

Part B Insider (Multispecialty) Coding Alert

PHYSICIAN NOTES: MedPAC Pushes Pay-For-Performance

But not unless providers receive recommended 2.7 percent pay boost

As expected, the **Medicare Payment Advisory Commission's** March report encourages Congress to boost physicians' payments by 2.7 percent next year, instead of the roughly 5 percent cut the current law calls for.

MedPAC also urges a pay-for-performance (P4P) strategy, offering more money to providers who achieve quality and efficiency goals, and less to those who don't. An interest in quality of care has led to talk of "differentiating among providers," MedPAC Executive Director **Mark Miller** told reporters at a March 1 briefing.

On those grounds, P4P for physicians is more of a two-step process than in the other sectors for which MedPAC made the recommendation, Miller said.

In the first step, the commission recommends rewarding physicians who implement information technology in their practices, said Miller. For example, physicians might be judged on whether they established patient registries with the "ability to identify all the patients you gave Vioxx to," he said.

"Then, in a couple of years, you'd move toward a process-oriented payment system for physicians," Miller explained. Suitable process measures for physicians are available, and more are in development, but currently there is no process measure set that would be adequate for all physician specialties.

At first, MedPAC would shave off 1 percent to 2 percent of all physician payments to create a pool to reward physicians who meet standards. "If you take 1 to 2 percent from everybody and return it to the high achievers, they're getting back more than 1 to 2 percent," Miller noted. And the reward for high achievers could be a lot more depending on how you set it up, he added.

The commission also is clear that they want P4P funds to flow not only to providers who attain quality goals, but also to those who improve their performance. Rewarding improvement is important so all practices would have a chance at the funds. MedPAC wouldn't recommend P4P for doctors unless they received an overall payment boost, like the 2.7 percent increase MedPAC is urging.

In other news:

1. **A Feb. 28 proposed rule from the Centers for Medicare and Medicaid Services** would offer doctors an alternative way to order drugs. You could enroll with competitively selected pharmaceutical vendors starting Jan. 1 and bill Medicare only for the administration services. The vendor would bill Medicare for the drugs and would be responsible for collecting any deductibles and coinsurance from the beneficiary. Physicians may obtain drugs elsewhere under specified emergency circumstances, CMS says.

The provision excludes drugs covered under the new prescription drug benefit. You can view the rule at www.access.gpo.gov/su_docs/fedreg/frcont05.html.