

## New Medicare Fee Schedule

CHIROPRACTIC REIMBURSEMENT PROJECTED TO INCREASE BY 122% OVER THE NEXT FIVE YEARS

Editorial Staff

On Friday, November 15, 1991, Louis W. Sullivan, M.D., secretary of the U.S. Department of Health and Human Services (HHS), announced the most significant revision of the Medicare physician payment system in the 25-year history of the health care program.

The final Medicare physician fee schedule regulation was published in the Federal Register November 25, 1991. The new Medicare Fee Schedule, derived from the Harvard researched Resource-Based Relative Value Scale (RBRVS), establishes payment levels for approximately 7,000 medical services. The payment plan, which will take effect beginning January 1, 1992, is based on the relative values of the work, overhead, and malpractice expenses that physicians incur in providing a service.

"This final regulation will create a fairer and more rational physician payment system," Dr. Sullivan said. "The fee schedule goes far toward correcting long-standing price distortions. The new system will bring greater predictability, equity, and consistency to physician payments. In particular, primary care physicians will receive fairer payment from Medicare under the new fee schedule."

The new fee schedule will affect almost 500,000 medical physicians and 240,000 other medical professionals, including chiropractors, optometrists, podiatrists, physical therapists and others who bill Medicare for covered services.

Dr. Sullivan said that under the new system, Medicare payments for primary care services will increase relative to the fees for surgical and other specialists' services. Medicare fees are projected to increase for all physician specialties by an average of 74 percent over the next five years. While the cumulative increase in fees for most specialties are estimated between 50-80 percent, there are only five specialties that are expected to increase by more than 100% over the five year period: Optometry (148 percent); Family Practice (125 percent); General Practice (124 percent); Chiropractic (122 percent); and Podiatry (102 percent). (See accompanying graph.)

Regarding the Medicare Fee Schedule, Gail Wilensky, Ph.D., administrator of the Health Care Financing Administration (HCFA) stated: "The new system also sets better relative prices for physician services. The effect of those changed values is that the payment system is now oriented toward primary care and most rural areas and away from specialized procedures and urban areas."

Howard Balduc, D.C., the ACA's vice president of chiropractic affairs has been working closely on the new fee schedule. He states: "As this new Medicare payment system is progressively implemented, payments for the covered chiropractic A2000 service will increase annually until 1996. According to HCFA's November 25, 1991 final ruling, in 1992 chiropractors can expect a 12 percent increase in payments per service, an average annualized increase in payments of 17 percent between 1991 and 1996, and an overall cumulative 1991-1996 payments percentage increase of 122 percent. This final

ruling differs significantly from HCFA's June 5, 1991 proposed ruling that would have decreased payments for chiropractic services by 8 percent in 1992 and by 14 percent in 1996.

The announcement of HCFA's final ruling on the new Medicare Fee Schedule culminates a seven-month effort by ACA staff to develop and submit to HCFA convincing evidence that chiropractic services were significantly undervalued and under-represented in both the current and proposed payment systems. The ACA staff met with HCFA representatives, conducted substantial research to quantify pertinent chiropractic practice evidence (practice overhead costs, malpractice costs, chiropractic work dimensions, and the extent of chiropractic care administered to the typical Medicare patient), and crafted a detailed written argument designed to express the ACA's concerns about the proposed payment system, make specific recommendations for change, and present convincing objective evidence to support those recommendations."

The continual efforts of the chiropractic profession in all aspects of federal and state health care planning and reimbursement will help to insure our place in the development of an anticipated national health care program. This is a very important step, but it is one of many.

Editor's note: Dr. Balduc notes that payments received under the new Medicare services fee schedule need to be monitored to assure that the insurance carriers are complying with the HCFA regulation. DCs who are not receiving increases in payments per service under Medicare are directed to contact Dr. Balduc at the ACA.

*American Chiropractic Association*  
*1701 Clarendon Blvd.*  
*Arlington, VA 22209*  
*(703) 276-8800*  
*(703) 243-2593 (Fax)*

DECEMBER 1991