

RESTORING FULL FUNDING FOR ANESTHESIOLOGY TEACHING PROGRAMS

ASA urges Congress to restore full funding for anesthesiology teaching programs by passing H.R. 2053, introduced by Rep. Xavier Becerra (D-CA), so teaching anesthesiologists can continue training qualified resident physicians, now and in the future. Under current regulation, In 1991, CMS singled out for change the Medicare payment policy as it applied to anesthesiology teaching programs only. The 1991 rule, which became effective in 1994, directs Medicare carriers to reduce the Medicare payment by 50% per case if a teaching anesthesiologist works with two residents on cases that overlap for even a single minute, even if the faculty is present for all key portions and available throughout. The payment rule for other teaching physicians rightfully continues to allow a full Medicare fee if these conditions are met.

CMS justifies the 50% payment penalty for teaching anesthesiologists using flawed arguments. They suggest that the policy is consistent with the Medicare “medical direction” payment policy used for anesthesiologists working with non-resident providers—anesthesiologist assistants (AAs) or nurse anesthetists. Under the medical direction rules, Medicare makes a full payment for the anesthesia services provided as part of a procedure. Ordinarily, that payment is then split. The anesthesiologist receives 50% for providing medical oversight and guidance to the non-physician anesthesia provider and the non-physician provider receives the other 50%.

Under the anesthesiology teaching payment policy, CMS does not make a full payment for a procedure. When a teaching anesthesiologist works with two residents in overlapping cases, the teaching anesthesiologist’s program receives the 50% payment, similar to what the anesthesiologist would receive under the medical direction policy. Unlike the medical direction payment policy, however, CMS retains the remainder of the payment. This creates a situation in which anesthesiologists are forced to provide uncompensated care, to the detriment of the academic anesthesiology program and the teaching hospital as a whole.

On Nov. 21, 2005 CMS affirmed continuation of the 50% payment penalty for academic anesthesiology programs, despite overwhelming support for a change to the policy. In the Aug. 8, 2005 proposed rule for the FY 2006 Medicare Physician Fee Schedule, CMS had agreed to review the anesthesiology teaching rule and accept comments on revisions that would make the rule “more flexible for teaching anesthesia programs.” During the comment period, teaching anesthesiologists from 120 academic anesthesiology programs, private practice anesthesiologists, the American Medical Association (AMA), the Association of American Medical Colleges (AAMC), the Medical Group Management Association (MGMA), numerous House and Senate members, and other interested parties contacted CMS urging elimination of the 50% penalty.

A recent national survey found that the current Medicare policy is costing academic anesthesiology programs an average of \$400,000 annually, with some programs losing in excess of \$1 million. Nationwide, anesthesiology teaching programs are being shortchanged \$30 to 40 million per year. Undoubtedly, this unfair and inflexible Medicare payment policy is adversely affecting teaching hospitals, anesthesiologists and the resident physicians that they seek to educate. Without this crucial

funding, anesthesiology residency programs are struggling to fill vacant faculty positions and to meet their mission to advance medical research.

For further information, please contact Ronald Szabat, ASA Chief Operations Officer-External Affairs and General Counsel, or Manuel Bonilla, ASA Associate Director of Governmental Affairs, at (202) 289-2222.

April 2007