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Memo to: Executive Directors
State Medical Associations
County Medical Associations
National Medical Specialty Societies

From: Michael D. Maves, MD, MBA 

Date: December 21, 2006

Subject: Final 2007 Medicare Physician Payment Update

AMA leaders met this week with Leslie Norwalk, the Acting Administrator for the Centers for Medicare and Medicaid Services (CMS). Ms. Norwalk confirmed that CMS is ready to implement on January 1, 2007 the physician payment provisions of H.R. 6111. It is important to note that only the conversion factor and the geographic adjustments will be the same as in 2006. Payment rates for many services will be changing due to the revisions in work relative value units and practice expense, as well as the imaging provisions of the Deficit Reduction Act.

Previously, 2007 payment rates were posted by the carriers to their Web sites in mid-November. The new rates will be posted to the CMS and carrier Web sites no later than December 31, 2006 and carriers will be prepared to process claims at the correct rates. It should be noted, however, that Medicare claims are held for 14 days before they are paid so the earliest any physician will receive payments based on the new rates is mid-January.

There will be a new participation decision period with a new deadline of February 14, 2007. Changes in physicians' participation status will be effective January 1, however, no matter when the PAR/non-PAR decision is made.

The final specialty impacts for 2007 are shown in the column of the attached Table 35 which is highlighted in yellow. Table 35 is excerpted from the Final Rule with the 2007 Medicare physician payment schedule. We have modified the format of Table 35 to make the impacts of H.R. 6111 more clearly evident. Impacts of the geographic adjustments are not reflected in this table.

Attachment

**Adapted from Table 35, page 69767 of the 2007 Medicare Physician Payment
Schedule Final Rule published December 1, 2006**

Table 35 of the Medicare physician payment schedule Final Rule displayed the specialty impacts of the various Medicare physician payment changes being implemented in January 2007, including the 5% cut in payments due to the SGR that was prevented by passage of HR 6111. The modified Table 35 displayed below shows the specialty impacts of the work and practice expense relative value changes included in the Final Rule, imaging cuts from the Deficit Reduction Act, and the 0% conversion factor update for 2007 included in HR 6111.

MODIFIED TABLE 35: Combined CY 2007 Total Allowed Charge Impact for the 5-year Review of Work RVUs and Practice Expense Changes, Multiple Imaging Reduction, OPPI Imaging Cap, and CY 2007 Update <u>before and after passage of HR 6111</u>					
	Specialty	Impact of Work and PE RVU Changes	Impact of DRA 5102 (imaging cuts)	Combined Impact BEFORE HR 6111*	FINAL Combined Impact AFTER HR 6111**
1	Total	0%	-1%	-6%	-1%
2	ALLERGY/IMMUNOLOGY	2%	0%	-3%	2%
3	ANESTHESIOLOGY	-7%	0%	-12%	-7%
4	CARDIAC SURGERY	3%	0%	-2%	3%
5	CARDIOLOGY	-1%	-1%	-7%	-2%
6	COLON AND RECTAL SURGERY	0%	0%	-5%	0%
7	CRITICAL CARE	4%	0%	-1%	4%
8	DERMATOLOGY	-3%	0%	-8%	-3%
9	EMERGENCY MEDICINE	7%	0%	2%	7%
10	ENDOCRINOLOGY	6%	0%	1%	6%
11	FAMILY PRACTICE	5%	0%	0%	5%
12	GASTROENTEROLOGY	0%	0%	-5%	0%
13	GENERAL PRACTICE	3%	-1%	-3%	2%
14	GENERAL SURGERY	0%	-1%	-6%	-1%
15	GERIATRICS	2%	0%	-3%	2%
16	HAND SURGERY	-2%	0%	-7%	-2%
17	HEMATOLOGY/ONCOLOGY	3%	0%	-2%	3%
18	INFECTIOUS DISEASE	9%	0%	4%	9%
19	INTERNAL MEDICINE	5%	0%	-1%	4%
20	INTERVENTIONAL RADIOLOGY	-5%	-2%	-12%	-7%
21	NEPHROLOGY	-1%	0%	-6%	-1%
22	NEUROLOGY	2%	-1%	-4%	1%
23	NEUROSURGERY	-2%	-1%	-8%	-3%
24	NUCLEAR MEDICINE	-3%	-2%	-9%	-4%
25	OBSTETRICS/GYNECOLOGY	1%	0%	-4%	1%

	Specialty	Impact of Work and PE RVU Changes	Impact of DRA 5102	Combined Impact BEFORE HR 6111*	FINAL Combined Impact AFTER HR 6111**
26	OPHTHALMOLOGY	-3%	0%	-8%	3%
27	ORTHOPEDIC SURGERY	-1%	0%	-6%	1%
28	OTOLARNGOLOGY	0%	0%	-5%	0%
29	PATHOLOGY	-6%	0%	-11%	6%
30	PEDIATRICS	2%	0%	-3%	2%
31	PHYSICAL MEDICINE	2%	0%	-3%	2%
32	PLASTIC SURGERY	-1%	0%	-6%	1%
33	PSYCHIATRY	-2%	0%	-7%	2%
34	PULMONARY DISEASE	7%	0%	1%	6%
35	RADIATION ONCOLOGY	1%	0%	-5%	0%
36	RADIOLOGY	-5%	-5%	-14%	9%
37	RHEUMATOLOGY	2%	-1%	-3%	2%
38	THORACIC SURGERY	3%	-1%	-2%	3%
39	UROLOGY	1%	-1%	-5%	0%
40	VASCULAR SURGERY	-1%	-4%	-11%	6%
41	AUDIOLOGIST	-2%	0%	-7%	2%
42	CHIROPRACTOR	-8%	0%	-13%	8%
43	CLINICAL PSYCHOLOGIST	-9%	0%	-14%	9%
44	CLINICAL SOCIAL WORKER	-9%	0%	-14%	9%
45	NURSE ANESTHETIST	-8%	0%	-13%	8%
46	NURSE PRACTITIONER	0%	0%	-5%	0%
47	OPTOMETRY	-3%	0%	-8%	3%
48	ORAL/MAXILLOFACIAL SURG	-1%	0%	-6%	1%
49	PHYS/OCC THERAPY	-5%	0%	-10%	5%
50	PHYSICIANS ASSISTANT	2%	0%	-3%	2%
51	PODIATRY	-1%	0%	-6%	1%
52	DIAGNOSTIC TESTING FACILITY	-2%	-11%	-18%	13%
53	INDEPENDENT LABORATORY	2%	0%	-3%	2%
54	PORTABLE X-RAY SUPPLIER	-1%	0%	-6%	1%

*Combined impact of finalized work and PE RVUs, imaging cuts in section 5102 of the DRA, and the scheduled 5% reduction in the 2007 conversion factor BEFORE passage of HR 6111.

**Combined impact with FINAL CY 2007 update of 0%: The 2007 percentage change in allowed charges due to the impact of the work and PE RVU changes, section 5102 of the DRA, and the freeze in the conversion factor included in HR 6111.