

Part B Insider (Multispecialty) Coding Alert

REIMBURSEMENT: Tough Times Hit Many Specialty Practices -- Is Yours Next?

One practice resorts to borrowing to meet its payroll

Think your practice is on an even keel this year? Don't wait until it's too late to learn the truth.

Watch out: If your practice isn't benchmarking this year's financial numbers against last year-s, you could be in for a nasty shock. Some specialty practices have compared their income for the first six months of 2007 with the same period in 2006--and gotten a surprise.

Practices tell the Insider they-ve seen a sharp drop this year. -Reim-bursement is down all over,- says one coder with a cardiology practice in New York state. Her practice hired an outside consultant, but that person couldn't figure out the plummeting income either.

It gets worse. The coder says one local group couldn't make its payroll -and had to take out a loan to keep the office going.- And the group may have to take out another loan the next time payroll comes around, the coder adds.

-Quite a few- specialty practices are seeing declining reimbursement this year, says **Terry Fletcher**, a coding consultant in Laguna Niguel, CA, and vice chair of the board of the **American Academy of Professional Coders- Local Chapters**. Possibly the majority of Fletcher's clients have seen a decline recently, she adds.

Why? There are a few possible explanations for the shortfall, say coding experts. Medicare raised 2007 work Relative Value Units (RVUs) for evaluation and management services, notes **Lee Broadston**, president and CEO of **BCS** in Waconia, MN. And in the process, Medicare cut the work RVUs for most procedures.

Also, Medicare caps the technical component of imaging procedures at the hospital outpatient amount, and cuts payment for the second imaging scan in the same body area by 25 percent.

Private payors also may be contributing to the slowdown in reimbursement. Many patients have moved over to health savings plans with high deductibles, which they don't want to pay at the time of the visit, notes **Jean Thompson**, administrator with **Consultants in Gastroenterology** in Independence, MO.