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Subject: What's Happening in Healthcare Today- Red Flags and Doc Fix



Date: December 8, 2010

Re: What's Happening in Healthcare Today

Status: FYI



Good Morning!



Congress clarifies red flags rule

[12/08/10]

Earlier today, the U.S. House of Representatives passed S. 3987, the "Red Flag Program Clarification Act of 2010"—legislation that limits the type of creditor that must comply with the "red flags" rule. Because the U.S. Senate unanimously passed the bill on Nov. 30, it is being sent to the White House where President Obama is expected to sign it into law before the Jan. 1, 2011, deadline.

The red flags rule, originally scheduled to take effect Nov. 1, 2008, requires creditors to develop identity theft prevention and detection programs. According to the Federal Trade Commission (FTC), physicians who do not accept payment from their patients at the time of service are creditors and must comply with the rule by developing and implementing written identity theft prevention and detection programs in their practices.

Many Provider Associations and groups have worked closely with FTC officials and Congress and are engaged in a lawsuit with other provider groups to get the FTC to permanently remove healthcare providers from the scope of the red flags rule. Their efforts have made a difference for healthcare providers, with five delays of the red flags rule implementation date already.



Senate Agrees on One-Year 'Doc Fix'

[Politico](#) reports that Senate leaders have reached a compromise on a one-year Medicare "doc-fix," paid for with a tweak to the health care reform law. The deal prevents a deep cut in Medicare doctors' payments with changes in how much money consumers would have to repay if they receive too large a subsidy in the health insurance exchanges after 2014.

In 2014, some consumers will be able to buy health insurance through exchanges, web portals similar to Orbitz or Expedia. Low- and middle-income consumers will be eligible for tax subsidies to help pay for their coverage. The deal announced Tuesday would change how much money consumers would have to repay if they misreport their income or their income grows mid-year.

Under the health care reform law, if a person gets more of a tax subsidy than they're eligible for, they would have to repay no more than \$250. Families would have to repay no more than \$450. The deal on the table would raise those caps to between \$600 and \$3,500, depending on income. The changes would free up about \$19.2 billion to cover the one-year Medicare patch. Congress will use the 12-month reprieve to try to come up with a new way of paying doctors that rewards quality care instead of sheer numbers of tests and procedures.

Senators Announce Deal To 'Fix' Medicare Doctor Payments - For Now

Senate leaders announced a deal late Tuesday to stave off deep cuts to physicians' Medicare payments by repurposing money set aside for the health law, [Politico](#) reports. The deal, announced by Senate Majority Leader Harry Reid, D-Nev., and Minority Leader Mitch McConnell, R-Ky., changes ... "how much money consumers would have to repay if they receive too large a subsidy in the health insurance exchanges after 2014. ... Under the health care reform law, if a person gets more of a tax subsidy than they're eligible for, they would have to repay no more than \$250. Families would have to repay no more than \$450. The deal on the table would raise those caps to between \$600 and \$3,500, depending on income." That will save more than \$19 billion, enough to keep physician payments

stable (Haberhorn, 12/7).

[The Associated Press](#): "The change shouldn't significantly affect how many people seek tax credits to buy a policy through new health insurance markets, a congressional aide familiar with the negotiations said. Starting in 2014, most Americans will be required to carry coverage and insurance companies will no longer be able to turn away those in poor health, or charge them more" (Alonso-Zaldivar, 12/8).

The deal will give doctors "a one-year reprieve from a 25 percent cut in the fees they receive from Medicare," [Bloomberg](#) reports. The background: "The scheduled fee cuts have climbed to the proposed 25 percent in 2011 from the original 4.8 percent reduction planned in 2002. Payments for physician and clinical services will account for 13 percent of the program's \$509 billion in expenditures this year, according to an analysis of U.S. government data by the nonprofit Kaiser Family Foundation, based in Menlo Park, California" (Young, 12/7).

[NPR](#) adds, "Neither Republicans nor Democrats support the cuts -- which are so large many predict they would result in doctors' dropping Medicare patients. But so far no one has figured out how to come up with the \$300 billion or so it would cost to fix the problem, or agreed to add it to the nation's burgeoning budget deficit" (Rovner, 12/8).

In KHN's [Health on the Hill video](#) and [transcript](#), senior correspondent Mary Agnes Carey says liberal Democrats "no doubt will be upset about the idea that you're taking any money out of the health reform law to fund this physician payment fix, but the counterweight as we know is there's also a lot of pressure to not cut payments to Medicare, to physicians who take Medicare patients. ... There has been a lot of concern that maybe doctors would stop taking new Medicare patients, if their payments were cut that they would have problems with their current caseload in taking additional patients, so there are counter pressures all over the place on this one" (Carey, 12/7).

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