

# Dateline Washington

prepared by the Division of Advocacy and Health Policy

## Medicare covers bariatric surgery at accredited centers

The Centers for Medicare & Medicaid Services (CMS) announced February 21 that it is expanding Medicare coverage of bariatric surgery to beneficiaries of all ages. As a caveat, because the agency determined that the health benefits of bariatric surgery can only be assured in facilities where large numbers of these procedures are performed by highly qualified surgeons, those patients must seek care in Level 1 facilities certified by the American College of Surgeons or the American Society for Bariatric Surgery (ASBS).

After considering recommendations from the College and other experts in the field, CMS determined that the evidence supports providing Medicare coverage for three bariatric procedures: open and laparoscopic Roux-en-Y gastric bypass, laparoscopic adjustable gastric banding, and open and laparoscopic biliopancreatic diversion with duodenal switch.

To qualify for Medicare coverage for bariatric procedures, patients must be diagnosed with other health problems associated with obesity, such as type 2 diabetes, coronary heart disease, and certain types of cancer.

Some surgeons continued to perform operations on the younger than 65 population in facilities not yet certified soon after the announcement because they were unfamiliar with the new mandate. Many of those claims were denied, but CMS has agreed that those denials may be appealed. For more information, go to <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1786>, or contact [bpeck@facs.org](mailto:bpeck@facs.org).

## MedPAC recommends payment increase

On March 1, the Medicare Payment Advisory Commission (MedPAC) released its first 2006 report, and the House Ways and Means Committee's Health Subcommittee heard testimony regarding the report's recommendations. In the report, MedPAC calls for a 2.8 percent increase in Medicare physician payments for 2007. However, unless Congress passes related legislation, physician reimbursement will be cut an estimated 4.6 percent in 2007. The reduction is a result of the universal target on volume and physician spending imposed by the sustainable growth rate methodology used to determine Medicare physician payments.

In addition, the commission suggested the development of an advisory expert panel to identify overvalued services, review recommendations from the Resource-Based Relative Value Scale Update Committee, and consult with the Secretary of Health and Human Services to review values for recently introduced services.

Although MedPAC has yet to propose broader payment reforms, the commission is studying volume growth in physician services and considering possible solutions, including separate volume targets for different geographic regions or types of services. To access the MedPAC report, go to [http://medpac.gov/publications/other\\_reports/Mar06\\_EntireReport.pdf?CFID=2401389&CFTOKEN=19872535](http://medpac.gov/publications/other_reports/Mar06_EntireReport.pdf?CFID=2401389&CFTOKEN=19872535). For more information regarding the hearing and the testimony presented, go to <http://waysandmeans.house.gov/hearings.asp?formmode=detail&hearing=464>.

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## **ACS educates Congress on quality improvement efforts**

ACS Executive Director Thomas R. Russell, MD, FACS, participated in a congressional briefing on March 7 in an effort to educate legislative staff about the College's ongoing programs to promote high-quality surgical care. In his talk, Dr. Russell described the ways in which programs designed to improve quality in surgical care may differ from those targeted at improving chronic medical conditions. In particular, he noted the importance of collecting risk-adjusted outcomes data for high-risk surgical services so that surgeons can gain greater insights into their own performance and, thereby, engage in practice-based learning.

Also participating in the briefing were representatives of the American Medical Association, the American Academy of Family Physicians, and the American College of Cardiology. Each of those groups highlighted its own quality initiatives and described the promises and challenges associated with efforts to implement value-based purchasing programs for Medicare physician services. For more information, contact [ahp@facs.org](mailto:ahp@facs.org).

## **Health care spending growth slows**

The CMS Office of the Actuary released a report on February 22, which projects that health care spending in the U.S. grew 7.4 percent in 2005 and will increase 7.3 percent in 2006, surpassing the \$2 trillion mark. The 7.4 percent growth rate is 0.5 percentage points less than the growth observed in 2004 and represents the third consecutive year of decelerating growth. Nonetheless, given the aging population and changes in medical technology and use, national health expenditures are expected to double in the coming decade, growing at an average rate of 7.2 percent a year. Hence, health care's share of the gross domestic product, 16 percent in 2004, is expected to climb to 20 percent by 2015.

The health care spending projection data are accessible at [http://www.cms.hhs.gov/NationalHealthExpendData/03\\_NationalHealthAccountsProjected.asp](http://www.cms.hhs.gov/NationalHealthExpendData/03_NationalHealthAccountsProjected.asp).

## **More beneficiaries participate in Medicare Advantage plans**

According to a recent report from CMS, more Medicare beneficiaries are participating in Medicare Advantage plans this year, following approval of 163 new and expanded plans in 2005. Beneficiaries in every state now have access to Medicare Advantage plans, with 74 percent of enrollees having the option of participating in health maintenance organizations, 52 percent with access to preferred provider organizations, and 98 percent able to select private fee-for-service plans.

As required by statute, CMS also issued a preliminary 45-day notice on February 17, regarding the methods that will be used to calculate Medicare Advantage payment rates for 2007. This notice included a preliminary estimate of a 6.9 percent increase in the national per capita Medicare Advantage growth percentage, which will be used to determine the minimum annual percentage increase in capitation rates for Medicare Advantage plans in all counties for Part A and B. At press time, the preliminary estimate was scheduled for update before final 2007 capitation rates for all counties were announced in April. Further information is available at <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1783>.