

Outlook for Physician Practices Improves as One-Year “Doc Fix” Becomes Law

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[Larry L. Lanham II](#)

On December 15, 2010, President Obama signed into law the Medicare and Medicaid Extenders Act of 2010, which halts the implementation of proposed cuts to physician reimbursement for a period of one year. For some time, federal lawmakers have struggled to deal with the potential impact of the often criticized Medicare Sustainable Growth Rate (“SGR”) formula. Since 2002, the SGR formula has called for cuts in Medicare payments to physicians based upon a formula that ties Medicare physician reimbursement to the U.S. Gross Domestic Product. Due to the potential impact of the SGR formula on physician reimbursement, the implementation of related cuts has been repeatedly delayed. This most recent passage of another “doc fix” allows physicians to breathe a sigh of relief, at least for another year.

The lingering reality is that under current law, the SGR formula remains intact and will continue to call for cuts in Medicare payments to physicians when calculated in the future. Due to the complexity of the issues involved in health care financing, it should come as no surprise to physicians if federal lawmakers are facing the same dilemma at this time next year.

Additional noteworthy updates to Medicare were also enacted:

- the exception process for therapy caps was extended until December 31, 2011 for outpatient therapy services provided by non-hospital providers; and,
- payments for the technical component of certain pathology services were extended until December 31, 2011 for independent laboratories.

Source: Medicare and Medicaid Extenders Act of 2010