



# News Alert

July 2008

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## Medicare Update

### **New 2008 Medicare Physician Fee Schedule Payment Rates for Dates of Service: July 1, 2008 through December 30, 2008**

The Medicare Improvements for Patients and Providers Act of 2008 was enacted on July 15, 2008. As a result, **the mid-year 2008 Medicare Physician Fee Schedule (MPFS) rate of –10.6 percent has been replaced with a 0.5 percent update, retroactively to July 1, 2008.**

Physicians, non-physician practitioners, and other providers of services paid under the MPFS should begin to receive payment at the 0.5% update rates in approximately 10 business days, or less. Medicare contractors are currently working to update their payment system with the new rates.

In the meantime, to avoid a disruption to the payment of claims for physicians, non-physician practitioners and other providers of services paid under the MPFS, Medicare contractors will continue to process the claims that have been on hold on a rolling basis (first in/first out) for payment at the –10.6% level. After your local contractor begins to pay claims at the new 0.5% rate, to the extent possible, the contractor will begin to automatically reprocess any claims paid at the lower rates.

Under the Medicare statute, Medicare pays the lower of submitted charges or the Medicare fee schedule amount. Claims with dates of service July 1st and later billed with a submitted charge at least at the level of the January 1—June 30, 2008, fee schedule amount will be automatically reprocessed. Any lesser amount will require providers to contact their local contractor for direction on obtaining adjustments. Non—participating physicians who submitted unassigned claims at the reduced nonparticipation amount also will need to request an adjustment.

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