

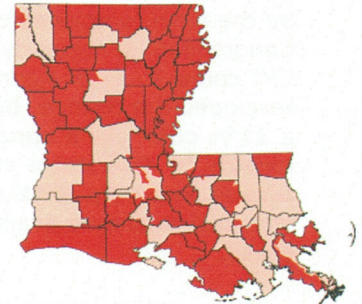
Medicare Payment Report: Impact of real and threatened cuts for the Louisiana's healthcare providers and patients

What happened: Four policies that impact Medicare payment to physicians faced potential changes in 2008. One of these policies, the "Physician Scarcity Area" (PSA) bonus, expired, resulting in a 5% loss in designated areas.^{1,2} Using a formula to model estimated visit costs based on common primary care E&M coding patterns and Medicare patient volume, we projected the impact for an average provider in each state.‡ **In Louisiana, providers in PSAs lost an average of \$6.84 on each "typical" Medicare visit, which represents an annual loss of \$9005.**

Areas in Louisiana where **PSA bonus lost**

What could have happened: Additional cuts avoided or postponed‡:

- 10.6% reduction in overall Medicare payments via the Sustainable Growth Rate (SGR) conversion factor^{1,2}
- elimination of a floor factor in the Geographic Practice Cost Index (GPCI)^{1,2}
- change in designation of Health Profession Shortage Areas (HPSAs)^{3,4}

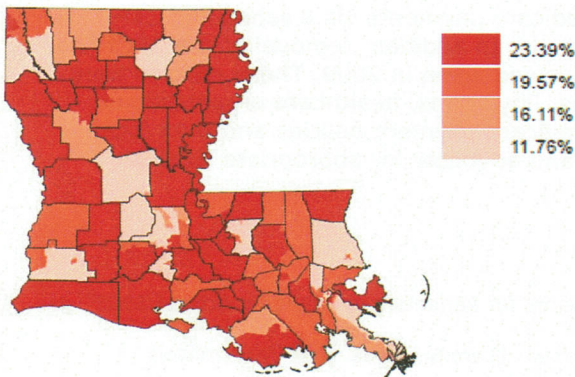


Combinations of proposed payment reductions threatening Louisiana 2008^{3,4}

	SGR, GPCI floor, PSA, HPSA	SGR, GPCI floor, HPSA	SGR, GPCI floor, PSA	SGR, GPCI floor
% of state primary care physicians in group	11.06%	20.67%	4.21%	64.06%
Potential loss/visit after all threatened cuts	\$36.81	\$30.41	\$23.12	\$16.28
Payment reduction	23.39%	19.57%	16.11%	11.76%
Dollar loss/provider over year	\$48,463	\$40,033	\$30,433	\$21,432

The table uses estimates modeled on a typical provider within each geographic category* designated as both PSA and HPSA, only HPSA, only PSA, or neither, and whether each area currently receives the GPCI floor. * based on status as PSA or HPSA as of June 2008. Note that the **state has various GPCI designations in each category, however all GPCI's are below 1 and receive the floor adjustment. The figures in the table represent the average GPCI in each category.**

Louisiana's physician payment at risk in **2008**



If all Medicare cuts had been enacted in 2008, the typical losses in Louisiana would have been: average: 14.8% (\$28,647/yr) maximum: 23.4% (\$50,153/yr)

On the horizon in 2010:³⁻⁵

- a 21% cut in the SGR is scheduled
- the GPCI floor may be eliminated
- HRSA will again consider re-defining HPSA designations
- Nationally, if the SGR sustains a 21% cut and the other designations are lost, the typical physician will lose \$42,000 relative to 2008 payments, and the range extends up to \$86,000.

‡ see page 2 for more detailed explanation and link to complete methodology