



AMERICAN OSTEOPATHIC ASSOCIATION

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TO: Osteopathic Affiliate Organizations

FROM: Shawn Martin
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DATE: December 22, 2011

SUBJECT: 2012 Medicare Physician Payments

PRIORITY: HIGH

Over the past 50 weeks, Congress has failed to enact legislation preventing the implementation of a devastating 27.4 percent cut in Medicare physician payments. Over the past two weeks, we have witnessed a dismal display of leadership from our elected officials. Partisan bickering, political posturing, and sound-bite attacks became more important than actually fulfilling their duties as Members of Congress. No one Member or political party is responsible for our current situation. Both parties and both Chambers are equally at fault for the current state of affairs with respect to Medicare physician payments.

Due to the lack of Congressional leadership, the American Osteopathic Association (AOA) regrets to inform you that we now fully anticipate the implementation of the 27.4 percent cut on January 1, 2012. The AOA is deeply disappointed that the United States Congress has failed to protect access to physician services for our nation's seniors and military families. The lack of action on this important issue is inexcusable. However, we feel it is our responsibility to provide our members with information that will allow them to deal with potential changes in Medicare payments and their participation in the program.

As they have done in previous years, the Centers for Medicare and Medicaid Services (CMS) is prepared to hold claims for up to 10 business days, as allowed by law. CMS has informed the AOA that it will begin paying claims reflecting the 27.4 percent cut on Tuesday, January 17. Physicians are encouraged to not hold claims. All claims for services provided should be submitted on a normal schedule. If retroactive adjustments in payments are required, the Medicare Contractors will determine any additional payments based upon changes in law and regulation. The following are the instructions provided by CMS to the AOA:

The negative update under current law for the 2012 Medicare Physician Fee Schedule is scheduled to take effect on January 1, 2012. Consequently, as on numerous occasions in the past, the Centers for Medicare & Medicaid Services (CMS) will instruct its Medicare claims administration contractors to hold claims containing 2012 services paid under the Medicare Physician Fee Schedule for the first 10 business days of January (i.e., January 1, 2012, through January 17, 2012). The hold should have minimal impact on provider cash flow because, under current law, clean electronic claims are not paid sooner than 14 calendar days (29 days for paper claims) after the date of receipt. Medicare Physician Fee Schedule claims for services rendered on or before December 31, 2011, are unaffected by the 2012 claims hold and will be processed and paid under normal procedures and time frames. CMS will notify you on or before January 11, 2012, with more information about the status of Congressional action to avert the negative update and next steps regarding the claims hold.

For additional information on Medicare physician payment policies, the sustainable growth rate (SGR), and participation options for physicians, please visit www.osteopathic.org/sgr. For information on the AOA's advocacy activities associated with this issue, please visit www.capwiz.com/aoa-aoia.