

CONGRESS: DELAY THE 5-YEAR REVIEW CUTS IN MEDICARE

- American Association of Nurse Anesthetists
- American Chiropractic Association
- American Occupational Therapy Association
- American Physical Therapy Association
- American Psychological Association
- National Association of Social Workers

ACTION REQUESTED

Congress should prevent severe Medicare payment cuts for health care professionals by delaying until 2008 changes recommended by the Centers for Medicare and Medicaid Services (CMS) in the June 29th proposed notice on the 5-year review and revisions in practice expense methodology.

Preventing these cuts will ensure that Medicare beneficiaries continue to have access to valuable health care services. In delaying implementation, Congress should require CMS to determine the impact that these severe payment cuts will have on patient access to services.

BACKGROUND

CMS released a proposed notice (71 Fed. Reg. 37170) on June 29, 2006 setting forth revisions to work relative value units (RVUs) and the methodology for calculating practice expense RVUs under the Medicare physician fee schedule. CMS is proposing to offset an increase in payments to physicians for evaluation and management (E/M) services by applying a budget neutrality adjustor that would reduce the work relative value units (RVUs) for all services by 10% in 2007. The cuts under the proposed notice would be in addition to the projected 4.6% reduction in the 2007 conversion factor due to the sustainable growth rate in the Medicare payment formula.

Thus, many physicians and non-physicians will face three cuts at once: a reduction in both the work and practice expense RVUs and a decrease in the conversion factor. It is inequitable to finance the increased E/M payments by making across-the-board reductions for all health care professionals, particularly non-physicians and those providers who cannot bill or do not frequently use the E/M codes and will derive no benefit from the increased E/M payment.

RATIONALE

- CMS is proposing to increase payment to some physicians to reward patient management of care and “face time” with providers. Increasing payment for E/M services is important, but all Medicare providers should be acknowledged under this payment policy. Non-physicians and affected physicians also spend a considerable amount of face time with patients. The proposal in the 5-year review notice fails to recognize the value of these providers’ time and will significantly reduce payment for their services.
- Under current law, the Medicare payment formula will trigger a 4.6 percent cut in reimbursement in 2007. Cuts under the formula are forecasted to continue, totaling 37 percent by 2015. Combining the cuts under the formula with the 10% budget neutrality adjustor in the 5-year review proposed notice will result in certain health care professionals experiencing payment cuts of as much as 15% by 2010.
- If cuts are piled on to cuts and health care professionals are paid less than it costs them to provide care, access to care for millions of the elderly and disabled will be jeopardized. These proposed cuts undermine Congress’ goal of having a Medicare payment system that preserves patient access and achieves greater quality of care.
- Congress should delay the proposed changes so that CMS can explore ways to value face time without reducing patient access to care by providers who would be forced to limit services due to such severe reimbursement cuts.