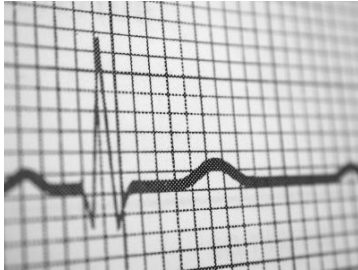


# Medicare Physician Payment Cut Halted

After months of political arguments and three separate short-term extensions of the 2009 Medicare fee schedule, the ***Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010*** was signed into law by President Obama on June 25, 2010. This act provides 6 months of relief to medical practices, blocking the scheduled 21.3 percent cut to Medicare physician payments through November 30, 2010. The Medicare Physician Fee Schedule will now see an increase of 2.2 percent effective retroactively from June 1 through November 30, 2010.



Obama on June 25, 2010. This act provides 6 months of relief to medical practices, blocking the scheduled 21.3 percent cut to Medicare physician payments through November 30, 2010. The Medicare Physician Fee Schedule will now see an increase of 2.2 percent effective retroactively from June 1 through November 30, 2010.

Medicare claims administration contractors updated their reimbursement schedules and tested the change in processing claims for June 1, 2010 and later dates of service. Claims were processed with the new rates as of July 1. Claims that were submitted for June 2010 dates of service that were paid at the old rates will be reprocessed as soon as possible.

## **How Does This Affect Medical Practices?**

Currently, under the Medicare Physician Fee Schedule (MPFS), Medicare payments to physicians and other providers are based upon the lesser of the submitted charge on the claim or the MPFS amount. Submitted charges that were greater than or equal to the new 2.2 percent increased rate and were related to June service dates will be automatically reprocessed and medical practices should verify that the “make-up” payments correctly reflect a reversal of the 21.3% cut and the 2.2% increase.

## **What Will Happen When This Extension Lapses?**

The MPFS negative adjustment has been scheduled for many years and has been overridden several times, including four times in 2010. Current legislation deferred the 21.3% cut to December 1, 2010 and the MPFS actually is scheduled to be **27.3%** lower than current rates effective January 1, 2011.

We expect Congress will again consider extensions towards the end of 2010; however, the November 2, 2010 election could change the political balance of power and will certainly make a last minute extension challenging. Therefore, we recommend all medical practices plan for the worst-case scenario of the 21.3% cut in December. We will have more information as we approach the scheduled cut and will keep you posted.