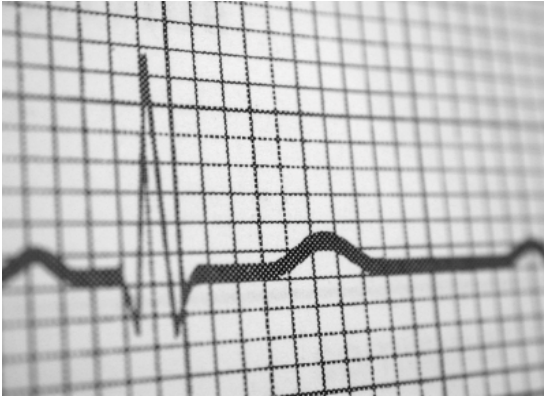


Senate Inaction Creates Billing Dilemma For Medicare Patients

By Michael Burzynski, CPA, CHBC



Each of the past 5 years, the Federal Government has passed a Medicare “Patch” to prevent a scheduled decrease in the Medicare reimbursement formula. This included December 2009 legislation which more or less extended Medicare reimbursements to continue at 2009 rates. Unfortunately for physicians and other medical providers, the current extension expires March 1, 2010.

We, like most professional advisors, presumed that Congress would get past political rhetoric and finger pointing prior to March 1st; however, the U.S. Senate left for the weekend this afternoon without acting on the issue, meaning the Medicare payment formula will experience a drastic 21.2% cut effective this coming Monday.

What Should Health Care Providers Do?

It may not surprise you that similar situations have occurred more than once in recent years and we therefore have some precedent on how to handle the situation.

- ✓ For dates of service in the first two weeks of March 2010, we recommend medical practices consider holding all Medicare claims to see if a patch is fast-tracked through Congress. This will hopefully prevent the possibility of receiving 79% of your expected reimbursement and then waiting for the government to “true up” in the future.
- ✓ We recommend that practices still file all Medicare claims **for February 2010 and prior dates of service** through regular process.
- ✓ For cash flow purposes, all practices who have not done so should quantify the expected bottom line impact of a 21.2% drop in Medicare reimbursement. Depending on your patient population, it could be a significant change for which you should plan.

- ✓ In any time of financial uncertainty, we recommend holding cash reserves of 1-2 months' worth of operating expenses and exercising conservative spending habits to "weather the storm."
- ✓ While we do not recommend a knee-jerk response like ceasing to see Medicare patients, we do recommend that practices effectively manage office and surgical schedules to still see Medicare patients but to have balance with non-Medicare patients.
- ✓ Lastly, because many third party payers operate on fee schedules based on Medicare reimbursement, we also recommend that practices review payer contracts and address any vague language that could potentially result in lower reimbursement. Some practices may even consider contacting major payers to reach agreement (preferably written) that the Medicare change will not have a ripple effect on other payer contracts.

The U.S. Economy has experienced significant uncertainty and financial strains in the past 18 months, and this change could have a similar impact on health care providers. We will keep you posted on developments in Washington to help you stay informed about the finances of your practice.