

Cardiology Payments Affected By Proposed Five-Year-Rule

The Centers for Medicare and Medicaid Services (CMS) released a notice of proposed rulemaking in late June that outlines proposals for major changes to Medicare's Resource Based Relative Value System. If CMS implements the proposed changes (see below), aggregate Medicare payments to cardiologists would decrease by an estimated 1 percent in 2007 compared to 2006.

The impact of the proposed rule on individual practices will depend on the mix of services provided to Medicare patients. In addition, the projected impacts do not take into account the annual changes to Medicare's conversion factor, which is expected to decrease by 4.6 percent in 2006 unless Congress intervenes. CMS is also expected to release another proposed rule on the fee schedule later this summer that could include policy proposals such as changes to assumptions about equipment utilization and interest rates that could further affect practice expense values.

While the outcome is not ideal, CMS heard the cardiovascular community's pleas to utilize more current, supplemental practice expense data provided by the ACC, ASE, ASNC, HRS, and SCAI – without which the impact would have been much more severe. For more information contact Rebecca Kelly (rkelly@acc.org) or Denise Garris (dgarris@acc.org).

CMS proposes the following changes to the practice expense methodology:

- Replace the current “top-down” methodology, in which specialty-specific direct practice expense pools are allocated to individual procedures, with a bottom up method in which direct practice expense are allocated solely on the basis of the direct cost inputs for each procedure.
- Incorporate supplemental practice expense survey data submitted by eight specialties, including cardiology.
- Eliminate the non-physician work pool.
- Revise the formula for indirect practice expense allocation to use clinical labor time instead of work RVUs as an allocator for some services.
- Phase in the revised methodology over four years.