Congress Halts 5% Cut in Medicare Physician Fees

Chiropractors Face Other Fee Reductions in 2007

By Peter W. Crownfield, Executive Editor

Congress has passed the Tax Relief and Health Care Act of 2006 without the physician fee provision, which would have cut Medicare physician fees by 5.1 percent as of Jan. 1, 2007. Medicare providers faced the reduction in Medicare reimbursement due to a complex Sustainable Growth Rate (SGR) formula designed to control Medicare’s growth by limiting the amount of total funds available for provider reimbursement.

The SGR-related cuts have loomed annually for the past several years, but Congress has managed to enact "stopgap measures" on an annual basis that have consistently prevented the proposed cuts from taking effect. When the 2006 SGR cut was proposed, Congress did not approve the needed stopgap until February 2006, a full month after the cut went into effect. At that time, Congress froze the rates at 2005 levels and the freeze was made retroactive to Jan 1.

"The ACA is pleased that Congress has halted [the 5 percent cut] in physician Medicare payments," said ACA President Richard G. Brassard, DC. "It is completely unreasonable to expect providers to take on further financial constraints when they are already being hit from all sides with fee decreases."

While Congress managed to stop the 5 percent fee cut for 2007, chiropractors and other Medicare providers face other reimbursement cuts this year. Based on a rule issued by the Centers for Medicare and Medicaid Services (CMS) per a congressionally mandated review of the relative work values of billing codes, DCs will endure an average 8 percent cut as of February 2007. The CMS rule also decreases reimbursement for radiological and imaging services.

Because the 8 percent reduction is an average and the fee schedule has geographic and other considerations, the American Chiropractic Association (ACA) suggests doctors of chiropractic contact their local Medicare carriers/contractors to determine their 2007 fees.
The CMS rule, proposed in the June 29, 2006 Federal Register, was designed to revise the way "relative value units" (RVUs) are calculated under the Medicare physician fee schedule. By applying a budget neutrality adjuster across all work RVUs for all health care services, CMS hopes to offset an increase in payments to physicians who use higher-level evaluation and management services. If both the SGR and the budget neutrality factors had taken effect, chiropractors would have endured a 13.1 percent decrease in Medicare reimbursement rates for 2007.

The ACA is aggressively advocating for a long-term policy solution that would bring about more accurate physician reimbursement. "The ACA will continue to lobby on behalf of its members for fair reimbursement of Medicare services," said Dr. Brassard. "It is imperative that Congress and the Department of Health and Human Services develop a permanent solution to the physician fee schedule, because those most affected by this annual dilemma are not doctors, but patients."

The Tax Relief and Health Care Act of 2006 contains several other provisions of potential interest to the chiropractic profession. Among them is a 1.5 percent increase in reimbursement for providers who report on existing quality measures; the measures, developed by several organizations and approved by CMS, are geared toward primary care practices.

As of press time, President Bush is expected to sign the Tax Relief and Health Care Act into law.

Resources


Page printed from: