

## Medicare Fee Cuts Delayed Another Year

*2.2 PERCENT FEE INCREASE STAYS IN EFFECT UNTIL 2012.*

Editorial Staff

Yes, it's that time of year again: time for Congress to step in at the 11th hour and stave off the latest round of Medicare fee cuts. And that's exactly what happened in December, with the House and Senate passing legislation that prevents a massive 25 percent cut in physician reimbursement rates from taking effect as scheduled and preserves a 2.2 fee increase through 2011.

The Senate passed the bipartisan bill, the [Medicaid and Medicare Extenders Act of 2010](#) (H.R. 4994) on Dec. 8; the House followed suit a day later. This was the fifth time congressional action was needed to stop rate cuts from taking effect in 2010; as recently as Nov. 30, President Obama signed the [Physician Payment and Therapy Relief Act of 2010](#), which delayed the scheduled cut to the Medicare Physician Fee Schedule until Jan. 1, 2011. Scheduled 2010 fee cuts were also delayed until March 1, June 1 and then Dec. 1 with congressional action; legislation that delayed the cut until Dec. 1., 2010, increased existing fee rates by 2.2 percent; this increase remains in effect through 2011.

The annual threat of rate cuts is nothing new; neither is congressional action to block the cuts. In fact, Congress has staved off fee cuts at the last minute 10 times in the past eight years. Why? Because of the much-criticized [Sustainable Growth Rate \(SGR\) formula](#), which ties Medicare physician reimbursement to the U.S. gross domestic product, modifying provider payments on an annual basis. Since 2002, the formula has mandated that Medicare providers receive less for reimbursable services - anywhere from a few percentage points less to the 25 percent cut that would have taken effect on Jan. 1 without the latest congressional action.

A growing list of health care stakeholders, from health care providers and organizations (both the ACA and the AMA, ironically) to legislators to the president himself, believes the formula is flawed and needs to be replaced with a more prudent method of determining the Medicare Physician Fee Schedule.

"I am pleased Democratic and Republican leaders in the Senate have agreed on legislation that will prevent a significant pay cut for doctors from taking effect and help ensure seniors on Medicare can continue to see the doctor they know and trust," said President Obama (who signed the bill into law on Dec. 15) in an official White House statement released after the Senate vote. "I encourage Congress to act quickly on this proposal. This agreement is an important step forward to stabilize Medicare, but our work is far from finished. For too long, we have confronted this reoccurring problem with temporary fixes and stop-gap measures. It's time for a permanent solution that seniors and their doctors can depend on and I look forward to working with Congress to address this matter once and for all in the coming year."

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