

## Part B Insider (Multispecialty) Coding Alert

### PHYSICIAN NOTES: Phase In P4P Over Time, Societies Urge Congress

#### Give doctors until 2010 to adjust to P4P, AMA advises

Pay for performance (P4P) is incompatible with the current Medicare physician payment formula, which calls for cuts of close to 5 percent for the next six years, physicians insist.

The **American Medical Association** and 68 other medical societies wrote to House Ways and Means Chairman **Bill Thomas** (R-CA) and Senate Finance Chair **Charles Grassley** (R-IA) to support a phased-in approach to P4P. Under the societies' framework, the current formula would be replaced with positive annual updates based on the Medicare Economic Index (MEI).

Physicians would receive bonus payments in 2007 for reporting data on information technology and patient safety measures, according to the Aug. 23 letter. Then in 2008 and 2009, they would receive payments for reporting evidence-based quality data, and also for participating in "more advanced quality improvement programs."

Finally, in 2010, physicians would receive bonuses for performance in "evidence-based" measures and outcomes, with adequate risk adjustment and sample size. But under the AMA plan, physicians would always be guaranteed a "floor" of positive updates even if they didn't receive any P4P bonuses.

The AMA phase-in plan is similar in some ways to the bill introduced by Rep. **Nancy Johnson** (R-CT), except for the longer phase-in time and the guaranteed positive floor.

In other news:

1. The transition from carriers to the Medicare Administrative Contractors (MACs) could create unnecessary problems, according to an Aug. 17 **Government Accountability Office** report. Congress gave CMS until 2011 to reform the contracting system, but CMS wants to start in 2009 instead, citing \$1.4 billion in potential savings. The GAO says the savings estimate is questionable, and the rush may create teething problems.
2. A striking 40 percent of physicians said they might have to withdraw from the Medicare program if cuts totaling 26 percent take place over the next six years, according to a survey from the **California Medical Association** called "Will Your Doctor Be There?" And 10 percent of doctors wrote in the survey that they would quit the practice of medicine because of the cuts, even though the CMA didn't ask that question on the survey.
3. You have until Sept. 16 to submit comments on whether Medicare should pay for artificial intervertebral discs to replace diseased or damaged discs in the lumbar region. The **Food and Drug Administration** has approved one artificial disk - Charite - and the FDA is considering others. Submit comments by going to [www.cms.hhs.gov/mcd/viewtrackingsheet.asp?id=170](http://www.cms.hhs.gov/mcd/viewtrackingsheet.asp?id=170).
4. CMS told carriers to prepare to download the October 2005 drug pricing numbers, in Transmittal 653, dated Aug. 19.