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Physician participating in the Medicare program are scheduled to face a 27.4% cut in their payments, effective 1st January, 2012, and with providers anyway complaining about current reimbursement rates, the cut is likely to considerably impact both patients as well as doctors adversely. As a result of the cut the Medicare physician conversion factor will decrease to \$24.67, approximately \$15 less than it was in 2001. In this scenario, the Association of American Physicians and Surgeons reports that various physicians are declining to take on new Medicare patients and many are thinking about cancelling enrollment from the program.

Medicare hassles:

Since the past 10 years physicians and Congress have been grappling with similar situations; however the difference which is pushing doctors to consider opting out is the severity of the cut and the escalating costs of a permanent solution, and few can continue to operate in an environment where revenues are cut by 27% while costs continue to rise at a rate of 3% or higher. An internal medicine physician in New London whose approximately 80% patients are covered by Medicare, with this cut is likely to lose about one-third of his revenues, possibly forcing him to restructure his entire practice.

Another issue that has created problems for Medicare beneficiaries and their medical providers for years is the sluggishness of the claims process and the payment process. Medicare doctors in three western states – California, Hawaii and Nevada, are in a situation where Medicare’s payment backlog has created a multimillion dollar problem. Various doctors have not been paid since February, a backlog of almost 10 months, forcing some doctors to have to drop some or all of their Medicare patients while others are on the verge of declaring bankruptcy or have already done so.

Physicians’ current & upcoming scenario:

President of the New London County Medical Society said that the prolonged uncertainty about Medicare reimbursement rates has motivated some doctors to take an early retirement. A survey by the Medicare Payment Advisory Commission (MedPAC) indicates that by 2025 there will not be enough primary care physicians. Additionally, this cut comes at a time when physicians face potential penalties associated with HIPAA 5010, electronic prescribing, ICD-10, PQRS and electronic health records which are difficult to adhere to in a time of dramatically falling revenue.

However, even though physicians are pushed to consider other options, in the next 20 years senior citizens requiring Medicare will rise, and doctors who can sustain the current pressures and adapt to the reforms have a vast potential for growth. The physicians need to face this challenge of payment cuts by making their system more efficient; reduce their extra administrative burdens and revamp their revenue cycle giving them a competitive edge. Medicalbillersandcoders.com can optimize physicians’ billing process and reimbursement cycle, which will help doctors maintain their revenues as they tackle Medicare issues.

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