

Part B Insider (Multispecialty) Coding Alert

REIMBURSEMENT: Are You Ready For A Conversion Factor Of \$34.14?

Senate hearing results in no answers

If the experts can't even figure out how to rescue your payments, then what hope is there?

The **Medicare Payments Advisory Commission** (MedPAC) delivered its long-awaited report on Medicare physician payments--and couldn't agree on a solution. By law, every year Medicare changes the physician conversion factor based on how fast physician spending has grown compared to the economy. For the past five years, this has resulted in steep cuts of up to 5 percent, which Congress has prevented every year except for 2002.

Congress had instructed MedPAC to report by March on how to fix this broken system. But MedPAC deadlocked and couldn't present a recommendation. Some commissioners wanted to scrap the system altogether. Others wanted to refine the system to punish doctors in spendthrift regions or practices, and reward frugal doctors.

-We haven't got one silver bullet for this,- MedPAC Chair **Glenn Hackbarth** told a **House Ways & Means Health Subcommittee** hearing March 6.

Urgent: Doctors face a staggering 9.9-percent cut in 2008--the result of the delayed cut for 2007, plus 2008's scheduled cut--according to a Feb. 28 letter from the **Centers for Medicare & Medicaid Services** (CMS) to MedPAC. This would mean a conversion factor of \$34.1350, CMS said.

Fixing the broken payment formula could cost around \$330 billion over the next 10 years, **Peter Orzsag** with the Congressional Budget Office testified at a March 1 hearing of the **Senate Finance Committee**.

-In healthcare, we get what we provide incentives for,- Orzsag noted. -We currently provide lots of incentives for advanced technologies and high-end treatments, and we get a lot of that. We provide very little incentives for preventive medicine, and we get very little of that.-

Doctors have a -morale problem- because of the constant threat of cuts, noted Sen. **Charles Grassley** (R-IA).

But Finance Chair **Max Baucus** (D-MT) said it was unlikely that Congress would be able to fix the payment formula altogether this year. -I think we're still at the point where we have to deal with this on a yearly basis,- Baucus said. The best you can hope for is another stay of execution.