



BETTER BENEFITS – MORE CHOICES

Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!

Investments in Better Care: Physician Provisions

The Medicare Modernization Act includes several physician provisions, some of which are described below, to enhance beneficiary access to quality health care services and improve physician payments.

Physicians:

- ✓ **Updating Physician Payments:** The MMA increases physician payments by 1.5 percent in each of 2004 and 2005. Medicare spending for physicians will increase by approximately \$600 million in 2004. This increase in payments will help ensure seniors have access to the physicians' services they need.
- ✓ **Bonus Payments:** The MMA modifies the Medicare Incentive Payment Program, which provides 10 percent bonus payments to physicians in Health Professional Shortage Areas. The MMA builds upon this existing program, and adds a new program for physicians serving beneficiaries in physician scarcity counties. Under this new program, physicians will receive a 5 percent bonus payment for providing services in newly defined scarcity areas.
- ✓ **Geographic Adjustment:** The MMA modifies the geographic adjustment for physician payments. The geographic adjustment is in place to reflect the regional differences in the costs of the various inputs necessary to furnish a physician service. These inputs are physician work, practice expense, and malpractice. The MMA establishes a floor on one of the three geographic adjustments—the work component. In so doing, it increases the payments to some physicians, generally those in rural areas, by raising their adjustment to the newly established floor.
- ✓ **Increasing Payments For Care In Alaska:** Responding to the special circumstances faced by physicians in Alaska, the MMA includes a 50 percent increase in payments for their services.