

Part B Insider (Multispecialty) Coding Alert

LEGISLATION: Annual Pay Cuts Could Be A Thing Of The Past

But specialties may face their own spending targets

Every year, physicians face a nail-biting cliff-hanger, with a massive pay cut hanging over their heads through December--or even January--until Congress steps in for another year.

But Congress may finally be ready to break the abusive cycle of proposed cuts and last-minute fixes. A June 28 memo from four leading House Democrats to their Democratic colleagues proposes to move forward with ambitious health legislation when Congress returns from its July recess.

Agenda: This bill would boost payments to rural providers. But it also would put an end to the yearly grind of proposed pay cuts--which this year would total 9.9 percent.

Not only would the proposed bill get rid of the proposed cut for 2008, but it would also erase 2009's cut as well. And it would -build a glide path to a better payment system for physicians,- the memo states. Short-term fixes by previous Congresses have made the plight of physicians worse, the Democratic leaders add.

While Medicare managed care plans have been receiving an average 12-percent premium over regular Medicare rates, physicians have had their fees frozen, the memo notes.

The House memo doesn't go into details about how Democrats would fix the physician payment system. But Washington, DC sources tell the **Insider** that Medicare would pay at least a 0.5 percent annual pay increase in 2008 and 2009.

Starting in 2010, Medicare would have six different spending targets, according to DC sources. One target would be for primary care and preventive services. Another would be for -other evaluation and management services.- A third would be for imaging. A fourth would be for minor procedures and other services. A fifth would cover anesthesia.

The spending targets would be based on the Gross Domestic Product (GDP). If any particular service, such as imaging or major procedures, went over its spending targets, it would face a pay cut. But no service could be cut more than 7 percent below the medical economic index, which tends to grow about 3 percent per year.

-It is vital that we present a united front on this legislation,- the House memo says. The **Bush Administration** -will battle us every step of the way, and we cannot count on any votes from the other side of the aisle.-