

Part B Insider (Multispecialty) Coding Alert

REIMBURSEMENT: Brace Yourself For 5.1 Percent Cut Next January

Multiple imaging scan discount won't rise next year after all

It's worse than you've feared. Instead of the 4.7-percent cut to Medicare payments you were dreading next year, Medicare wants to slash your payments a whopping 5.1 percent.

That's the maximum amount the **Centers for Medicare & Medicaid Services** (CMS) can cut your payments in one year, according to the law. The steep cut comes from skyrocketing costs--plus the fact that Congress keeps canceling annual cuts without including them in the calculation for the following year's growth rate.

-Our current system is not sustainable, either from the standpoint of rising costs or quality care,- CMS administrator **Mark McClellan** told reporters in an Aug. 8 conference call. He wants to create a new system that will save money by focusing on quality care.

-Costs are going up at double digit rates in Part B, and premiums are projected to be 11 percent higher for 2007,- or nearly \$100, McClellan noted. It would cost \$13 billion over five years to avert the 5.1 percent cut.

-I don't think it's sustainable from the standpoint of quality of care to have payment reductions of 5 percent year after year,- McClellan said. But it's also not sustainable -to simply add in more and more money to the current system,- he insisted.

Good news: Medicare won't reduce a second or third imaging scan by 50 percent when it happens on a contiguous body part, as planned. Instead, CMS will keep this year's 25-percent reduction for multiple scans on the same area, thanks to data from the **American College of Radiology**. CMS reserves the right to increase the -discount- in future years.

Bad news: But Medicare is going ahead with a proposal to cut imaging scans to outpatient prospective payment system levels. This could slash some codes by up to 50 percent, warn observers. When the multiple imaging discount and the outpatient cap both apply, CMS will apply the discount first, which will result in higher payments than applying the cap first.

Editor's Note: You can submit comments within 60 days by going to www.cms.hhs.gov/eRulemaking.