

## **Medicare physician payments to be cut 21.3% beginning April 1, 2010**

A 21.3% cut in Medicare payments took effect on April 1st. The scheduled cuts were extended to March 31, 2010 and were expected to be extended again for another month until Congress took a two week recess on March 26, 2010.

The Centers for Medicare and Medicaid Services (CMS) adjusts the physician fee schedule annually. The adjustment is based on a complex formula which includes The Sustainable Growth Rate, a cost control method which allows for tweaking the current year budget based on previous year's expenditures.

The medical profession has opposed these temporary extensions in favor of a comprehensive fix to the problem with a more sweeping overhaul of the formula.

Although there has been no communication from CMS, previously it has held claims temporarily until an extension was enacted. In the event that CMS decides to take similar actions this time, the hold should not severely affect provider cash flows since claims filed electronically don't get paid any sooner than 14 calendar days.

**While it works on a more permanent solution to the problem, it is anticipated that the Senate will quickly extend the date on which the Medicare cuts go into effect to May 1, 2010 as it returns to session on April 12, 2010.**