

Proposed Pay Plan Gives Boost to Primary Care

BY MARY ELLEN SCHNEIDER

Increased pay for primary care physicians, decreased pay for specialists, and a potential way to get rid of the sustainable growth rate formula are addressed in the Obama Administration's proposed rule on the 2010 Medicare Physician Fee Schedule.

Physicians' organizations have sought repeal of the sustainable growth rate (SGR)—the statutory formula used to set physician payment rates under Medicare—saying that it is flawed and does not reflect the true cost of providing medical care.

One criticism is that the formula counts the price of physician-administered drugs, over which physicians have little control, as a physician service. Since the SGR is designed to cut payments when health care expenditures rise above a certain target, the inclusion of drugs has caused physicians to exceed those targets more rapidly and has contributed to pay cuts over the years.

The removal of physician-administered drugs from the SGR should reduce the number of years that physicians see pay cuts, according to the Centers for Medicare and Medicaid Services. And the American Medical Association is betting that the change will make it less expensive for Congress to repeal the SGR, which would also benefit physicians.

The removal of drugs from the SGR is one of several changes included in the

2010 Medicare Physician Fee Schedule proposed rule, published in the Federal Register on July 13. A final rule is expected in November.

Even if enacted, the proposal will not stop the 21.5% pay cut slated to go into effect on Jan. 1, 2010. However, several physicians interviewed said they were hopeful that Congress would step in again this year to roll back this cut,

whether through health reform legislation or in a separate bill.

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DR. EPPERLY

While the 21.5% cut would affect physicians across the board, the rest of the fee schedule proposal affects physicians quite

differently depending on their specialty. For example, the proposed rule includes plans to eliminate the use of consultation codes, increase payments for evaluation and management (E&M) services, and update the practice expense component of physician fees based on new survey data.

Under the proposal, the CMS would eliminate the use of all consultation codes except telehealth codes starting Jan. 1. At the same time, the agency would increase the work relative value units for new and established office visits, increase the work values for initial hospital and initial nursing facility visits, and incorporate the increased use of these visits into the practice expense and malpractice relative value unit calculations.

"We believe the rationale for a different payment for a consultation service is no longer supported because documen-

tation requirements are now similar across all E&M services," the CMS wrote in the proposed rule.

Also included in the proposed rule is an increased payment for the Welcome to Medicare physical, which focuses on primary care, health promotion, and disease prevention.

The CMS estimates that the combination of the various proposals would mean a 6%-8% payment increase for primary care physicians, excluding the impact of the 21.5% cut.

"This is very welcome news to primary care physicians and is long overdue," said Dr. Ted Epperly, president of the American Academy of Family Physicians.

If the 21.5% pay cut is stopped, 2010 could be a good year for primary care, Dr. Epperly said. In addition to the 6%-8% increase in the fee schedule pro-

posed rule, primary care physicians could gain 5%-10% in payments through health reform legislation pending in Congress.

These increases will be critical for primary care physicians in practice today who need money to invest in changing their practice in order to provide care under the medical home model. "It provides the fuel for transformation," Dr. Epperly said.

Conversely, subspecialists would lose out under the schedule proposal, experiencing either cuts or only small increases.

At press time, officials at the American College of Obstetricians and Gynecologists were still reviewing the 1,100-plus page rule. They plan to submit formal comments to the CMS by the end of August. ■



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