

December 2010

SGR Cut Update

On Wednesday, December 15, 2010, President Obama signed into law legislation necessary to prevent the scheduled 25% SGR related cut from occurring on January 1, 2011. This new law, entitled the Medicare and Medicaid Extenders Act of 2010, imposes a one-year freeze on the Medicare conversion factor for 2011, effectively extending the 2010 conversion factor through 2011. As part of this legislation, Congress also approved the release of \$200 Million to fund the payment of claims that had to be reprocessed earlier in 2010 as a result of the retroactive SGR fix.

We are pleased that Congress and the President acted to prevent the scheduled Medicare payment cut and remain hopeful Congress will pass a permanent solution to the SGR problem in 2011.

Red Flags Rule Update

Within the past few weeks, the House and Senate have passed the Red Flag Program Clarification Act of 2010, which limits the definition of a creditor for purposes of the Red Flags Rule.

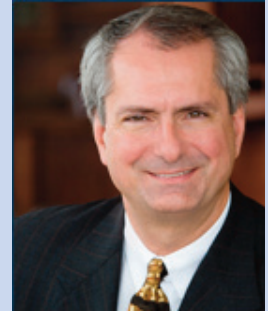
The Red Flags Rule requires creditors to establish a program to prevent identity theft. Physicians and practices have rightfully expressed concern with the Red Flags Rule because the Federal Trade Commission defines a physician and/or group practice as a creditor in certain circumstances, thereby binding physicians and/or group practices to the onerous obligations under the rule. However, according to the Red Flag Program Clarification Act of 2010, entities that advance funds to a person for expenses incidental to a service provided by the entity are excluded from the definition of a creditor.

The intent of this limitation is to prevent physicians and other healthcare providers from being considered creditors because they do not receive full payment at the time services are rendered. President Obama is expected to sign this bill shortly. At that time, the scheduled January 1, 2011 enforcement date will generally not apply to physicians and/or group practices.

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