

Part B Insider (Multispecialty) Coding Alert

POLITICS AND POLICY: Doctor Spending May Make Medicare Part B Too Pricey For Patients

Canceling next year's 4.3 percent cut will only make it worse

Runaway physician spending is driving Medicare premiums through the roof, and that makes the 4.3 percent cut planned for 2006 more likely, says the **Centers for Medicare and Medicaid Services**.

Patients will have to pay \$11 more per month to belong to Medicare Part B next year, according to a March 31 letter from CMS to the **Medicare Payment Advisory Commission**. The premium hike stems from an increase in the number and intensity of physician office visits (29 percent), more "minor procedures" by physicians and physical therapists (26 percent), and greater use of imaging services (18 percent), CMS says.

But why these services increased so much is a mystery, CMS Administrator **Mark McClellan** told an American Enterprise Institute symposium on the Medicare trustees' report.

And if the 4.3 percent cut doesn't take effect next year as planned, then premiums will have to rise by 17 percent instead of the predicted 12 percent increase. Experts question how long premiums can keep shooting up before beneficiaries drop out of Medicare Part B.

In 1970, Part B premiums were around one-twelfth of the average Social Security benefit, but by 2004 premiums had grown to roughly a third of the benefit. By 2050, premiums will be higher than the average Social Security check.