

Medicare Cuts Delayed Again, This Time Until June 1, 2010



UPDATE: On June 24, 2010 the House and Senate passed legislation to further delay the Medicare cuts until November 30, 2010. **More here.**

Close on the heels of an affirmative Senate vote, the House of Representatives approved HR 4851 (Continuing Extension Act of 2010) which once more delays, albeit temporarily, the mandated 21.2% physician fee cuts tied to the SGR. The bill now goes to the President to be signed.

What is the SGR? The Sustainable Growth Rate is a general marker of inflation. In 1998, due to concerns of rapidly escalating healthcare costs, Medicare payments for physicians were permanently tied to the SGR. As healthcare inflation has outstripped general inflation since 2002, the cost of physician services has exceeded the predicted SGR. Every year since then, a predicted cut in Medicare physician fees has been bitterly fought, a temporary fix has been passed and the cumulative effect grows.

Many physician organizations are lobbying for the permanent repeal of tying Medicare rates to the SGR, but there are varying opinions on what would take its place and what it would cost to make the change.

Here is the recent history of the Medicare physician fees by year, the proposed cuts and the actual change in physician fees:

2002 -5.4% cut proposed – None made

2003 -4.4% cut proposed – 1.6% increase given
2004 -4.5% cut proposed – 1.5% increase given
2005 -3.3% cut proposed – 1.5% increase given
2006 -4.4% cut proposed – Freeze at 2005 level
2007 -5% cut proposed- Freeze at 2005 level
2008 -10.1% cut proposed – 0.5% increase given
2009 -15% cut proposed – 1.1% increase given
2010 -21% cut – ???????

Hopefully, no Medicare claims have actually been paid at the 2010 level, although it was reported that the system with new rates in place was being thoroughly “tested” today. If no checks went out with 2010 reimbursement and no “makeup” checks are generated, I suspect more than just a few of the taxpayers’ dollars will have been saved.