Society of Utah Medical Oncologists (SUMO)

*Update on Healthcare Reform and How It Will Affect Your Practice*

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Overview

- Analysis of Fiscal Cliff on Medicare Compensation to Physicians
- Implementation of PPACA
In an effort to reduce the budget deficit in 1997, Congress passed the Balanced Budget Act. This law outlined a “sustainable growth rate” (SGR) for Medicare payments to physicians.

SGR restricted physicians’ reimbursements for certain Medicare payments. Specifically the law limited the reimbursement to physicians so total pay could not exceed the growth rate of the rest of the economy.
SGR hasn’t been implemented as the law scheduled it to be. Instead, Congress routinely blocks the SGR formula on a “temporary” basis, often at the last minute or shortly thereafter, with retroactive effect.

Why temporary? Because it would cost too much to eliminate it completely.

Each deferral has increased the size and amount of the adjustment needed for the next year, so by 2013, the adjustment was a 26.5% reduction from 2012.
The American Taxpayer Relief Agreement of 2012 (ATRA)

- Congress reached The American Taxpayer Relief Agreement of 2012 (ATRA), a “fiscal cliff” agreement, on January 1st and President Obama signed this law into effect on January 2nd to stave off widespread tax hikes.

- This deal included another temporary patch to spare physicians from this reduction for 2013.

- As part of the agreement, Medicare reimbursement rates will remain at the 2012 level for a year.

- The 2013 conversion factor is $34.0230.
The patch is offset by cuts in reimbursement to other Medicare providers and services over the next ten (10) years.

For example, there is a provision to re-price costs for end-stage renal disease (ERSD) drugs under the bundled payment system, as recommended by the Government Accountability Office (GAO).

Given the new legislation, CMS is extending the December 31, 2012 deadline for eligible physicians, practitioners and suppliers to change their participation status in the 2013 Annual Participation Enrollment Program until February 15, 2013.
Prior to ATRA, Medicare providers were not only subject to an almost 27% cut in Medicare payments to physicians, but also an across-the-board 2% payment cut under the series of automatic spending cuts known as “sequestration.”

The 2% cut (sequester) was required by the Budget Control Act of 2011.

The sequester was to take effect January 2, 2013, but because of the “fiscal cliff” deal, this sequester is blocked for two (2) months, providing lawmakers an additional two months to institute a more discriminating deficit reduction plan.
ATRA also includes provisions that change the PQRS (Physician Quality Reporting System).

The PQRS currently offers physicians a 0.5% reimbursement bonus for voluntarily submitting performance data.

Starting in 2015, CMS will penalize physicians who do not participate through a 1.5% reimbursement withhold.
ATRA contains provisions offering physicians new flexibility in how they can satisfy the reporting requirements, including the ability to participate in a “qualified” clinical data registry.

The Secretary of HHS must define the requirements for becoming a “qualified” clinical data registry and the law has provided specific considerations to guide development of the requirements.

In the future, physicians will need to determine how they choose to meet those reporting requirements.
In 2011, the percentage of children under age 18 years who were uninsured was 7.0%.*

Among adults aged 19-25, the percentage uninsured decreased from 33.9% (10 million persons) in 2010 to 27.9% (8.4 million) in 2011.*

Among adults aged 19-25, 56.2% were covered by a private plan in 2011, an increase from 2010 (51.0%).*

In 2011, the percentage of persons uninsured was:

- 15.1% (46.3 million) for persons of all ages.
- 17.3% (45.9 million) for persons under age 65;
- 21.3% (40.7 million) for persons aged 18-64; and
- 7.0% (5.2 million) for children under age 18.*

Among persons of all ages, the percentage uninsured decreased from 16.0% in 2010 to 15.1% in 2011.*

2011, Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services:

“2.5 million young adults gain health insurance due to the Affordable Care Act”
The gains for young adults were almost entirely from increased private insurance (a 9.5 percentage point increase, from 49.3% to 58.8%) with no statistically significant change in public coverage. This is consistent with previous published research from other sources.

Kaiser released a very good scorecard for implementing the Affordable Care Act on March 2012 for the fiscal year ending in September 2011.

PPACA Implementation

- Pre-Existing Condition Program: 48,879 people covered through 2011

- Insuring Young Adults: Estimated 2.5 million young adults enrolled through 2011

- Children with pre-existing conditions younger than 19: Number not available.
THANK YOU!!!

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