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Medical
Association
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MEDICARE PAYMENT REDUCTION UPDATE

The 10.6 percent reduction in Medicare physician fees went into effect today, July 1. **MAG and its leaders are actively engaged in an advocacy campaign to address the Medicare payment reduction** to protect the interests of physicians and patients in Georgia. That effort included a conference call with Georgia's U.S. Senators on Sunday, June 29.

Importantly, CMS reportedly said that it recognizes Congress' intent to provide relief from the fee cut, but CMS says that it does not have the authority to prevent the reduction. **CMS says that it will, therefore, use an administrative tactic and hold claims for 10 business days – the maximum amount of time it can hold claims without running into technical difficulties.** CMS says that the hold on claims should not have a significant impact on when claims are actually paid to providers.

CMS says that practices that submit claims that reflect the 10.6 percent reduction (i.e., use a conversion factor of \$34.0682) will have to resubmit claims for any additional amount if Congress intervenes and provides a "freeze" for the remainder of 2008. Practices that submit claims that do not reflect the 10.6 percent reduction (i.e., use a conversion factor of \$38.0870) that was in effect from January 1, 2008 through June 30, 2008 will automatically be reprocessed by Medicare if Congress provides a freeze for the remainder of 2008.

CMS reportedly said that physicians should collect co-payments based on what their practice deems an appropriate amount. CMS added that physicians who collect co-payments at the higher amount (i.e., the amount that does not reflect the 10.6 percent cut) would have to submit refunds in the event Congress does not intervene.

Physicians are encouraged to pay especially close attention to any messages that they receive from their Medicare carriers related to claims processing and payment rates.

MAG's Executive Committee initiated a conference call with U.S. Sen. Saxby Chambliss and U.S. Sen. Johnny Isakson on Sunday, June 29 to discuss its dismay with their failure to support legislation (H.R. 6331) that would have forestalled the July 1 Medicare payment cut and/or introduce a better long-term solution.

During that call, MAG leaders made the following points to Sen. Chambliss and Sen. Isakson...

- While designed to produce a savings, **Medicare Advantage has in fact resulted in a 13 percent cost increase versus the traditional Medicare system.** Medicare Advantage has effectively raised premiums for all Medicare patients. And Medicare Advantage covers a relatively small segment of the total Medicare population (i.e., less than 20 percent).
- It's **not clear the health care system can survive a 10 to 15 percent reduction in Medicare payment cuts** over the next two years.
- The Medicare payment **formula has been flawed for years, and our congressional leaders have promised a comprehensive legislative fix** for years.
- **Physicians are simply not keeping pace with medical inflation** and will not be able to participate in the Medicare program as a practical matter.
- The Medical Association of Georgia has formally endorsed H.R. 6331, the *Medicare Improvements to Patients and Providers Act*. **H.R. 6331 is the only legislative solution currently available for Medicare payments.** Recall that having passed the U.S. House of Representatives by a vote of 355 to 59 on June 24, the U.S. Senate (including both Georgia Senators) failed to vote for “passage of cloture” (i.e., formal consideration) for H.R. 6331 late last week.

H.R. 6331 will reportedly be reconsidered as soon as next Monday, July 7. MAG President Jack M. Chapman Jr., M.D., is encouraging every physician in the State of Georgia to **CALL SEN. CHAMBLISS AND SEN. ISAKSON USING AMA'S GRASSROOTS HOTLINE AT (800) 833-6354 ASAP AND URGE THEM TO SUPPORT H.R. 6331 WHEN THE SENATE RECONVENES FOLLOWING THE JULY 4 RECESS.** Dr. Chapman says that physicians should tell them that we must have a Medicare payments solution so we can provide our patients with timely access to the health care and the peace of mind they deserve.

It is **essential that physicians speak with one voice.**

H.R. 6331 SUMMARY

H.R. 6331...

- Stops the 10.6 percent cut in Medicare reimbursements for physicians and other health care providers, extending the 0.5 percent payment increase for 2008 and providing a 1.1 percent increase for 2009 in lieu of an additional 5.4 percent cut;
- Improves and extends payments to rural providers;
- Provides parity for Medicare mental health benefits, and increases coverage for preventive services;
- Continues the Physician Quality Reporting Initiative;
- Postpones competitive bidding for durable medical equipment.

An overwhelming majority in the House of Representatives and a majority of Senators are already on record in support of extending the 2008 payment rate through the end of the year and providing a 1.1 percent update for 2009. **There is no reason to compromise on this point or to negotiate a lower 2009 payment update for physicians.**

H.R. 6331 would bring transparency to the Private Fee-For-Service (PFFS) program by requiring plans to contract directly with physicians and other health care providers and to disclose the terms and conditions of contracts, **as is required of all other Medicare Advantage (MA) plans** (HMOs, PPOs, point-of-service, and network-based MSAs).

H.R. 6331...

- Does **not** cut payment rates for MA PFFS plans;
- Does **not** eliminate any MA PFFS plans;
- Does **not** affect MA PFFS plans for rural beneficiaries in areas served by only one PFFS plan.
- **Does** bring transparency to certain MA PFFS plans by requiring networks to be created and terms and conditions of contracts to be disclosed to providers before they treat Medicare beneficiaries.
- **Does** eliminate duplicate MA payments for indirect medical education costs, as recommended by the Medicare Payment Advisory Committee (MedPAC) and others, since Medicare already makes these payments directly to teaching hospitals. These duplicate payments are built into rates for *all* MA plans, not just PFFS; they are the only MA payment rate cuts in the bill and have been included as offsets in Medicare legislation proposed by both Democrats *and* Republicans.