

How long do doctors have until the next threat of a 20% cut in Medicare reimbursement?

Over the past decade, physicians have become used to the regular reappearance of the looming threat of a drastic reduction in Medicare reimbursement. Although the reductions are mandated by Congress' own action, Congress has developed its own ritual of pushing off the cuts for another time.

The culprit is the Medicare Sustainable Growth Rate (SGR). Under the Balanced Budget Act of 1997, Medicare uses SGR to control costs by mandating that the annual increase in the expense per Medicare beneficiary does not exceed the growth in GDP. Every year, the Medicare Program reports its steadily growing costs, which leads to a "conversion factor" that are supposed to decrease payments for the next year. This year, the mandated reduction is over 23%.

The cut was due to be implemented December 1, 2010, and raises the specter of thousands of doctors opting out of the Medicare Program once and for all. On November 29, Congress agreed to a one-month delay in Medicare payment cuts to doctors. This is the shortest postponement yet, but is premised on the idea that the next month will give Congress time to develop a longer-term plan.