

**U.S. House and Senate Notification**

**Friday, October 30, 2009**

**To: Congressional Health Staff**

**From: Amy Hall  
Director, Office of Legislation  
Centers for Medicare & Medicaid Services**

**Subject: CMS Announces Release of the CY 2010 Physician Fee Schedule Final Rule**

Today, the Centers for Medicare and Medicaid Services (CMS) announced final changes to policies and payment rates for physicians and nonphysician practitioners who are paid under the Medicare Physician Fee Schedule (MPFS). The MPFS sets payment rates for more than 7,000 types of services in physician offices, hospitals, and other settings.

CMS is finalizing its proposal to remove physician-administered drugs from the definition of physician services for purposes of computing the physician fee schedule update. While this decision will not affect payments for services during CY 2010, CMS projects it will have a positive effect on future payment updates.

CMS is adopting several refinements to Medicare payments to physicians which will improve payment rates for primary care services relative to other services. Taking all changes in the final rule into account, CMS projects that payments to general practitioners, family physicians, internists and geriatric specialists will increase between 5 and 8 percent, prior to the application of the negative update required by the Medicare law.

CMS will be utilizing data about physicians' practice costs from a new survey, the Physician Practice Information Survey (PPIS), but will be phasing in this data over a four year period in response to comments. In addition, CMS will not use the PPIS data to determine the practice expenses for medical oncology, but instead will continue to use the specialty supplemental survey data, as required by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA).

CMS is adopting two significant modifications in the final rule to the proposal to increase the equipment utilization percentage on expensive equipment. CMS will increase the equipment utilization rate assumption from 50 to 90 percent, but will not apply this change to expensive therapeutic equipment, and will phase this change in over a four year period for the affected services.

For further information, please see the press release at:

[http://www.cms.hhs.gov/apps/media/press\\_releases.asp](http://www.cms.hhs.gov/apps/media/press_releases.asp)

Also, CMS issued a Fact Sheet (10/30) click here:

[http://www.cms.hhs.gov/apps/media/fact\\_sheets.asp](http://www.cms.hhs.gov/apps/media/fact_sheets.asp)

The Physician Fee Schedule final rule with comment period (CMS-1413-FC) is on display today (10/30/09).

The link for the OFR display of this rule will be:

<http://www.federalregister.gov/inspection.aspx#special>

It will be published on 11/25/2009, with a public comment period that will close on 12/29/09.

It will be effective on January 1, 2010.

If you have any questions about this announcement, please contact the CMS Office of Legislation. Thank you.