

©2003-2011 Medical Group Management Association ® All Rights Reserved

---

## CMS releases 2012 proposed physician fee schedule

The Centers for Medicare & Medicaid Services (CMS) released the [Medicare proposed physician fee schedule for 2012](#) late Friday afternoon. In the proposed rule, CMS estimates the 2012 conversion factor to be \$23.9635, which represents a 29.5 percent cut to Medicare physician payments unless Congress intervenes. CMS will accept public comments on the rule until Aug. 30th, and intends to issue the final rule by Nov. 1. Some provisions of the proposed rule include:

- **Physician Quality Reporting System (PQRS)** – Continuing with bonus payments of 0.5 percent of allowed charges for physicians and other healthcare professionals who successfully participate, and adding 26 proposed new measures to the program
- **Misvalued code initiative** - Significantly expanding with focus on the highest volume and dollar codes billed by physicians to determine which codes are over- or undervalued
- **Value-based modifier** – CMS proposes using CY 2013 as the initial performance year for purposes of adjusting payments in CY 2015.
- **2012 e-prescribing incentive program** – Details on earning 2012 e-prescribing bonus of 1.0 percent of allowed charges and insights on avoiding the e-prescribing penalties in 2013 and 2014
- **Meaningful use** - Outlining an additional way to satisfy the clinical quality measure reporting objective
- **Payment for certain Part B drugs** - Substituting 103 percent of the Average Manufacturer's Price (AMP) for certain drugs currently paid at 106 percent of the manufacturer's average sales price (ASP). The proposed change would apply to drugs that have exceeded a price substitution threshold in two consecutive quarters, or three of the preceding four quarters (only if the substituted price was lower than the calculated price using 106 percent of ASP for the target quarter).
- **Multiple procedure payment reduction (MPPR)** - Expanding to the professional component (PC) of the same diagnostic imaging codes subject to the current MPPR for the technical component (The highest PC payment would be paid in full and each additional procedure would have the PC payment reduced by 50 percent when additional procedures are performed on the same patient on the same day in the same imaging session.)
- **Physician payment during 3-day payment window** - Paying for physician services using the facility (vs. non-facility) rate when nondiagnostic services are performed in the three days prior to an inpatient admission, are related to the admission, and are performed in a physician practice that is wholly owned or operated by the hospital.

As always, MGMA will be submitting comments to the agency as well as preparing an in-depth analysis of the proposed rule for our members. CMS also released the proposed [2012 outpatient prospective payment system and ambulatory surgical center payment](#) rules. Comments on those rules are also due on August 30.