

JAN. 1 MEANS DROP IN MEDICARE FEES

January 1, 2006 could be the beginning of a drop in Medicare fees for physicians unless there is Congressional intervention.

If there is no legislation passed by Congress to stop the projected cuts, physicians will see a 4.3% fall in Medicare payment rates. The 2006 fee schedule was proposed on August 1 by the Centers for Medicare & Medicaid Services.

The CMS is proposing additional cuts by looking to change the way physician expenses are calculated for several surgical codes.

The Bush administration and members of Congress insists they will not allow these changes to take place on January 1. However, each is looking to the other to act on this on-going problem regarding physician's payment formula.

Dr. John Armstrong of the AMA, testified at the House Ways and Means Health Subcommittee hearing in July of this year stating that Medicare beneficiaries will suffer if the current problems with the physician's payment formula are not resolved. "Physicians simply cannot absorb these draconian payment cuts and unless Congress acts, physicians may be forced to avoid, discontinue and limit the provision of services to Medicare patients".

The reason for the decrease in Medicare payment rates is that the method used for establishing reimbursement updates is directly connected to physician spending. CMS is required to use this formula which simply works by decreasing reimbursements as spending increases.

The CMS plans to publish a final physician fee schedule in November of this year.

To read the proposed rule go to the following website of the Federal Register:

http://www.access.gpo.gov/su_docs/fedreg/a05080cnhtml