

Part B Insider (Multispecialty) Coding Alert

Part B Pay: MedPAC Recommends Big Cuts to Specialists' Pay

Plus: Under advisory body's latest suggestions, primary care docs would face ten year pay freeze.

Part B practices are already having a tough time fighting pay cuts scheduled for this January, and a new list of cost-cutting suggestions from an influential advisory body to Congress won't help income levels rise.

In its September meeting, the Medicare Payment Advisory Commission (MedPAC) proposed a set of draft recommendations with a host of Part B items. The list includes recommendations MedPAC has made in previous reports to Congress (Tier I) and new suggestions (Tier II). The proposals aim to offset a fix to the physician sustainable growth rate (SGR) reimbursement problem.

During its presentation entitled "Moving Forward from the Sustainable Growth Rate System," MedPAC recommended to avoid the nearly 30 percent pay cut in 2012 by scrapping the SGR and replacing it with a pay freeze to primary care physicians for the next ten years. In addition, the commission proposed cutting payments to specialists by 5.9 percent per year for three years, followed by a seven-year pay freeze.

The MedPAC's recommendations aren't binding, and are merely suggestions to Congress on Medicare payment policy. However, in light of the fact that members of Congress have expressed interest in replacing the SGR with another method, it's important to note that MedPAC's latest recommendations could potentially offset the approximately \$200 billion estimated cost of an SGR repeal.

Many physician advocacy organizations decried the commission's attempt to replace the SGR by cutting physician pay for ten years. "The AMA strongly opposes the Medicare physician payment recommendation voted on today by MedPAC," said AMA President **Peter Carmel, MD** in an Oct. 6 statement. "The commission joins many groups who have put forth proposals to repeal the broken Medicare physician payment formula. However, offsetting part of the cost of repeal through drastic cuts and long-term freezes to physicians falls far short of what is needed to preserve patients' access to care."

Hospice Pay Would Also Suffer

MedPAC also took aim at hospice payments under its recommendation list. The commission suggests a hospice payment update of only one percent in 2012, as well as reducing hospice rates in nursing homes by six percent. That suggestion is based on a recent report about "high percentage hospices" who serve many patients in nursing homes. The OIG report recommends reducing Medicare payment rates for hospice patients residing in nursing facilities.

MedPAC's suggestion would strip \$3 billion from Medicare hospice spending over 10 years, the commission estimates.

To read MedPAC's complete presentation, visit www.medpac.gov.