

## Part B Insider (Multispecialty) Coding Alert

### Physician Notes: Medicare Reform Awaits President's Signature

1. The U.S. Senate approved the most dramatic overhaul of the Medicare program since its inception.

The 54-44 vote in the Senate means the bill now goes to President George W. Bush, who is expected to sign it into law. In addition to prescription drugs, the bill also revamps Medicare to give health plans a more significant role and replaces next year's 4.1 percent cut to Medicare physician spending with a 1.5 percent increase both next year and the year after.

2. The top dog at the Centers for Medicare & Medicaid Services is calling it quits after two years and nine months at the post.

It's been well known in Washington that CMS Administrator Tom Scully was ready to step down from his post, and on Dec. 3 he made it official, announcing that he's resigning effective Dec. 15.

The move comes right on the heels of the passage of the Medicare reform/prescription drug bill, for which he was a key Bush administration champion. "Watching the president and [Health and Human Services Secretary Tommy Thompson] drive the Medicare bill across the finish line in the last few weeks was a very rewarding culmination to a very exciting and fulfilling three years," Scully says.

Scully has been in contact with a number of law and investment firms in recent months and stands to secure a lucrative post at one of them.

3. Healthcare providers shouldn't jump to the conclusion that the fact that the Medicare payment error rate is holding steady means the campaign against healthcare fraud and abuse will ease up anytime soon.

CMS claims the error rate dropped to 5.8 percent in 2003, a touch lower than the rate for the previous two years. But don't tell that to Senate Finance Committee Chairman Charles Grassley (R-Iowa). In his opinion, thanks to an adjustment CMS and its error-rate contractor AdvanceMed made to the 2003 data, the claimed 5.8 percent rate is not statistically valid, as it had been in the previous six years when the OIG computed it, but "a guesstimate."

Unadjusted, CMS found the error rate to be 9.8 percent - \$19.6 billion - 3.5 percent higher than last year and the highest rate since 1997, just one year after the Department of Health and Human Services and Congress began assiduous efforts to bring down the number of improper payments.

However, nonresponding providers are included as erroneous payments in the survey. And in this first year of CMS' takeover of the analysis, "a significant nonresponse problem developed," so that over half of the 9.8 percent unadjusted rate was attributable to nonresponse, the agency states.