

Uncertainty Planning for January 1, 2011

On November 29, 2010, Congress passed a bill to defer the Medicare Physician Fee Schedule cuts scheduled to take place on Wednesday, December 1, 2010. As you know, without further Congressional intervention, the Medicare conversion factor that determines your reimbursement for physician Part B services to Medicare beneficiaries will fall by 25 percent on January 1, 2011, for the coming year.

Time is short for Congress to act on these pending cuts, and it is possible that the Centers for Medicare & Medicaid Services (CMS) may be directed to have Medicare Administrative Contractors (MACs) reprogram their systems or hold claims as they have done many times in the past few years when Congress has let the cuts take effect and then passed legislation to stop them. What steps should a prudent business manager take to avoid costly problems with cash flow, resubmission of Medicare claims, engaging in lengthy conversations with beneficiaries, etc?

The AUA offers the following suggestions to urology practice managers as steps to discuss with your physicians. Each of these steps must be evaluated based on your practice's situation.

1. Be sure that your bank is supportive of potential cash flow problems by having a line of credit in place that you can draw on to meet expenses should there be an abrupt cut or an interim interruption in Medicare payments.
2. Hold discussions with your referring physicians about your need to forestall appointments for new Medicare patients into the first quarter of 2011. Of course, you will provide emergency services, but taking on new Medicare beneficiaries may need to be limited.
3. Carefully consider the scheduling of routine follow-ups for Medicare patients for surveillance of chronic problems. Develop scripts for your telephone staff and documents to be given to Medicare beneficiaries explaining the need for this action. Consultation with your liability insurance representatives may be in order in planning these scheduling adjustments.

The experience of urology practices in prior rounds of the MACs holding claims or paying at a reduced rate and then reprocessing after a retroactive correction makes it very clear that the administrative costs of handling these claims increases dramatically. A particularly difficult task is explaining to the beneficiaries why they have to make another installment payment toward their 20 percent copayment because their January payment was re-adjudicated at a higher rate. Every administrator knows that the collection percentage of these additional payments is much less than when the patient pays at the time of the service. It is simply good business to be proactive in trying to reduce the anticipated costs as we all climb on this "rollercoaster" for another ride.

Finally, as you develop these contingency plans for the next couple of months, be sure to share them with your Congressional delegation. There are some new participants in Congress who may not yet grasp the seriousness of this issue to their constituents. It is our right and our duty to inform them.