

## Part B Insider (Multispecialty) Coding Alert

### Physician Notes: Congressional Thomas Push For SGR Payment Boost

#### Will docs see more money in 2006?

House Ways and Means Chair **Bill Thomas** (R-CA) is pushing the **Centers for Medicare & Medicaid Services** to administratively bump up Medicare reimbursement for physicians.

Besides boosting reimbursement on their own, the steps urged by Thomas and Health Subcommittee Chair **Nancy Johnson** (R-CT) in an April 1 letter could ease the way for a broader legislative fix for the pay formula that lawmakers are expected to propose sometime in the next few years. Raising physician compensation administratively in the meantime could raise the baseline cost against which the **Congressional Budget Office** would calculate the cost of future legislation, making a formula overhaul look cheaper and more doable in a tight budget climate.

It's nearly inevitable that Congress will attempt some formula fix. The new Medicare law guarantees physicians pay hikes of at least 1.5 percent in 2004 and 2005. However, if the current law pay formula continues to operate, without similar future year-to-year legislative adjustments CMS actuaries predict that physicians would see annual pay cuts of about 5 percent from 2006 through 2012. Virtually no one believes Congress will allow that to happen.

Fee-for-service Medicare reimburses physicians under a "sustainable growth rate" formula. The scheme, adopted in 1997 in an attempt to check rapid increases in physician spending, sets an annual spending target for "physicians' services" that is tied to the growth in the overall gross domestic product. CMS projects whether actual spending will fall above or below the target, then adjusts reimbursement rates up or down so that spending is projected to hit the target.

Thomas and Johnson want CMS to modify the SGR formula in three ways: first, exclude the cost of physician-administered drugs -- notably cancer drugs -- from calculations of projected spending; second, more fully account for new benefits when setting the SGR target; third, re-examine assumptions about how physicians will change their behavior in response to reimbursement changes.

\* Following a false claims conviction over services provided to nursing home residents, Alabama clinical psychologist **Todd Everett** will be bedding down in prison for the next three years, plus three years probation. Everett will also be paying over \$1.8 million in restitution for his crimes, U.S. Attorney **Alice Martin** said April 1.

Everett allegedly claimed he personally provided services that were actually provided by other, unqualified personnel. He also allegedly overstated the amount of time he spent with patients and billed for complex testing services when lesser-paying services were performed. These patterns allegedly netted \$2.3 million in fraudulent Medicare payments.