

2013 Physician Reimbursement:

THE GOOD, THE BAD, AND THE (SOMEWHAT) UGLY

By Michael G. VanBuren

THE CENTERS FOR Medicare and Medicaid Services (CMS) recently issued its final rule on 2013 physician reimbursement. The rule contains changes to Medicare reimbursement, which directly affect Medicare reimbursement rates and indirectly affect reimbursement rates of other payors, most of whom base their reimbursement rates on Medicare's fee schedule. Here is what to expect from CMS, commencing on January 1, 2013:

The Good

Increase in Medicare Primary Care Reimbursement. Family practice physicians will see a seven percent increase in Medicare payments. Other physicians that CMS considers to be primary care providers — including internal medicine physicians, pediatricians, and nurse practitioners — will receive three to five percent increases. These increases will, in large part, be the result of new additional payments to physicians for coordinating a patient's care in the 30 days following the patient's discharge from an inpatient hospital stay or a skilled nursing facility stay.

Increase in Medicaid Primary Care Reimbursement. For the next two years, the gap between Medicare and Medicaid reimbursement will go away for family practice, internal medicine, and pediatric medicine physicians. For 2012 and 2013, in compliance with the Patient Protection and Affordable Care Act, CMS will require that states (and Medicaid managed care plans) reimburse primary care physicians who treat Medicaid beneficiaries at rates no less than the applicable Medicare rates. The temporary increase in Medicaid reimbursement will be funded by federal matching funds. CMS will provide federal funds for the difference between the applicable Medicare and Medicaid rates in effect as of July 1, 2009.

The Bad

Decrease in Medicare Specialty Care Reimbursement. The increased reimbursement for family practice physicians will be offset, at least in part, by decreases in reimbursement for many specialty physicians. The following specialists will see decreases in Medicare total charge reimbursement: independent laboratory providers; pathologists; neurologists; radiation oncologists; interventional

radiologists; and cardiologists.

Increase in Reimbursement for Certified Registered Nurse Anesthetists. Medicare will begin reimbursing Certified Registered Nurse Anesthetists (CRNAs) (or their employers) for all services that state law permits, and that are within applicable state's scope of practice. This increase in compensation may encourage hospitals and other surgical providers to rely more on CRNAs, rather than anesthesiologists, to provide operating room coverage.

The Ugly

Sustainable Growth Rate. The Sustainable Growth Rate (SGR) is the formula used to adjust Medicare's physician reimbursement rates. The SGR is currently expected to cut physician rates by 26.5 percent. Historically, Congress has temporarily put-off the cuts in reimbursement rates called for by the SGR. Congress is expected to implement another "doc-fix" this year but not until the last minute.

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