

Medicare and Medicaid payments

In February 2012, Congress approved the Middle Class Tax Relief and Job Creation Act of 2012, ending debate over the extension of payroll tax reductions, unemployment insurance benefits, and Medicare and Medicaid payment provisions. Most of these benefits were scheduled to expire at the end of February 2012.

For Americans living on unemployment, Medicare, Medicaid, and other social benefits, they may be happy to know Congress on February 17, 2012, concluded a long debate on whether and how to extend payroll tax reductions, unemployment insurance benefits, and Medicare and Medicaid payment provisions.

The legislation helps people obtain medical care because doctors, hospitals and other medical care providers do not have to suffer significant Medicare and Medicaid payment cuts. The legislation provides relief for these programs until the end of 2012. Congress will have to revisit these concerns by the end of 2012. The legislation goes to show people not to worry about their money problems too much because many times help comes in at the last minute to make financial problems go away.

The most significant Medicare- and Medicaid-related provisions in the Middle Class Tax Relief and Job Creation Act of 2012, H.R.3630 (Tax Relief Act) are:

- several social benefits provisions extended 10 months, costing \$18 billion;
- Congress avoided a cut to Medicare payments to doctors by directing the Centers for Medicare and Medicaid Services to pay doctors at 2011 levels through 2012;
- Congress directed the U.S. Department of Health and Human Services and the U.S. Government Accountability Office to conduct two studies concerning physician payment. Health and Human Services is to examine bundled and episode-based payment models, while Government Accountability Office is to study private sector initiatives that connect doctor payment to quality, efficiency and care improvement. Each study is due to Congress by January 1, 2013.

The legislation also involves Medicare payments under the Hospital Outpatient Prospective Payment System to small rural hospitals. These are hospitals with 100 or fewer beds, and hospitals designated as Sole Community Hospitals. The payments were scheduled to expire at the end of February 2012. Congress extended a “hold harmless” protection through 2012 but limited the program to hospitals with 100 or fewer beds. Sole Community Hospitals with over 100 beds did not receive the extension. The protection expired for them on February 29, 2012; only rural hospitals and Sole Community Hospitals with 100 or fewer beds benefit from the protection between March 1 and December 31, 2012.

For individual tax questions, look to an experienced [New York tax attorney](#).