

Part B Insider (Multispecialty) Coding Alert

REIMBURSEMENT: CMS Wants To Try Pay-For-Performance Instead Of Cuts

New administrator stresses alternative ways to control spending

The **Centers for Medicare & Medicaid Services** wants to reward physicians for quality care and find ways to keep physician spending under control that don't involve slashing payment rates every year, said new Administrator **Mark McClellan**.

At the May 17 meeting of the Practicing Physicians Advisory Council, McClellan said he has "an ongoing dialogue with many members of Congress" about physician payments. "Substantial reductions year after year is obviously not a way of assuring access for our beneficiaries." He wants to try pay-for-performance approaches that reward physicians for "things they're doing now," such as phone and e-mail consultations that keep patients out of the hospital.

The Medicare Modernization Act included some pilot programs for pay-for-performance. And Part B carrier **HealthNow New York** is developing a program that uses quality-of-care measures for 38 separate medical specialties to evaluate physicians and uses an incentive program to reward physician performance.

McClellan also mentioned electronic prescriptions as one area of possible savings, and suggested quality improvement organizations could work with physicians in new ways. Also, improving the immunization rate could have benefits in reducing costs. "There are a lot of things that we need to do to make sure we don't hit, year after year, hard reductions" in doctor's payments, he said.

CMS clarified that the new prescription drug benefit wouldn't be included in the spending figures used to calculate physician payment updates. Also, CMS would account for cost of new programs mandated by Congress in those calculations. CMS expects to publish the proposed 2005 [physician fee schedule](#) in late June.