

Congress Pulls Plug on Medicare Fee Cut

DELAYS 21.2 PERCENT CUT UNTIL MARCH 1; EFFORTS UNDERWAY TO PERMANENTLY REPEAL FLAWED RATE DETERMINATION FORMULA.

Editorial Staff

With the holiday recess fast approaching and health care reform legislation its top priority, Congress still managed to do what it has done every year since 2002: prevent scheduled Medicare physician fee cuts from going into effect. In this case, Congress has delayed implementation of the whopping 21.2 percent fee cut until March 1, 2010, and there is wide speculation that the delay sets the stage for a complete overhaul of the current system utilized to determine annual health care provider reimbursement rates for Medicare claims.

The delay provision is included in the \$636 billion [Department of Defense Appropriations Act for fiscal year 2010](#),¹ signed by President Obama on Dec. 19 following passage by the House on Dec. 16 and the Senate three days later. With the delay, Medicare payment rates remain at 2009 levels through Feb. 28, 2010.

At the heart of the controversy surrounding the Medicare fee schedule is the Sustainable Growth Rate (SGR) formula. Physician payments are modified annually using the SGR, which ties payments to the national gross domestic product. This system has been widely criticized as inaccurate and inappropriate by health practitioners from all disciplines, among others.

While Congress has stepped in for the past seven years and delayed the cuts for a one-year period each time, it has only made the next year's cut that much larger - as evidenced by the 21.2 percent cut chiropractors and other health care providers face this year. According to many, this annual delay tactic does little to solve the larger problem.

"Every year, they just kick the can down the road," said Lori Heim, MD, president of the American Academy of Family Physicians, [in a Medscape article announcing passage of the legislation](#).² "This makes physicians feel insecure. If you're a business, how can you plan ahead when you could be facing a 21% cut? Hiring staff, putting in an electronic health record -- any innovations stop because you don't have financial security."

As reported in *DC* in December 2009, the [American Chiropractic Association](#) and other members of the Patients' Access to Responsible Care Alliance (PARCA) hailed legislation introduced on Oct. 13, 2009 that would have permanently repealed the SGR formula. [The Medicare Physician Act of 2009 \(S. 1776\)](#) would have sunsetted application of the formula beginning in 2010. While that legislation failed to advance, several other options appear to be on the congressional table as of press time and may well come to fruition as part of the pending health care reform package.

References

1. H.R. 3326; [Department of Defense Appropriations Act, 2010](#). Introduced in the House by Rep. John Murtha (D-Pa.) on July 24, 2009.
2. Lowes R. "[Senate Votes to Delay 2010 Medicare Pay Cut Until February 28](#)." *Medscape Medical News*, Dec. 19, 2009.

To learn more about the 2010 Medicare Fee Schedule and the pending 21.2 percent cut, including what you can do to help convince Congress to suspend the cut and permanently overhaul the current system, visit www.acatoday.org//content_css.cfm?CID=3702.

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