

Part B Insider (Multispecialty) Coding Alert

PART B PAYMENT: MedPAC Advises Congress to Raise Physician Payment in 2009

But where there are hikes, there are also drops

The **Medicare Payment Advisory Commission (MedPAC)** is no friend to home health agencies and skilled nursing facilities this year.

On Feb. 28, MedPAC formally submitted its March 2008 Report to the Congress--Medicare Payment Policy, which spans more than 350 pages and makes several recommendations that may help some Part B providers- payments and sorely damage others.

Among the recommendations is one that would increase the Medi-care Physician Fee Schedule conversion factor for 2009 by 1.1 percent for physician services, giving physicians a boost.

To fund physician pay boosts, the MedPAC advises Congress to eliminate the updates to payment rates for skilled nursing facilities and home health services in 2009.

-This would be terribly problematic for most of the SNFs and home health agencies out there,- says consultant **Heather Corcoran** in Louisville, Ky. -With rising costs, many of these agencies can't afford to forego an annual update and could end up going out of business.-

Other cuts: In addition, Med-PAC advises Congress to -reduce the indirect medical education adjustment in 2009 by 1 percentage point to 4.5 percent per 10 percent increment in the resident-to-bed ratio,- the report notes. MedPAC recommends using the funds saved in this category to create a quality incentive payment program.

P-4-P: MedPAC's report strongly pushes for a pay-for-performance (P-4-P) system that would apply to outpatient and inpatient hospital payments. -The Commis-sion believes it is critical that the Congress authorize CMS to implement a quality pay-for-performance system in 2009,- the report says.

How it works: Hospitals with higher quality scores or better overall quality improvements would collect more money than those with lower scores.

Despite the fact that MedPAC tries to frame P-4-P as something really positive, most consultants see it as another administrative burden that's an excuse to pay doctors less, says consultant **Randall Karpf** of **East Billing** in East Hartford, Conn. -This could become a huge headache for healthcare practitioners everywhere.-

ESRD: Outpatient dialysis services also get a boost, with the report noting that -under the current forecast of the ESRD market basket (2.5 percent), the Commission's recommendation would update the composite rate by 1.0 percent in 2009.-