

Eli's Rehab Report

Fee Schedule Update: Physicians Escape 4.5 Percent Cut for 2004

Medicare legislation raises conversion factor by 1.5 percent

Congress offered psychiatrists some New Year's cheer: Despite earlier reports of a 4.5 percent conversion factor decrease, CMS announced a last-minute increase, raising the conversion factor by 1.5 percent for 2004 and 2005.

Thanks to the Medicare Prescription Drug and Improvement Act, approved by Congress on Nov. 25, the conversion factor, which was 36.7856 in 2003, will rise to about 37.3373 (CMS has not released the new rate's exact amount).

This congressional move allows psychiatrists to avoid the potential bad news that most coders dreaded: In September 2003, CMS released its original Physician [Fee Schedule](#), which included a conversion factor of \$35.1339, effective Jan. 1, 2004. This conversion factor represented a drop of 4.5 percent from the 2003 rate of \$36.7856.

At that time, CMS Administrator Tom Scully said, "CMS has no option other than to base this final rule on the current law. If Congress does pass legislation improving payments to physicians, CMS will implement the new payment rates as quickly as possible."

The conversion factor raise is particularly good news for psychiatrists because CMS did not increase relative value units (RVUs) for most PM&R procedures.

In fact, Medicare decreased the RVUs for many services (such as Botox injections), and did not change the RVUs for most others, such as trigger point injections (20552-20553), joint injections (20600-20610), and nerve conduction studies (95900-95904).

The chart on page 14 lists some sample physician work RVU cuts that will affect PM&R practices.