

Doctors brace for possible big Medicare pay cuts

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Dr. Kathryn Wagner, a breast cancer surgeon, poses for a photo at her offices, Wednesday, Nov. 10, 2010, in San Antonio. Wagner and other doctors are rebelling over a 25 percent cut in Medicare fees that goes into effect Dec. 1 _ unless the lame duck Congress staves it off. Wagner will stop taking new Medicare patients if the cut goes through. Wagner has posted a warning in her waiting room about a different sort of risk to patients' health. The sign says she'll stop taking new Medicare cases if Congress allows looming cuts in doctors' pay to go through. (AP Photo/Eric Gay)

(AP) -- Breast cancer surgeon Kathryn Wagner has posted a warning in her waiting room about a different sort of risk to patients' health: She'll stop taking new Medicare cases if Congress allows looming cuts in doctors' pay to go through.

The scheduled cuts - the result of a failed system set up years ago to control costs - have raised alarms that real damage to Medicare could result if the lame-duck Congress winds up in a partisan standoff and fails to act by Dec. 1. That's when an initial 23 percent reduction would hit.

Neither Democrats nor newly empowered Republicans want the sudden cuts, but there's no consensus on how to stave them off. The debate over high deficits complicates matters, since every penny going to make doctors whole will probably have to come from cuts elsewhere. A reprieve of a few months may be the likeliest outcome. That may not reassure doctors.

"My frustration level is at a nine or 10 right now," said Wagner, who practices in San Antonio. "I am exceptionally exhausted with these annual and biannual threats to cut my reimbursement by drastic amounts. As a business person, I can't budget at all because I have no idea how much money is going to come in. Medicine is a business. Private practice is a business."

The cuts have nothing to do with President Barack Obama's health care overhaul. They're the consequence of a 1990s budget-balancing law whose requirements Congress has routinely postponed. But these cuts don't go away; they come back for a bigger bite.

Doctors have muddled through with temporary reprieves for years. This time, medical groups estimate that as many as two-thirds of doctors would stop taking new Medicare patients, throwing the health program for 46 million older and disabled people into turmoil just when the first [baby boomers](#) will become eligible.

Health care for military service members, families and retirees also would be jeopardized because Tricare payments are tied to Medicare's.

Former Medicare administrator Gail Wilensky, a leading Republican policy expert, says lawmakers coming back to Washington next week better take note. "We simply cannot let physicians take a 23 percent reduction in payment and think that we are not going to seriously disrupt access for beneficiaries," Wilensky said.

Yet there's no agreement among lawmakers and the Obama administration on how long a reprieve to grant or whether the cost - about \$1 billion per month - should be added to the deficit or paid for with spending reductions elsewhere.

The last reprieve, in June, was paid for after a struggle to come up with offsets acceptable to Democrats and Republicans. The deadline for congressional action expired, plunging Medicare's claims system into confusion for weeks.

How did it get to be such a big mess?

There's widespread recognition that the way Medicare pays [doctors](#) is flawed because it rewards sheer volume of services, not quality results. But there's no agreement on a better way.

So in the 1990s lawmakers devised a formula for cuts as an automatic braking system to keep Medicare humming along at a sustainable growth rate.

Except every time costs went up, they hit the override button. Repealing the formula now would cost more than \$280 billion over 10 years.

The American Medical Association is calling for a 13-month reprieve that would give Congress time to work on a new payment system; the administration supports that approach.

"The single biggest step we can take to strengthen Medicare ... is to make sure these disruptive cuts don't take effect," said Health and Human Services Secretary Kathleen Sebelius. "We will ultimately need a permanent fix ... but in the meantime, we don't want any doctor to be stuck in a limbo where they don't know week to week how much they'll be paid."

The AMA and Obama would settle for adding the cost to the deficit. Most Republicans and many conservative Democrats want it paid for.

Aides to the Senate Finance Committee chairman, Sen. Max Baucus, D-Mont., say he's working toward the longest possible extension that will get the 60 votes needed to pass the Senate.

Last summer, when Congress missed the deadline for an extension, Wagner had to tap her line of credit to pay the salaries of her nurses and office staff. Medicare is only a fraction of her practice, but the [cancer surgeon](#) said private insurance companies also held up payments waiting to see what would happen. "I didn't get a check in the mail for almost a month," she said.

As a doctor, she recognizes there could be grave consequences if she follows through on not taking new [Medicare patients](#). Older women are more likely to have malignant disease than younger patients. "Those are cancers that are waiting at the door," Wagner said. She would continue to see established patients.

But she's getting closer and closer to the breaking point with [Medicare](#).

"Stick me with a fork," said Wagner. "I'm done."

More information:

American Medical Association: <http://www.ama-assn.org>

Congressional Budget Office: <http://tinyurl.com/2ul73ew>

Medicare: <http://www.medicare.gov>

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