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ACS testifies on Medicare payment

Testifying at a recent hearing convened by the House Energy and Commerce Subcommittee on Health, Thomas R. Russell, MD, FACS, the College's Executive Director, described the likely impact of Medicare payment policy changes scheduled to take effect January 1, 2007, on surgeons and their practices. He noted that significant changes are anticipated in the relative value units for physician work and practice expenses in the Medicare fee schedule. These policies will further shift spending away from major procedures and toward office visits and office-based care. The negative impact of these changes, he explained, will be amplified by an estimated 5.1 percent reduction in the fee schedule conversion factor that will occur as a result of the sustainable growth rate formula. For some services, the combined effect will be a double-digit percentage decrease in payments beginning January 1. Dr. Russell also noted that although a value-based purchasing program that incorporates the principles of evidence-based medicine holds promise for bringing more rationality to the payment system, it will not solve all of the problems. Commenting on three proposals pending before the subcommittee, Dr. Russell recommended that Congress pass legislation that will provide financial stability to surgical practices for at least two years.

Subsequent to the hearing, Congress adjourned for the election recess without stopping the payment cuts, and prospects for action during a planned lame-duck session in November were unclear at press time. To read Dr. Russell's entire statement, go to <http://www.facs.org/ahp/testimony/russell0906.html>. To continue pressing legislators to take steps to stop the 2007 payment cuts, surgeons should access the ACS Legislative Action Center at <http://www.capitolconnect.com/acspa/letter.aspx?AlertID=8>.

ACS MedPAC reps attend first meeting

In early September, the Medicare Payment Advisory Commission (MedPAC) held its first public meeting since the appointment of new commissioners in May. Attending their first public meeting as commissioners were two Fellows: Karen Borman, MD, FACS, a general surgeon from Jackson, MS, and Ronald Castellanos, MD, FACS, a urologist from Fort Myers, FL. During the meeting, MedPAC staff reported on two alternatives to the sustainable growth rate method of calculating payment to physicians: (1) setting targets for physician spending by type of service, and (2) setting targets based on geographic area. As required under the Deficit Reduction Act signed into law earlier this year, MedPAC will continue to look at other possible alternatives in the coming months, with a final report scheduled for release on March 1, 2007.

In addition, commissioners heard an initial analysis from MedPAC staff regarding a proposal from the Centers for Medicare & Medicaid Services (CMS) to change the calculation of practice expense (PE) payments. In the coming months, MedPAC staff will continue to study the effect of the CMS proposal, as well as the impact of supplemental data on PE relative value units, alternative methods for calculating indirect PE costs, and adjustment of PE payments to account for geographic differences. MedPAC commissioners also discussed examples of exist-

CMS announces P4P demonstration project

ing quality composites being used to compare health care providers, Medicare's financial sustainability, health system reform, distribution of indirect medical education payments, and rural payment policies enacted in the Medicare Modernization Act of 2003 (MMA). A transcript of the meeting is available by going to <http://www.medpac.gov/public%5Fmeetings/>, clicking on "Transcripts," and then clicking on "September 7-8, 2006."

The panel met again in Washington on October 5-6. Minutes of that meeting are available at http://www.medpac.gov/public_meetings/transcripts/10_06_MEDPAC_all.pdf.

On October 13, CMS announced a pay-for-performance (P4P) demonstration project that will allow physicians to earn up to \$10,000 and practices up to \$50,000 annually for reporting on 26 quality measures. The measures are related to treatment of Medicare patients with diabetes, chronic obstructive pulmonary disease, and coronary artery disease. The three-year demonstration program, created under the MMA, will involve up to 800 physician practices in Arkansas, California, Massachusetts, and Utah and will begin in 2007. To be eligible, a physician must be the primary care physician for at least 50 Medicare fee-for-service patients and must be in a solo or medium-sized practice. In the first year, the demonstration will follow a pay-for-reporting model in order to provide baseline information on quality and to help physicians become familiar with the measurement process. In subsequent years, payments will be made according to physician performance on the quality measures. At the end of the demonstration, an independent evaluation will be conducted to determine its effect on quality of care, outcomes, and Medicare expenditures. In addition, the Secretary of the U.S. Department of Health and Human Services will submit a report to Congress, as required under law. Additional information about the project can be found at <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=2038>, and the specific list of quality measures is posted at <http://www.cms.hhs.gov/DemoProjectsEvalRpts/MD/list.asp>.

Senate subcommittee discusses IOM report

On September 27, the Senate Subcommittee on Bioterrorism and Public Health Preparedness held a roundtable discussion on the findings and recommendations in the Institute of Medicine report on the future of emergency care and the U.S. trauma system. The need to develop an action plan for injuries and emergency response to terrorism involving explosives dominated the discussion. Subsequently, College and Coalition for American Trauma Care staff provided subcommittee staff with additional information on trauma systems and other issues facing surgeons in the emergency room. Concerns raised include on-call schedules, specialty shortages, regulatory requirements, uncompensated care, and liability concerns. It is likely that this meeting was the first of many congressional roundtables and hearings to focus on the state of emergency care. For more information, contact aroberts@facs.org.