

The statutory methodology for updating physician fee schedule conversion factor is specified in section 1848(d)(4) of the Act. Consistent with the requirements of section 1848(d)(1)(E) of the Act, we made an estimate of the physician fee schedule update for CY 2004 available to the Medicare Payment Advisory

Commission (MedPAC) and the public in March of this year. Using our point estimate of  $-4.2$  percent, on table 12, we are showing the estimated change in average payments by specialty based on provisions of this proposed rule and the estimated physician fee schedule update. As indicated above, figures will change if we change any of our

proposals following consideration of public comment. Further, we believe it is highly likely that our estimate of the 2004 physician fee schedule update will change before we determine the final figure later this year.

**BILLING CODE 4120-01-P**