

Part B Insider (Multispecialty) Coding Alert

Reimbursement: CMS Backs Off Million-Claim Take-Back Plan

Physicians Won't Have to Pay for Medicare's Mistakes

Just in time for Independence Day, the **Centers for Medicare & Medicaid Services** granted physicians freedom from a raft of adjustments to claims paid out at the start of the year.

Because CMS delayed the start of the 2003 [Physician Fee Schedule](#) from Jan. 1 to March 1, it paid the wrong amounts for some claims. Physicians who billed after March 1 for services performed in January and February received either overpayments or underpayments for some claims.

The carriers incorrectly paid millions of claims for the first two months of the year due to this snafu, according to the **American Academy of Ophthalmology**. Physicians were bracing for demand letters calling for them to repay money to both Medicare and individual patients.

CMS spent months frantically educating physicians, through carrier bulletins and open-door forums, about the coming recoupment bloodbath. Carriers were expecting to apply automatic adjustments to hundreds of thousands of claims each, says AAO. Carrier computers weren't up to this staggering workload, which could have taken up to a year to complete, AAO adds.

Just a few days before the deadline to begin adjusting claims, CMS announced it had decided to cancel the mass recoupments. Not only physicians but also patients will be spared receiving copies of potentially confusing demand letters.

On the other hand, if a physician brings an incorrect payment for January or February claims to the attention of a Medicare carrier, the carrier will still process that adjustment, CMS says. This could prove handy in a few cases in which physicians received significant underpayments.

"In effect, physicians can seek adjustments for underpayments and avoid adjustments for overpayments," explained AAO. CMS expects this change to add \$50 million to Medicare spending for 2003. The agency will offset this cost with an adjustment to the sustainable growth rate, which ties physician spending to a formula based on the previous year's spending and GDP growth. The change will only cost individual physicians "a fraction of a cent," AAO stresses.