

The SGR “Doc Fix” Saga Continues



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By:

*Belinda Holmes, BS, CPC, CCP-P
Senior Medical Business Consultant*

Kerkering, Barberio & Co.
Certified Public Accountants
1990 Main Street, Suite 801
Sarasota, FL 34236
and
6320 Venture Drive, Suite 203
Lakewood Ranch, FL 34202

Phone:

(941) 365-4617

Email:

bholmes@kbgrp.com

www.kbgrp.com

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About the Author:

Belinda Holmes specializes in medical compliance and operational products including chart audits and coding, OIG compliance, appeals, audit defense, credentialing, contracting, billing and A/R, as well as building efficient healthcare operations. Her areas of expertise include all physician specialties, hospitals, radiology and imaging centers, ambulatory surgery centers, and other healthcare facilities.

A timeline of events:

June 17, 2010 —The Senate votes against the “doc fix” twice. The first bill to be voted down was defeated largely along party lines, with no Republican support. This bill would have delayed the cut in Medicare payments to physicians until 2012, along with measures to extend unemployment benefits and provide \$24 billion to states to cope with their Medicaid programs.

A second compromise bill proposed by Sen. Max Baucus (D-MT) was then put forward. The lower-spending compromise bill, dropping the total cost to \$118 billion and the overall deficit impact from \$79 billion to \$55 billion, would have delayed the planned Medicare cuts and provided a 2.2% raise for physicians through November 30, rather than for the 19 months mandated by the earlier bill.

It still was not enough, however, to win over the 60 senators needed to end debate on the issue under Senate rules. Fifty-six senators voted in favor, with 40 opposed. Opponents argued that the overall measure was not offset by spending cuts and added too much to the deficit.

The pay cut for physicians actually took effect June 1, but the Center for Medicare and Medicaid Services (CMS) had held up and extended paying June claims through June 17th, anticipating that Congress would stop the reduction retroactively.

At the end of the day CMS was forced to authorize its contractors to begin paying physicians at the lower rate.

June 18, 2010 —The Senate approves a bill to delay the 21 percent cut in Medicare payments.

The chamber, on a voice vote, agreed to delay the cuts until November 30, 2010 after Democrats and Republicans decided on cuts elsewhere in the government’s budget to prevent the measure from adding to the deficit.

However, the measure must now go to the House for approval, which had adjourned for the week. The House was expected to vote on the bill early in the following week as they returned to session.

Unfortunately, Medicare is already releasing claims with the 21.3% cut in place and will continue to do so until the House agrees to the measure. This means June claims will have to be reprocessed later at the corrected amount.

June 22, 2010 — According to industry insiders, House leaders said they will not vote on the Senate's six-month fix to the sustainable growth rate (SGR) formula until the Senate passes jobs legislation. A standoff is brewing with physician practices an unintentional casualty.

As of the printing of this article, physicians stand to face a tough summer. Even if the House passes the bill soon and the President signs it immediately, reduced Medicare payments for most of June have already been released. If and when the bill is passed, Medicare contractors will have to reprocess millions of claims at the corrected amounts.

The last time this happened, it took weeks to reprocess all the claims. This dip in revenue could extend well into July and even August. Doctors' offices, particularly those that rely heavily on Medicare revenue, should be exploring alternative sources of income.

Physicians should see if they have a line of credit available should the saga continue much longer. In addition, cost saving measures such as staff schedule reductions may become a necessity.

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