

**APRIL 15, 2010**

**UPDATE ON MEDICARE FEE CUT**

This information was just received from the AOA:

Hi Folks. We wanted to provide you with an update on efforts in Congress to undue the Apr. 1 Medicare fee cut. The U.S. Senate has just approved the Continuing Extension Act (HR 4851), which would retroactively reverse the 21 percent cut and freeze payments at current levels through May 31.

The original House-approved version of HR 4851 would have held payments at pre-cut levels through Apr. 30. However, an amendment offered by Sen. Max Baucus (D-MT), Chairman of the Senate Finance Committee, extended that freeze through May 31. The amended legislation has been send back to the U.S. House for final approval. We anticipate that the House will vote on this before the end of the week, possibly later this evening or early tomorrow.

Meanwhile, Democratic leaders are still trying to resolve differences on a package (HR 4213) that would prevent further cuts and extend the Medicare pay freeze and other expiring provisions through the end of the fiscal year.

As the April 1 deadline passed, CMS instructed its contractors to temporarily hold fee-for-service claim processing; anticipating Congress would once again intervene. In turn, the AOA Washington Office advised ODs to hold claims, if possible, with dates of service on or after Apr. 1, until Congress acted to reverse the cuts in order to help ensure full payment for claims.

As of today, CMS had started to pay claims from Apr. 1 at the lower fee schedule amount. However, the Medicare agency has indicated that it is committed to reprocess payments at the higher amount after Congressional action to override the cut.

CMS has also indicated that it expects to automatically reprocess claims paid and pay doctors the difference unless the doctor submitted the claim with a fee lower than the new fee schedule amount. In the latter case, a doctor might have to resubmit the claim after receiving the initial lower payment from Medicare to get the full payment allowed by Congress.

The AOA recommends members continue to wait, if possible, before submitting claims for April services until the House passes HR 4851 and Medicare reports that it can process and pay those claims at the proper rate.

Members would get fully paid one time without having to wait for reprocessing or even to resubmit claims, and avoid the accounting difficulties that those steps could create. However, AOA is aware that some practices might need the Medicare cash flow immediately.

We will provide further updates as new information becomes available.