

Medicare Paper Claims Expected to be Delayed

Steve Kelly, managing editor

Federal budget proposals over the last decade have reflected the efforts of several administrations to progressively tighten monies destined for Medicare; but typically Congress has circumvented the White House by allocating more money for Medicare than the administration has requested.

This year Congress reversed its role by allotting 155 billion or 31 billion less than President Bush requested.

The Office of Management and Budget (OMB), as usual, has set aside a large portion (133 billion) of the Medicare budget as a contingency fund, intended to cover unanticipated costs, or underestimated contractors' workloads. The money is released at some point during the year to cover any shortfall.

This year, the Health Care Financing Administration (HCFA) and the contractors want an early release of these funds, because they feel the shortfall will be larger than usual.

HCFA foresees a shortfall due in part to the implementing of the Omnibus Budget Reconciliation Act of 1990. OBRA'90, according to the Healthcare Financial Management Association (HFMA) is a measure that seeks to reduce the federal deficit by \$492 billion over five years. Medicare expenditures would be cut by more than \$44 billion, \$34 billion from cuts in provider payments. HCFA believes that OBRA'90 will cost 50 billion to implement, and predicts a jump in the volume of claims.

While Congress left room for a 4.7% rise in claims volume, contractors now anticipate the number of claims to grow by 13% in 1991. HCFA has asked OMB to surrender \$101 billion of the contingency fund; but contractor and provider groups were told that OMB denied this request.

What does this all mean to the chiropractor who is reimbursed by Medicare? If you make non-electronic claims under Medicare you can expect to wait three times as long to be reimbursed by Medicare. HCFA says the average wait in February was 17 days, but by April the wait will be 34 days, 51 days in July, and 66 days in September.

Delays in Medicare reimbursement may prove to be a hardship for both doctors and patients. There is one consolation: The government must pay interest on the Medicare claims that have not been paid within 17 days.

The AMA is so concerned about this turn of events that they have mounted a campaign to reverse the decision of the OMB not to release the contingency funds. Blue Shield has also put together a coalition to bring pressure to bear on the OMB. Their efforts are directed at OMB Director Richard Darmon.

The American Medical News of January 28, 1991 reported that according to Donald Cohodes, vice president of Blue Cross/Blue Shield, that even if the coalition gets Mr. Darmon to release the funds, it will be too late to avoid contractor layoffs. By the time contingency funds become available, contractors will have to hire and train new staff before they can make a dent in the claims backlog.

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