

June 25, 2010

To: HBMA Membership
From: HBMA Government Relations Committee
Re: SGR Update

As you know, the House approved legislation last night rescinding the 21.3% SGR cut and replacing it with a 2.2% increase. This increase is retroactive to claims for services provided on or after June 1, 2010 and will be in place for services provided through November 30, 2010. The Centers for Medicare & Medicaid Services (CMS) has directed Medicare claims contractors to discontinue processing claims at the negative update rates and to temporarily hold all June 1 or later claims for services until the new 2.2 percent update rates are tested and loaded into the Medicare contractors' claims processing systems. According to a statement from CMS, "We expect to begin processing claims at the new rates no later than July 1, 2010." Claims for services rendered prior to June 1, 2010, will not reflect the 2.2% increase but will continue to be processed.

CMS has also announced that claims containing June 2010 dates of service which have already been paid at the negative update rates will be reprocessed as soon as possible. Under current law, Medicare payments to physicians and other providers paid under the MPFS are based upon the lesser of the submitted charge on the claim or the MPFS amount.

Please take note that claims containing June dates of service that were submitted with charges greater than or equal to the new 2.2 percent update rates will be automatically reprocessed. Providers who submitted claims containing June dates of service with charges less than the 2.2 percent update amount will need to contact their local Medicare contractor to request an adjustment. According to CMS, "Providers should not resubmit claims already submitted to their Medicare contractor."

While we appreciate the steps Congress has taken to address the SGR problem, this is still only a temporary solution and the Congress must enact a permanent fix to the SGR. Because this fix is only for 6 months, providers will be facing a reinstatement of the 21.3% cut on December 1, 2010. Then, a SGR second cut, estimated at 25%, will occur on January 1 unless Congress takes steps to prevent these cuts from occurring.

HBMA members are strongly encouraged to write to their elected officials urging them to support and enact a permanent SGR solution. If you have not done so already, you are encouraged to go to the new [Legislative Action Center](#) HBMA has set-up to create letters you can send electronically to your Senators and Representatives. Once you are on the Legislative Action Center page, click on **Developing A Permanent Solution To The Sustainable Growth Rule (SGR)**. You can either use the letter we've created or you can create your own message. Once you've completed all the steps, just hit send and your message will be delivered electronically to your Senators and Representative!

Since this new service was launched last week, more than 500 letters to Congress have been generated by HBMA members. While we are encouraged by this response, we need more! The site is not restricted to the principle HBMA member. You can have your employees and clients use this site to generate letters to Congress. Please encourage them to do so. HBMA will continue to advocate for a permanent solution to the SGR problem. Your continued support for this effort is greatly appreciated.

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