

# 2006 Medicare physician payment update and claims processing—question and answers

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The House of Representatives is expected to act on Feb. 1 to halt the 4.4 percent Medicare physician pay cut that went into effect Jan. 1. President Bush then is expected to sign the bill which would restore payments to the 2005 level shortly thereafter. This situation has generated a number of physician billing questions. Medicare officials are drafting a question and answer document that should be available in the near future. Decisions on certain issues are not yet known, however, and others cannot be finalized until Congress has completed action. In the interim, AMA staff after consultation with Medicare staff and medical specialties have attempted to answer some of the most frequently asked questions.

**1. For what dates of service would a Congressionally enacted freeze be effective? Would it be retroactive to Jan. 1?**

Under the legislation in play at the end of 2005, the freeze would have been effective on Jan. 1. Barring any modification in the legislation, it seems likely that the freeze would be applied retroactively to services provided between Jan. 1 and the date of enactment.

**2. Exactly what does the freeze apply to? Would changes in relative values or implementation of new codes be affected?**

Under the current legislation, only the conversion factor would go back to the 2005 status. All other changes contained in the final 2006 Medicare Fee Schedule Rule will remain in effect. Also, although the legislation includes other physician-related provisions, these provisions would not take effect until 2007 and therefore do not have any impact on 2006 billing decisions.

**3. If the freeze applies to dates of service for which I have already submitted claims, do I need to re-file those claims or will the Medicare carrier automatically adjust affected claims?**

The AMA and other physician groups are pressing for automatic adjustments of affected claims and there is a good chance that CMS will honor this request.

**4. Would any additional payments stemming from these adjustments be handled through one large check or a number of checks with a 4.4 percent adjustment for each patient?**

Current plans are to handle adjustments through a single check with some sort of additional documentation indicating which individual claims have been adjusted.

**5. Will the secondary payers also make automatic adjustments or will I have to resubmit all my claims to the appropriate insurance plan?**

The AMA will press Medicare and private plans to create a process for automatic adjustments. The likelihood of automatic adjustments is best with Medigap plans and insurers that have trading partner agreements with Medicare. For some insurers, resubmission of the claim may be necessary.

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**6. Based on the 4.4 percent cut, I decided to go non-par this year. If the rates go back to 2005 levels, can I change my mind and go par instead? If so, what do I need to do?**

Once legislation is passed, physicians will be given 45 days to change their participation status. Changes will be retroactive to Jan. 1, 2006 and claims would be adjusted to reflect the change in par status. As is normally the case, physicians who want to change their par status would need to notify all the carriers with which they do business.

**7. Should I wait to file my claims until the legislation is passed?**

Delays in filing claims probably won't be feasible for most physicians because it is likely to be at least six weeks before Congress acts and Medicare carriers are ready to process claims using the new rates.

**8. What can I do to help make sure Congress fixes the problem for 2006?**

Contact your member of the House of Representatives by phone or e-mail and tell them to take immediate action to pass legislation to stop the cuts. Visit [www.ama-assn.org/go/grassroots](http://www.ama-assn.org/go/grassroots) to access your representative.

