

Uncertainty about doctors' pay has taken a toll on Medicare

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In this June 4, 2013, file photo, Rep. Jim McDermott, D-Wash., asks a question during a House Ways and Means Committee hearing on Capitol Hill in Washington. New momentum for a lasting fix to Medicare's doctor-payment problem shows that lawmakers may finally be recognizing what has long bothered their constituents. "Everybody hates it," said McDermott, who is a psychiatrist. "In the political process there is a time when something gets to where it's like a boil and it's about to burst. And then it's gone." (AP Photo/Charles Dharapak, File)

New momentum for a lasting fix to Medicare's doctor-payment problem shows that lawmakers may finally be recognizing what has long bothered their constituents.

Year after year, the threat of 20 percent payment cuts averted at the last minute has seemed a curious way to run a program that lives depend on.

"A lot of these [doctors](#) are talking about not performing the service," said Jesse Thomas of Mount Vernon, New York, a Medicare beneficiary retired from a career on Wall Street. "They are not in business to do business for a deficit. They may be good guys, but they're not that good."

Congress always likes to be in control of spending, added Thomas, but lawmakers need to take better care of beneficiaries who've supported Medicare with their tax dollars.

The root of Medicare's problem is a cost-containment formula included in a 1997 deficit-reduction law. Under Medicare, outpatient care is financed 25 percent with beneficiary premiums and 75 percent from the federal treasury.

Concern that rising [health care costs](#) would overwhelm the budget prompted Congress to set a target for outpatient spending, enforceable with payment cuts to doctors. It became a symbol of government dysfunction after lawmakers got into the habit of regularly issuing temporary reprieves, lest doctors stop accepting Medicare patients. But it also just pushed the cuts into the future and let them pile up.

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The House is expected to vote Thursday on replacing the current formula

with a new approach. It calls for a period of basically stable reimbursements, followed by gradually shifting a larger share of doctors' pay so that it's keyed to quality, rather than quantity, of service. The Medicare fix is packaged with an extension of children's health insurance, funding for community health centers and dozens of other provisions. The outlook in the Senate is unclear.

"A permanent fix, rather than another patch, should take away the perennial fear that doctors will stop seeing Medicare patients ... and provide a measure of stability for the program," said Tricia Neuman, a Medicare expert with the nonpartisan Kaiser Family Foundation.

The fear that doctors would stop treating Medicare patients because of constant uncertainty about their fees never materialized on any large scale. But it's certainly been part of the conversation.

Dr. Robert Wergin, president of the American Academy of Family Physicians, practices in the small town of Milford, Nebraska. He remembers when Congress hesitated over the "doc fix," as it's known in lawmakers' shorthand, and as a result Medicare held up payments to physicians. That caused a cash crunch.

"The threat was always there," said Wergin. Medicare patients make up about 30 percent of his practice.

Wergin had high hopes for a permanent fix last year, but it didn't happen. This year, he was expecting another patch.

"The politics of things are hard to predict," he said.

Indeed, the legislation is being criticized from the political right and the left. Conservatives don't like that most of the cost will be added to the federal deficit. Liberals object to higher premiums for upper-income

beneficiaries, when drug companies are not being asked to share the burden through Medicare rebates.

"It's been a perennial battle and a source of insecurity for a lot of people with Medicare and their providers, but we feel that beneficiaries are bearing the brunt of this without getting much in return," said Joe Baker, president of the Medicare Rights Center, a New York-based advocacy group.

Drafted with the unusual support of both top leaders in the House—Speaker John Boehner for the GOP and Democratic leader Nancy Pelosi—the bill is aiming for the political center. That seemed to have collapsed on health care in the battles over President Barack Obama's overhaul.

"This could have happened any one of 15 or 16 times before if people had been willing to sit down and say this was a dumb idea that had been around for too long," said McDermott. "It's the first time you've seen a major compromise on an issue in a very long time."

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