMA Board of Trustees, although said physician need not be an AMA member. All panel members must receive notification of proposed meetings to consider revisions, updates or modifications to CPT-4 with such notice postmarked at least thirty (30) calendar days before the date of the meeting. Any action or recommendation of the Editorial Panel shall be effective upon the majority vote of members present in which a quorum of the members is present. Six (6) members of the Editorial Panel shall constitute a quorum. Expenses and compensation of each panel member shall be paid by the organization nominating that panel member. Necessary staffing shall be provided by AMA at AMA's sole expense. Other expenses not otherwise provided for above shall be borne by the parties proportionately with their representation on the Editorial Panel.

9. During the term hereof, this Agreement shall be applicable to the current edition of CPT-4, as well as any subsequent editions, updates, revisions, and other modifications.

10. This Agreement shall be effective from the date of execution through September 30, 1983. Thereafter it shall be automatically renewed on a year to year basis except that it may be terminated by either party at any time by giving ninety (90) days written notice thereof to the other party. If AMA terminates this Agreement, HCFA shall have a right to continue using CPT-4 incorporated in HCPCS at the time of AMA's termination. If AMA abandons its rights and/or interest in CPT-4, HCFA shall have the right to continue using CPT-4 without restriction and to make such modifications to CPT-4 as HCFA deems to be necessary.

11. This Agreement may be modified at any time by written agreement of the parties thereto.

12. Neither party may assign its rights or obligations under this Agreement without prior written consent of the other. This Agreement shall be binding upon the successors and assigns of the parties.

13. All notices, requests for approval, and other communications in connection with paragraphs 3(a), 3(c), 10, and 11 of this Agreement shall be delivered in person or by certified mail to the persons at the addresses set forth below, or to such other person(s) or address(es) which may be subsequently designated in writing by the respective parties and shall be considered received under the terms of this Agreement when actually received by the party.

TO AMA:

Deputy Executive Vice President
Public Scientific and Health
Service Policy
American Medical Association
535 North Dearborn Street
Chicago, Illinois 60610

TO HCFA:

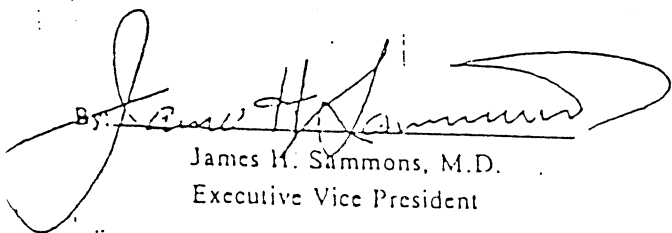
Deputy Administrator
Department of Health and Human Services
Health Care Financing Administration
6325 Security Boulevard
Baltimore, Maryland 21207

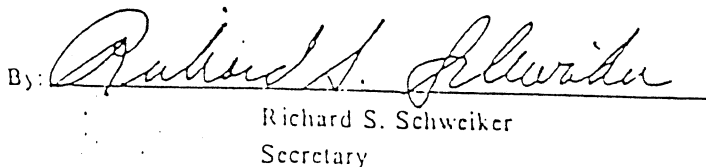
With a copy to the AMA Office of
the General Counsel at the same
address.

IN WITNESS WHEREOF, the parties hereby execute this Agreement this
1st day of February, 1983.

AMERICAN MEDICAL ASSOCIATION

DEPARTMENT OF HEALTH AND HUMAN SERVICES

By: 
James H. Simmons, M.D.
Executive Vice President

By: 
Richard S. Schweiker
Secretary