



Idaho Medical Association

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Memo 15.12

To: IMA Members

From: Teresa Cirelli, CPC

Subject: Medicare Physician Reimbursement Frozen Until 2013

Congress has deferred steep physician payment cuts under the Medicare program until 2013 but has left in place a pay formula that will slash physician rates by an estimated 32 percent next year.

A 27.4 percent cut was set to hit doctor pay on March 1, but federal lawmakers adopted legislation that continues current Medicare payment rates to physicians and other health professionals under Part B for the remainder of 2012.

The legislation had been drafted by a congressional conference committee that was created to craft a longer-term solution after lawmakers agreed only to a two-month delay of the Medicare cut in December 2011. The newly passed bill also includes extensions of other health provisions, such as higher pay to physicians practicing in low-cost areas and exceptions to coverage caps on outpatient therapy services.

The House approved the measure on February 17 by a vote of 293-132, and the Senate followed suit the same day with a 60-36 vote. President Obama said he will sign the package, which also extends a payroll tax cut for 160 million working Americans and preserves some extended unemployment insurance to those out of work for long periods.

The conference committee had debated allocating unspent overseas war funds to cover the more than \$300 billion cost to repeal the SGR altogether, but lawmakers could not find enough support for the idea, which some dismissed as a budget gimmick.

The temporary payment patch will lead to deeper cuts next year. The Congressional Budget Office has projected that simply freezing Medicare pay rates in 2012 would cause the scheduled reduction to deepen to 32 percent in 2013.