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# Doctors Objecting to Planned Cut in Medicare Fees

By [ROBERT PEAR](#)

WASHINGTON, Nov. 19 - The Bush administration is headed for a clash with the nation's doctors over a federal plan to cut their Medicare fees by 4.4 percent next year, even as the government tries to measure the quality of care they provide.

Doctors say that if the cut occurs, some physicians will be less willing to accept new Medicare patients.

Administration officials said that on Monday they would publish a final rule cutting 4.4 percent from the amount paid to doctors for each service provided to Medicare patients in 2006. They said the cut was required by a formula in the Medicare law. But doctors pointed out that President Bush had not proposed any specific legislation to avert the cut.

In a report to Congress in April, Medicare's trustees said the formula would produce cuts totaling roughly 25 percent from 2006 to 2011, while doctors' costs are expected to rise 15 percent.

Administration officials said any increase in doctors' fees would lead to steeper increases in premiums charged to beneficiaries. Moreover, they said, doctors often respond to such cuts by performing more services, so their income does not necessarily fall. Finally, the administration said, doctors should not be paid more unless they cooperate with a federal effort to measure the quality of care they provide.

"Medicare needs to encourage and reward efficiency and high-quality care, not simply pay for more services," said Dr. Mark B. McClellan, administrator of the Centers for Medicare and Medicaid Services.

Doctors said it was absurd for Medicare to cut their fees at a time when their costs were rising. The effects of such cuts will be compounded, they said, because many private insurers and some state Medicaid programs link their payment rates to the Medicare fee schedule.

Dr. Duane M. Cady, chairman of the American Medical Association, said: "Physicians cannot absorb the pending draconian cuts. A recent A.M.A. survey indicates that if the cuts begin on Jan. 1, more than one-third of physicians would decrease the number of new Medicare patients they accept."

Medicare uses a complex formula to pay doctors. The formula sets goals for spending, called "allowed expenditures." The goals are updated each year to reflect economic growth and other factors. If spending repeatedly exceeds the goals, Medicare reduces the fees that would otherwise be paid in later years.

In 2005, the Bush administration estimates, payments under the fee schedule will total \$93.3 billion, far exceeding the goal of \$80.4 billion.

Lawmakers of both parties have introduced bills to prevent the cuts, but they are far from agreement. A budget bill passed by the Senate would give doctors an increase of 1 percent next year. House members are considering proposals for a freeze or a small increase.

For months, the administration took no public position on proposals to stop the cuts scheduled for 2006 and later years. Any Medicare legislation could reignite debate over the new prescription drug benefit, and the White House told Congress it wanted to avoid that.

At a hearing this week, Dr. McClellan, the Medicare administrator, offered to work with Congress on the problem. But he said, "We don't have a specific legislative proposal."

The administration recently announced a "voluntary reporting program" under which doctors will report clinical data intended to gauge the quality of care provided to Medicare patients. The government will use 36 measures, like the percentage of heart attack patients who receive aspirin and certain [blood pressure](#) drugs, known as beta-blockers, when they arrive at a hospital. The administration said it would "provide feedback to physicians on their level of performance."

The American Medical Association expressed "strong objections" to the program, saying that many of the 36 measures were invalid or inappropriate for doctors' offices.

Dr. Cyril M. Hetsko, a trustee of the association, said paying doctors for their performance might be a desirable goal. But he added, "Depending on how the program is set up, it could have the unintended effect of reducing payments to doctors with black and Hispanic patients in inner-city neighborhoods, while rewarding doctors with healthy, better-motivated patients in affluent suburbs."

Some lawmakers are also skeptical. "This type of pay-for-performance program will give government bureaucrats more say over what's good treatment," said Representative Charlie Norwood, Republican of Georgia. Representative John Shadegg, Republican of Arizona, said he feared that "a government bureaucrat will decide what performance we pay for."

Dr. Stephen C. Albrecht, a family doctor in Olympia, Wash., said 20 percent of his patients were on Medicare. If payments are cut next year, he said, it would be "economic nonsense" for him to continue participating in the program.

In the past, Congress has sometimes given doctors a reprieve for one or two years. But the chairman of the House Committee on Energy and Commerce, Representative Joe L. Barton, Republican of Texas, said he wanted a permanent, systematic change, not another short-term fix.

"I will not support simply pouring more taxpayer dollars year after year into a system that is broken," Mr. Barton said.