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CMS proposes payment reduction

In a proposed regulation released August 8, the Centers for Medicare & Medicaid Services (CMS) announced that the formula used to calculate the Medicare physician fee schedule conversion factor will produce a negative 5.1 percent update for all physician services in 2007. This number is lower than previously estimated because of changes in the data used to determine Medicare's inflation rate. "This news could not be coming at a worse time," ACS Executive Director Thomas R. Russell, MD, FACS, said. "Deeper cuts on top of all the other changes being made to the fee schedule this year will impose real hardship on many surgical practices."

Additional modifications to the fee schedule will result from the five-year review of physician work, new practice expense data, changes in reimbursement for procedures that involve imaging, and expiring rural payment adjustments. Without congressional intervention, some physician services will experience payment decreases significantly steeper than the -5.1 percent conversion factor. In addition, Congress and the Administration are considering implementing new systems that provide incentives to physicians who report clinical performance data.

The conversion factor is calculated using a payment formula that compares aggregate spending with a prospectively determined expenditure target and then sets future payment rates in a way that will eventually enable the government to recoup "excess" spending. Because the formula looks at excess spending in a cumulative fashion, annual cuts are expected throughout the next decade.

"Despite good faith efforts by the College and other medical and surgical organizations to offer constructive solutions, the government simply has not taken the steps necessary to truly repair this broken payment system," Dr. Russell noted. He added that the College will continue its vigorous efforts to convince members of Congress to develop and implement a realistic long-term solution. Information on the CMS proposal can be found at <http://www.cms.hhs.gov/PhysicianFeeSched/>.

ACS testifies on payment

The proposed CMS rule came on the heels of a July 27 U.S. House Energy and Commerce Committee hearing on Medicare payment. Frank G. Opelka, MD, FACS, testified on the College's behalf, urging Congress to prevent what at that time was to be a 4.6 percent Medicare payment cut in 2007. Underscoring the College's willingness to work with the government to resolve to the reimbursement problem, Dr. Opelka updated committee members on the organization's efforts to develop quality measures for potential use in a pay-for-performance (P4P) program. He explained that the College is working with the Surgical Quality Alliance and the Perioperative Work Group of the American Medical Association's Physician Consortium for Performance Improvement to develop evidence-based measures for surgery.

In addition, Dr. Opelka urged Congress to review a proposal from the College and the American Osteopathic Association that calls for replacing the flawed formula used to determine Medicare physician payment with a mechanism that divides physician services into six distinct categories. Dr. Opelka argued that this system—called the Service

Proposal expands preventive care coverage

Category Growth Rate—would allow Congress to control high-growth, high-volume services more effectively and implement P4P measures that account for unique characteristics of each category. To view the College's testimony, visit <http://www.facs.org/ahp/testimony/opelka0707.html>.

CMS' August 8 proposed rule would implement several provisions in the Deficit Reduction Act of 2005 (DRA) that expand Medicare coverage for preventive services. The proposal would yield the following benefits: (1) abdominal aortic aneurysm screening; (2) a Part B deductible waiver for colorectal cancer screening; and (3) coverage for diabetes outpatient self-management training and medical nutrition therapy services provided at federally qualified health centers. In addition, the proposed rule calls for continuing a policy that offers full payment for the first of multiple imaging services furnished on contiguous body parts in one session and maintaining a 25 percent reduction in payment for additional imaging procedures. The proposal also would implement DRA provisions for applying the multiple imaging policy in a non-budget-neutral manner and cap payments for multiple imaging procedures at the amount paid to hospital outpatient departments. Additional information is available at <http://www.cms.hhs.gov/PhysicianFeeSched/>.

New payment system proposed for ASCs

CMS has proposed a major overhaul of the system used to pay ambulatory surgical centers (ASCs), as mandated by the Medicare Prescription Drug Improvement and Modernization Act. Under CMS' proposal, beginning January 1, 2008, operations could be performed at ASCs unless specifically excluded from the agency's list of approved ambulatory procedures. The new system would use the hospital outpatient prospective payment system (HOPPS) relative weights to set ASC payment. Under the proposal, ASCs would be paid 62 percent of the HOPPS rate, effectively eliminating the current wide variations in reimbursement rates. In addition, if a procedure is frequently provided in an office setting, it may be performed in an ASC, but reimbursement will be capped at the Medicare physician fee schedule non-facility rate. For more information, visit http://www.cms.hhs.gov/ASCPayment/06_CMS1506P.asp#TopOfPage.

ACS, IOM cosponsor workshops

The College and the Institute of Medicine (IOM) are cosponsoring workshops focused on the recent reports regarding the future of U.S. emergency and trauma care. At press time, dates and locations for the workshops were as follows:

- October 27, Chicago, IL. Workshop focus: Workforce and information technology. (Registration began in late September.)
- November 3, New Orleans, LA. Workshop focus: Emergency medical services and disaster preparedness. (Registration opens in early October.)
- December 11, Washington, DC. Workshop focus: Discussion of national emergency care issues with congressional and national policy leaders. (Registration opens in mid-November.)

For more information and to register, go to <http://www.iom.edu/CMS/3809/34454.aspx>.