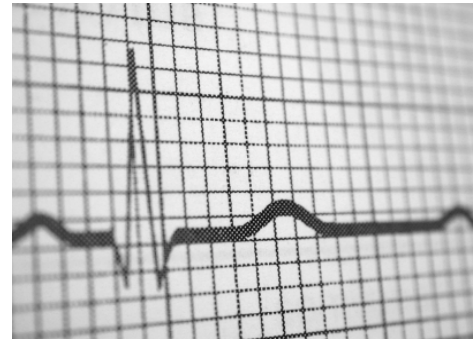


Medicare Reimbursement Freeze Extended Through May 31

By Evan Ott, CPA and Michael Burzynski, CPA

After weeks of arguments in the Senate and House and two days of claims processed at decreased Medicare reimbursement rates, President Obama signed another extension to the Medicare Physician Fee Schedule through May 31, 2010. ***The Continuing Extension Act of 2010*** extends the 0% conversion factor update, replacing the scheduled 21.3% cut in the Medicare Sustainable Growth Rate.



Because claims were processed on April 13-15th at the reduced rates, The Centers for Medicare and Medicaid Services (CMS) instructed its contractors to reprocess any claims that were paid at lower rates. The net result to physician practices is that you may receive remittance advices reflecting the 21.3% cut and shortly thereafter receive revised EOBs and the additional payment.

All claims with service dates prior to April 1, 2010 will not be affected and will continue to be processed under the usual procedures at rates in effect on the date of service. Claims made after April 1 that were being held by Medicare contractors will now be processed and released for payment on Medicare's regularly scheduled process.

Recommendations.

While the extension brings immediate good news to physician practices, it is also a continuing warning sign of what may be in the cards later in the year. We therefore recommend that all medical practices take time to do the following well in advance of the May 31, 2010 cutoff:

- If you have not done so already, we recommend all practices quantify the amount of total Medicare reimbursement to quantify the financial effect of any cut
- Prepare for possible Medicare payment delays in early June
- Review payer contracts that could potentially result in lower reimbursement
- Be prepared for possible slowdown of cash receipts

Many medical practices have talked about the prospect of opting out of Medicare. While we understand and join in our clients' frustration with any financial reliance on a payer that is already 30-75% lower than other payers, the Medicare opt-out decision is significant and we recommend each practice consider all factors involved. This analysis is unique to each practice's payer mix, referral sources, and medical specialty and is not simply a comparison of current Medicare reimbursement to non-participating Medicare rates or to dropping Medicare. Please contact us to discuss the financial ramifications if you are considering opting out of Medicare.

We will continue to keep you informed of any other legislative changes that may come up in the near future.