

From the CEO

Medicare Physician Fee Schedule—2012 and Beyond

By *Barbara Baldwin, MPH, CAE*

On July 1, 2011, the Center for Medicare and Medicaid Services (CMS) issued the calendar year 2012 Physician Fee Schedule proposed rule. Don Berwick, M.D., administrator of the CMS, posted a letter on the CMS website the same day in which he says, in regard to the projected payment cuts of 29.5 percent due to the sustainable growth rate (SGR):



Today, the Centers for Medicare & Medicaid Services (CMS) issued proposed rules that spell out how this cut is calculated and warned that if Congress does not act in time, doctor fees will be slashed come January 1. We cannot—and will not—let this happen.

If history repeats itself, Dr. Berwick's prediction will be fulfilled. Odds are that, as in the past six years, Congress will act at the eleventh hour and block the scheduled reduction, which will add an estimated \$25 billion to the total of budgeted SGR reductions. That fix for physician payments would add to the country's deficit, leaving the estimated cost of repealing the SGR at \$300 billion.

The Super Committee

This year, however, Congress will be distracted by the mandate to act on a proposal (if there is one) of the "super committee" established in the deal that raised the debt ceiling. By the day before Thanksgiving, the Joint Select Committee on Deficit Reduction, comprised of six Democrats and six Republicans, must complete a bipartisan proposal to achieve a \$1.5 trillion reduction in the federal deficit over ten years. Congress is required to vote on the plan by Dec. 23. If both houses of Congress do not approve the committee's plan, automatic reductions in federal spending will go into effect, with cuts applied equally to defense and nondefense spending.

Because there are no limits on what the panel can consider, it could cut funding for Medicare and Medicaid as well as implementation of various parts of the health care reform legislation. According to many pundits, the chances of settling on a bipartisan package that will be approved by Congress are very low.

In the absence of an approved package, automatic spending cuts will go into effect beginning in 2013. Under that scenario Medicare payments will be reduced by 2 percent. Benefits cannot be touched, so the reductions would come mostly in the form of pay cuts to hospitals, physicians and others. The Medicaid program is exempt from any automatic reductions, but reductions could be considered by Congress.

An Uncertain Future

There are many moving parts in health care reform implementation affecting physicians, in addition to the numerous initiatives in process that are unrelated to the reform legislation. Little is predictable beyond the next couple of years, especially since Medicare and Medicaid will be huge campaign issues in the 2012 elections. The experts cite recurring themes, however: higher premiums and out-of-pocket payments for beneficiaries, lower payments to providers and facilities, and the continuing quest to improve quality and efficiency through quantifiable methods.

ABA Numbers for Reporting CME credits!

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