

Part B Insider (Multispecialty) Coding Alert

MEETINGS: CMS May Remove Drugs From Physician Formula, But Not Retroactively

CMS move won't save you from steep cuts next year

If Medicare goes ahead with the 4.4 percent cut planned for next year, you'll be punished for factors beyond your control.

That's what members of the **Practicing Physicians Advisory Council** found out last week. Officials from the **Centers for Medicare & Medicaid Services** admitted that requirements in the Medicare Modernization Act had added about 1 percent to Medicare's physician spending for 2005. These included the Welcome To Medicare exam and other screening exams, but also scarcity payments to doctors in rural areas.

PPAC members protested that the 1-percent estimate was probably much too low, especially because it didn't include the "downstream" effect of all that spending. For example, the Welcome to Medicare exam might discover some problem that would require more tests or procedures.

Meanwhile, you're also facing a clawback in their payments because of Part B drugs. CMS officials said they may finally be willing to remove drugs from the formula that decides updates to physician payments, but only going forward, not retroactively. "That doesn't help us this year," complains PPAC member **Anthony Senagore**, a surgeon with **Medical University of Ohio** in Toledo. Only a retroactive change would be enough to reduce next year's 4.4 percent cut.

The MMA-required spending and the costs of drugs are two factors that doctors don't have much control over, says Senagore. "If a patient comes to me and demands drug X, I'm not in a position to say 'no' comfortably." Doctors also can't control whether drug makers raise or lower their prices dramatically.

Don't Micro-Manage Us

Senagore and other PPAC members took CMS officials to task for the proposed shape of "pay for performance" programs. They maintain that Medicare should reward doctors for achieving good outcomes instead of trying to micro-manage procedures.

"Medicare doesn't know what their biggest bang for the buck is," Senagore complains. Medicare should be trying to reduce costs for the most expensive patients, such as diabetics with organ failure. For surgeons such as himself, Medicare could publish information on which doctors have the best and worst readmission rates, Senagore suggests.

"For most quality improvement programs with doctors, you don't need to get down to the micro level to improve outcomes, you need to show big differences," Senagore says.