# MedPAC Recommends a 1.1% Fee Increase for 2009

BY ALICIA AULT

Associate Editor, Practice Trends

WASHINGTON — The Medicare Payment Advisory Commission has voted to recommend that Congress increase Medicare physician fees by 1.1% in 2009.

The recommendation will be included in MedPAC's final report to Congress next month but was discussed and voted on at a panel meeting in January.

The panel believes that physician fees should not be cut, said MedPAC chairman Glenn M. Hackbarth. "That's a very important message for us to convey to Congress." Before the vote, Mr. Hackbarth said the commission struggled each year to come up with the right numbers. "We try to zero in on the most appropriate update," he said, adding that cost reports, physicians' access to capital, and beneficiaries' access to physician services all go into that calculation.

MedPAC staff member John Richardson told commissioners that it appears that most physicians continue to accept new Medicare patients, but there has been an increase in beneficiaries who said they had trouble finding a new primary care physician, according to a MedPAC survey. In 2006, 24% said they had trouble; by 2007, 30% of beneficiaries reported difficulty.

Medicare fees also are staying fairly steady as a percentage of private insurance fees, said Mr. Richardson. In 2005, Medicare paid 83% of what private insurers did, and in 2006, that had slipped to 81%.

In December, Congress passed and the

President signed a last-minute fix to the 2008 fee schedule, granting a 6-month, 0.5% increase for 2008. The fee increase, which included incentives for rural physicians, will cost about \$3.1 billion, Mr. Richardson said.

Under current law, Medicare will cut physician fees by 5.5% in 2009. But when fees are renegotiated in July, the 2009 update could change.

MedPAC recommended that fees be increased in 2009 by the projected change in input prices (2.6%) minus the expected growth in productivity (1.5%), for a 1.1% increase. The cost: about \$2 billion. The commission projected that spending would increase by another \$8 billion out

The commission also urged Congress to

set up a system to measure and report physician resource use. The reporting should be confidential for 2 years. After that, the Centers for Medicare and Medicaid Services should establish a new payment system that takes into account both resource use and quality measures.

Dr. Ronald D. Castellanos, a physician in a group practice in Port Charlotte, Fla., and a MedPAC commissioner, said a recommendation for an increase was better than a cut, but that the 1.1% "doesn't keep up with our costs." Dr. Castellanos said that physicians would not look happily on the recommended update.

Quite honestly, it's insulting," he said. The update is a blunt tool for trying to constrain costs," said Dr. Castellanos, who voted against the update.

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of Cosmetic Family Practice because as a Family Practice physician, I believe with professional training, family practice doctors should be able to add cosmetic procedures to their practice. Gregory Alouf, MD

the procedure.

in my office.

Medical Director American Academy of Cosmetic Family Practice

My cosmetic Family Practice is sixteen months old.

 $I\,didn't\,realize\,that\,family\,practice\,doctors\,were$ 

that over a thousand dermologists were doing

allowed to do cosmetic procedures. When I found out

liposuction; I had to find out how they learned to do

I discovered that thousands of non-plastic surgeons

I discovered I could do all of my cosmetic procedures

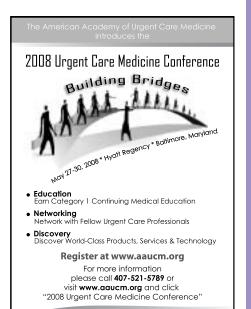
Without cosmetic procedures, I could not have taken

I became Medical Director of the American Academy

with my famly, and have a seven figure income.

seventeen weeks off last year to be

were organized into societies and doing cosmetic procedures.



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