

Part B Insider (Multispecialty) Coding Alert

Malpractice More Important to Your Bottom Line - CMS Ups the Ante

Feeling hit hard by malpractice insurance costs? Medicare feels your pain.

Starting next year, the malpractice rates in your area will have a greater weight in determining the Medicare Economic Index, as well as the geographic adjustments to physician pay. Malpractice insurance will account for 3.865 percent of the cost share weights, up from 3.2 percent in 2001-2003, but still less than the 4.8 percent of the mid-1990s.

Physician earnings will account for somewhat less of the cost index, as will equipment and supplies. Practice expenses, employee wages, and rents all will account for slightly more of the index as well.

The Centers for Medicare & Medicaid Services will also change the data sources it uses to calculate geographic costs to make them more up-to-date and accurate. The downside is that some of the non-malpractice-related data won't be available for 2004, but will take effect in 2005.