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prepared by the Division of Advocacy and Health Policy

Medicare payment cut blocked

On February 8, President Bush signed S. 1932, the Deficit Reduction Act of 2005 (DRA), into law. The legislation overturns the across-the-board 4.4 percent cut in Medicare physician payments that went into effect January 1 and preserves 2005 payment levels for 2006.

Because the payment cut was imposed on January 1, the effect on payments for services delivered between the first of the year and the law's enactment needed to be addressed. In response, the Centers for Medicare & Medicaid Services (CMS) agreed to reprocess all claims paid at the reduced levels, and physicians were not expected to re-submit those claims.

In addition, upon the bill's enactment, the participation process was reopened for those physicians who may have initially opted out of Medicare this year because of the 4.4 percent payment cut. Physicians had 45 days within the law's enactment to change their participation status and receive full Medicare payment for all services provided during 2006, retroactive to January 1.

Although the law blocks the reimbursement cut for 2006, it omits the larger payment reforms that the College and other physician organizations have been seeking. As a result, without congressional action again this year, an estimated cut of 4.6 percent will go into effect January 1, 2007. Hence, the College continues to ask its Fellows to urge policymakers to reform the Medicare payment system in a manner that ensures that surgeons will be able to remain in practice and that patients will have access to quality surgical care. For example, ACS Executive Director Thomas R. Russell, MD, FACS, sent a special e-mail alert on February 2 to College members requesting their ongoing help in calling on their federal legislators to fix the broken Medicare payment system through major changes in the sustainable growth rate methodology used to determine reimbursement for physician services.

Specifically, the College believes that the Medicare payment formula needs to be changed in a way that accounts for the unique nature of surgery relative to other physician services. Furthermore, the ACS maintains that payment reforms that would link reimbursement to quality incentives and outcomes (pay-for-performance) must be based on physician-led quality improvement efforts, such the federal Surgical Care Improvement Project and the ACS National Surgical Quality Improvement Program. For more information, contact the College's Washington Office at ahp@facs.org.

Details of President's 2007 budget unveiled

Details of President Bush's fiscal year (FY) 2007 budget were released on February 6. The budget proposal allocates \$698 billion to the U.S. Department of Health and Human Services—an increase of more than 9.1 percent from FY 2006. Much of this spending increase is targeted toward pandemic planning and preparedness, protection against bioterrorism, and health information technology investment.

The President proposes to reduce spending for CMS by approximately \$2.5 billion in 2007 and by nearly \$36 billion between 2007 and 2011. The budget plan makes no specific recommendations regarding payment updates for physician services but notes that "The Admin-

istration supports physician payment reforms that do not increase taxpayer, Medicare, or beneficiary costs, such as differential updates initially for physicians that report on quality measures and later for physicians that achieve efficient and high-quality care.”

Also of interest to surgeons, the President’s budget proposal calls for the following measures: (1) eliminate funding for the Preventive Health and Health Services block grants that states now use, in part, to fund emergency medical services systems; (2) reduce National Cancer Institute funding by \$40 million; (3) eliminate funding for the Emergency Medical Services for Children Program and the Traumatic Brain Injury Program; and (4) significantly cut graduate medical education payments to children’s hospitals. Details about the President’s budget plan may be viewed at <http://hhs.gov/budget/docbudget.htm>.

College holds Health Policy Summit

Representatives of the surgical specialty societies participated in a Health Policy Summit that the American College of Surgeons hosted on January 24 in Washington, DC. The agenda for the well-attended meeting included the following: an update on quality improvement activities, such as outcome measurements and reporting; a discussion of possible means for enhancing surgery’s advocacy efforts and public image; and potential payment reforms. Other topics of discussion included plans for developing a health policy institute, imaging, the emergency workforce, trauma care, scope of practice, taxes on surgical procedures, and medical liability reform. For more information, contact ahp@facs.org.

Dr. Opelka chairs AQA surgery workgroup

The Ambulatory Care Quality Alliance (AQA) recently created a surgery and procedure workgroup, which Frank Opelka, MD, FACS, will chair. The panel is charged with examining performance measurements as they relate to surgery and other procedure-based specialties.

Dr. Opelka is associate dean for health care and safety at Louisiana State University School of Medicine, New Orleans, LA. The AQA is a multi-stakeholder organization composed of payors, purchasers, physicians, and consumers, and was formed to address the implementation of quality measures. Until recently, the AQA focused almost exclusively on primary care.

State activity to expand health care coverage

In late January, the State Coverage Initiatives program issued an annual year-in-review report that describes the different paths the states have taken in order to extend health care coverage to Americans who are uninsured. For example, Maryland has passed legislation that requires employers to pay their “fair share,” while Massachusetts is currently considering an individual mandate. The State Coverage Initiatives program is being conducted by The Robert Wood Johnson Foundation and administered by AcademyHealth, a nonpartisan resource for health research and policy. For a copy of the report, *State of the States 2006: Finding Their Own Way*, go to <http://www.academyhealth.org/index.htm>.