

# Dateline Washington

prepared by the Division of Advocacy and Health Policy

## College calls for support of value-based purchasing bill

On August 10, ACS Executive Director Thomas R. Russell, MD, FACS, issued a special alert, encouraging College members to voice their support for the Medicare Value-Based Purchasing for Physicians' Services Act of 2005, H.R. 3617. This legislation was introduced July 28 by Rep. Nancy Johnson (R-CT), chair of the House Ways and Means Health Subcommittee.

The College supports H.R. 3617 because, unlike other proposals under consideration in Congress, it is consistent with surgery's concerns and priorities regarding Medicare payment reforms. Specifically, the bill would restructure the Medicare physician reimbursement formula to link payment to quality incentives and would institute reforms aimed at preserving the financial viability of physician practices and patient access to surgical care. Related provisions in the legislation are as follows:

- Repeal the sustainable growth rate (SGR) methodology used to determine the annual update for Medicare physician reimbursement and base future payments on the Medicare Economic Index, which measures annual practice inflation costs for physicians.
- Phase in a value-based purchasing program over several years, starting with voluntary, initial reporting measures beginning in 2007.
- Base quality measures for the value-based purchasing program on the efforts of physician specialty organizations, such as the College's work with the Surgical Care Improvement Project and the National Surgical Quality Improvement Program.

## CMS issues proposed rule regarding Medicare payment in 2006

If Congress fails to pass legislation similar to H.R. 3617, Medicare payments to physicians will be reduced 4.3 percent beginning January 1, 2006, according to a proposed rule that the Centers for Medicare & Medicaid Services (CMS) issued August 1. The pay cut is a result of the flawed SGR system.

Other elements of the proposed rule would establish the following: (1) a revised methodology for calculating physician practice expenses to be phased in over four years; (2) modifications to the methods used to calculate liability premium expenses; (3) a revised pricing methodology for separately billable drugs and biologicals; and (4) a new multiple procedure payment reduction for certain imaging procedures. According to CMS, these provisions would have the following net effect on payments to the surgical specialties in 2006:

|                       |       |                     |       |
|-----------------------|-------|---------------------|-------|
| Cardiac surgery       | -0.5% | Orthopaedic surgery | -0.1% |
| Colon-rectal surgery  | -0.2  | Otolaryngology      | -0.4  |
| General surgery       | 0.4   | Plastic surgery     | 0.3   |
| Hand surgery          | -0.2  | Thoracic surgery    | -0.4  |
| Neurosurgery          | -0.3  | Urology             | 1.8   |
| Obstetrics-gynecology | 0.2   | Vascular surgery    | 0.7   |
| Ophthalmology         | -1.0  |                     |       |

These figures do not account for the estimated 4.3 percent reduction in the fee schedule conversion factor. At press time, the College was

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## **CMS issues quality improvement “roadmap”**

drafting comments on the proposed rule for submission by the September 29 deadline. To view the proposal, go to <http://www.cms.hhs.gov/physicians/pfs/ama.asp?URL=/regulations/pfs/2006/1502P.zip>.

On July 25, the CMS issued a “roadmap” of the agency’s plans to improve quality of care for Medicare and Medicaid patients. CMS has identified strategies necessary to achieve this goal, including the following:

- Working through partnerships with other federal agencies, state governments, and private sector groups to achieve specific quality goals.
- Developing and providing quality measures and information as a basis for supporting more effective quality improvement efforts.
- Reinforcing a commitment to quality and helping providers and patients take steps to improve health and avoid unnecessary costs.
- Assisting practitioners and providers in enhancing efficiency, particularly through the promotion of electronic health systems.
- Bringing effective new treatments to patients more rapidly and helping develop better evidence so that physicians and patients can use medical technology more effectively.

The agency has made administrative and structural changes to implement these initiatives. For details, visit <http://www.cms.hhs.gov/quality/quality%20roadmap.pdf>.

## **President signs patient safety legislation**

On July 29, President Bush signed the Patient Safety and Quality Improvement Act of 2005, which the College believes will enable surgeons to analyze medical errors and which holds great promise for improving quality of care. Under the new law, a “patient safety work product” of reported errors and near misses is privileged information and cannot be used in legal or disciplinary actions. Data collected can only be used in a criminal trial after the court determines that the evidence is “material to the proceeding” and “not reasonably available from another source.” The law also provides that surgeons and other health care providers will be able to voluntarily submit information to patient safety organizations certified by the Department of Health and Human Services, as long as patient confidentiality is maintained. The purpose of the system is to create a searchable database of medical errors that can be analyzed and used to develop new care systems and best practices that would avoid similar errors in the future.

## **NQF endorses voluntary consensus standard**

As a step toward helping institutions to identify, catalog, and analyze medical errors and other patient safety concerns, the National Quality Forum (NQF) announced on August 3 that it has developed a “voluntary consensus standard” for patient safety taxonomy. According to NQF, the taxonomy will allow patient safety reporting systems sponsored by various health care providers, professional organizations, and state and federal agencies to communicate about and learn from each other’s data. For more information, visit the NQF Web site at <http://www.qualityforum.org/news/home.htm>.