

# 2006 Medicare physician payment update and claims processing—Questions and Answers



As expected, the House of Representatives has approved legislation to halt the 4.4 percent Medicare physician pay cut that went into effect Jan. 1. President Bush signed the bill on Feb. 8. This situation has generated a number of physician billing questions. Decisions on certain issues are not yet clear. In the interim, however, 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 that was adopted, the freeze was effective on Jan. 1. Officials at the Centers for Medicare and Medicaid Services (CMS) have said 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 had pressed for automatic adjustments of affected claims and CMS will honor this request. Physicians will not need to resubmit claims for this period.

**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 large checks that bunch adjustments 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?**

At the AMA's request, CMS has instructed carriers to forward adjusted claims to Medigap and secondary insurers if their agreements accept adjustments. Thus most Medigap plans and some secondary insurers will also make automatic adjustments. For some secondary insurers, resubmission of the claim will be necessary.

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

A new 45-day par/nonpar enrollment period is scheduled to open on Feb. 15 *and close on March 31*. Changes in par/nonpar status will be retroactive to Jan. 1, 2006 and claims will be adjusted to reflect the change in par status. As is normally the case, physicians who want to change their par status need to notify all the carriers with which they do business.