

# Fee Schedule Includes 1.1% Raise, Plus Bonuses

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Physicians will have the potential to gain as much as a 5.1% increase in their Medicare payments next year, according to a final rule issued by the Centers for Medicare and Medicaid Services.

The projected pay raise is a combination of the 1.1% payment increase mandated by Congress this summer, as well as a 2% incentive payment available for physicians who successfully participate in Medicare's voluntary pay-for-reporting program, and another 2% for those who implement electronic prescribing in their practices next year.

While the 1.1% positive payment update is good news, few physicians are likely to take advantage of the bonuses available for pay-for-reporting through the Physician Quality Reporting Initiative or e-prescribing, said Dr. Jonathan Leffert, chairman of the legislative and regulatory committee for the American Association of Clinical Endocrinologists. "It's going to be those who already have electronic medical records, [a number that] is relatively small to begin with, and those who think 2% is enough of an incentive, and those who are interested in safety and quality in general," he said. "If you add those groups up, it's probably still a fairly small number."

The 2009 Medicare Physician Fee Schedule final rule was released Oct. 30 and will be published in the Federal Register on Nov. 19. In the final rule, the CMS estimates that total Medicare spending on the physician fee schedule for 2009 will reach \$61.9 billion, up about 4% over 2008 projections.

Without the intervention by Congress over the summer, physicians would be facing a deep payment cut come January. As part of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), which was enacted in July, Congress eliminated a 10.6% pay cut scheduled to go into effect in July and another 5.4% cut scheduled for January.

By law, CMS officials are required to adjust physician payments according to the sustainable growth rate (SGR) formula, which calculates physician payments based in part on the gross domestic product. Over the past several years, Congress has stepped in to eliminate scheduled pay cuts under the formula. However, since the SGR formula has not been altered, over time physicians will face even more significant pay cuts unless Congress acts to change or replace the SGR.

In addition to the payment update and incentives provided in the final rule, the CMS is also making a technical change to how it calculates the statutorily required budget neutrality adjustment. Previously, the CMS has applied budget neutrality to work relative value units (RVUs), but under a mandate in the MIPPA, the agency now will make the adjustment to the conversion factor.

This change is expected to benefit primary care providers and others who provide cognitive services since increases to work RVUs were implemented in 2007

and 2008. However, the change is expected to result in lower payments for services with a significant practice expense element such as imaging and in-office procedures.

The final rule did not include an earlier proposal that would have required physicians who perform certain diagnostic testing services to meet most of the quality and performance standards established for independent diagnostic testing facilities, including requiring a

supervising physician to prove proficiency in the performance and interpretation of each diagnostic procedure and maintaining an inventory of diagnostic testing equipment.

If the proposal had been implemented, it would have been devastating for endocrinologists who provide in-office imaging, said Dr. Leffert of the University of Texas Southwestern Medical Center in Dallas. For example, an endocrinologist who offered either ultrasound or bone

density screening in the office would have to hire a radiologist in a supervisory role. "That would have made it impossible for physicians to do any important diagnostic tests in the office," he said.

To realize the incentive payments outlined in the physician fee schedule final rule, physicians will need to successfully participate in the Physician Quality Reporting Initiative (PQRI) and meet requirements for being a successful electronic prescriber. ■



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