

Part B Insider (Multispecialty) Coding Alert

LEGISLATION: Bills Would Replace 4.3 Percent Cut With 2.7 Percent Boost

But a permanent solution to physician payment woes may have to wait

Physicians could avert next year's planned pay cut of around 4.3 percent if one of two new bills makes it into law.

Both bills are called the Preserving Patient Access To Physicians Act of 2005, and both would replace the scheduled cut with a 2.7 percent increase in 2006 and another in 2007.

The two bills have one significant difference, however. The Senate bill (S 1081), introduced by Sens. **John Kyl** (R-AZ) and **Debbie Stabenow** (D-MI) would simply mandate pay increases for 2006 and 2007. But the House bill (HR 2356), introduced by Reps. **E. Clay Shaw** (R-FL) and **Benjamin Cardin** (D-MD), would scrap the current formula for good.

Instead of the current Sustainable Growth Rate, which the latest Medicare Trustees Report estimated would call for cuts totaling 26 percent over six years, the Shaw-Cardin bill would put in place a new formula. It would take into account two factors: the rise in input costs for Physician Services, and an index of productivity growth in the economy as a whole.

This is similar to the formula favored by the **Medicare Payment Advisory Commission**, which yielded the 2.7 percent increase for 2006 and an estimated 2.6 percent increase for 2007. MedPAC advocates the Shaw bill's approach of scrapping the current formula.

In a release, Sen. Kyl said he shared MedPAC's concerns about the SGR formula, but felt repealing it would be too ambitious. "Such a broader solution will be neither easy nor quick and requires the attention of the full Senate," Kyl added.

The Kyl bill, with its two-year fix, is estimated to cost \$25 billion to \$35 billion. Shaw didn't release any cost estimates for his bill.

A spokesperson for Rep. Shaw says the Congressman hopes the bill will be inserted into a larger piece of legislation "at some point." But "right now, it's just keeping the issue at the forefront of the debate."

"The Shaw bill is less likely to pass" because of its high cost, says attorney **Rebecca Burke** with **Powers Pyles Sutter & Verville** in Washington. The Kyl bill may have a better chance. "The relevant Senate leadership has said is committed to doing something on physician payment reform," she notes.

But the 2.7 percent increase next year and a projected 2.6 percent increase for 2007 may be too much, Burke adds. The Medicare Modernization Act gave physicians a more modest 1.5 percent annual increase for 2004 and 2006. "It's a very tight year money-wise," she notes. She predicts legislators will at least avert next year's cut.