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ACS comments on hospital and GME payments

On June 12, the American College of Surgeons submitted comments to the Centers for Medicare & Medicaid Services (CMS) on a proposed rule that would reduce hospital reimbursement for many surgical procedures and alter graduate medical education (GME) payments. The proposal responds to a report issued last year by the Medicare Payment Advisory Committee (MedPAC), which called on CMS to adjust its methodology for determining hospital payments. MedPAC concluded that specialty hospitals often have an unfair advantage because they treat less severely ill patients but are paid at the same rate as other hospitals. As a result, CMS' proposed rule would largely increase hospital payments for medical cases and reduce reimbursement for surgical services, especially cardiac and spine operations. The College questions CMS' approach and calls for a delay and phase-in of the changes, because such a dramatic shift may move resources away from the operating room.

CMS also clarified in the rule that hospitals cannot count didactic time, including lectures and morbidity and mortality conferences, for purposes of calculating direct and indirect GME payments. The College objected to this proposal on the principle that these activities are critically important to resident training and urged CMS to withdraw this clarification. To review the College's comments on these and other provisions in the proposed rule, go to <http://www.facs.org/ahp/views/hospitalpayment.html>.

Proposed rule on RVUs issued

On June 21, CMS released a proposed rule that implements changes for both the five-year review of work relative value units (RVUs) and an update to the practice expense RVUs in the physician fee schedule. In total, the rule would shift more than \$4 billion from some codes in the Medicare physician fee schedule to others. For general surgery, some codes would experience slight increases, whereas others would undergo slight cuts. According to CMS, the changes to the work values are expected to result in a net zero gain for general surgery, while the practice expense changes would yield a 1 percent increase in reimbursement. Some surgical specialties—including neurosurgery, orthopaedic surgery, and ophthalmology—would face total cuts of 4 percent to 6 percent, whereas many nonsurgical specialties, including primary care, emergency medicine, and dermatology, would see increases of 5 percent to 7 percent.

The work RVU changes are scheduled to become effective January 1, 2007, and the changes to practice expense RVUs are set for phase-in between 2007 and 2010. At press time, the College was drafting detailed comments for submission to CMS. To download the proposed rule, go to <http://www.cms.hhs.gov/PhysicianFeeSched/PFSFRN/list.asp#TopOfPage>, and click on regulation number CMS-1512-PN at the bottom of the page.

MedPAC report focuses on value

MedPAC released a report to Congress on June 15 that focuses on improving the value of Medicare services. In the report, MedPAC examines the practice expense component of the fee schedule and concludes that CMS is using outmoded data in its calculations.

MedPAC recommends that Congress provide CMS with the resources necessary to collect new data and update calculations for the practice expense component of the payment formula. Consistent with concerns the College has raised, MedPAC notes that distorted practice expense payments threaten patient access to care by creating perverse incentives for physicians to limit the range of services they provide and by providing disincentives for physicians to pursue certain specialties.

The report also presents information gathered through MedPAC's ongoing study of efforts to measure quality of care and specifically looks at variations in physician use of resources, or "efficiency," and in quality across different regions. The report highlights some of the shortcomings associated with using claims data to link efficiency and quality and recommends that Medicare develop broader clinical measures not tied to resource use. MedPAC also suggests the possibility of measuring resource use at the individual physician level and discusses the potential difficulties of obtaining and using such measurements. Specific challenges identified include determining the minimum number of episodes or indicators needed to qualify a physician for analysis, implementing patient risk adjustments, and accounting for variations in practice patterns across certain regions. For a copy of the report, go to <http://www.medpac.gov/> and click on the first link under "recent products."

No Medicare payment for nine days

The Medicare program will not make payments on any claims during the period of September 22 through September 30, the end of the federal government's fiscal year. Payments that would have been made during that nine-day period will be made on October 2, the first business day of the new fiscal year. No interest will be paid on the delayed payments.

The Deficit Reduction Act, which was enacted earlier this year and which repealed the 4.4 percent cut in the payment rate that went into effect January 1, provides for this delay in payments. For more information, visit the CMS Web site at <http://cms.hhs.gov>, and type MM5047 in the search box.

SSA promotes electronic record sharing

To help provide more timely service to patients seeking disability benefits and, ultimately, Medicare and Medicaid coverage, the Social Security Administration (SSA) asks that physicians and other medical providers submit medical records electronically. Physicians may do so via any of the following methods: faxing, using the Internet to submit individual patient records to the SSA's secure Web site, or scanning and sending batched files to the Web site. To register to use the SSA's secure Web site to send medical records or for more information, contact the SSA via e-mail at electronic-records-express@ssa.gov or by phone at 866/691-3061.