



Client Alert



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Congress Passes 10-month Extension to Physician Payment Cuts

On Friday, February 17, 2012, Congress voted (293–132 in the House, 60–36 in the Senate) to extend a provision of the Middle Class Tax Relief and Job Creation Act, which prevents a 27.4 percent cut in physician payments by Medicare. The cut was scheduled to begin on March 1, 2012, following a two-month extension that was authorized December 23, 2011. Once signed by President Obama, the extension will allow Medicare payments to physicians to remain in place through December 31, 2012.

The extension will, in part, be paid for through reductions in Medicare bad debt reimbursements to hospitals and skilled nursing facilities, beginning in 2014 for some facilities. Also, clinical laboratory services payment rates will be cut by 2 percent in 2013, and Medicaid Disproportionate Share Hospital allotments will be reduced.

Physician associates continue to call for a permanent fix to the Medicare physician payment formula. The American Hospital Association has voiced its disappointment in funding for physician payments through hospital payment reduction. Congress has requested that the Government Accountability Office submit a report of long-term alternatives to the current Medicare physician payment system. For a copy of the Congressional summary of the health related provisions of the legislation, please click [here](#).¹

¹ http://waysandmeans.house.gov/UploadedFiles/Conference_Agreement_Section_by_Section_Summary_health.pdf

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