

Wednesday, July 25, 2012

House Subcommittees Hold Hearings on Physician Payment Reform; Rep. Burgess Introduces One-Year SGR Patch Legislation

On July 18, the House Committee on Energy and Commerce Subcommittee on Health held a [hearing](#) entitled “Using Innovation to Reform Medicare Physician Payment.”

Hearing witnesses, who represented physicians, health plan executives and health care policy experts, included Scott Serota, President and Chief Executive Officer, BlueCross and BlueShield Association; Dr. Bruce Nash, Senior Vice President, Medical Affairs, Chief Medical Officer Capital District Physicians' Health Plan; Dr. David L. Bronson, President, American College of Physicians; Dr. David Hoyt, Executive Director, American College of Surgeons; and Dr. Kavita Patel, Managing Director for Clinical Transformation and Delivery, Engelberg Center for Health Care Reform, The Brookings Institution.

In addition to urging physician payments tied to performance rather than traditional fee-for-service and use of data in improving quality, hearing witnesses encouraged bundled payment initiatives for physicians, participation in accountable care organizations (ACOs) and greater use of patient-centered medical homes within Medicare, in which each patient has a personal physician with a team of individuals who help provide care.

Republican and Democratic members of the subcommittee agreed that the current Sustainable Growth Rate (SGR) formula needs to be replaced, but disagreed about the funding source for a new payment system, which is estimated to cost over \$300 billion. While House Democrats continue to show support for using war savings as a way to permanently repeal the SGR, House Republican leadership and many members of the House GOP Doctors Caucus have said they do not support its use, saying that the war funding is not real money.

On July 24, the House Ways and Means Health Subcommittee held a [hearing](#) on physician organization efforts to promote high quality patient care, which will help inform the Subcommittee as it continues to examine how to reform the Medicare physician payment system.

Hearing testimony was provided by Colonel (Retired) Lawrence Riddles, M.D., President of the Board, American College of Physician Executives; David L. Bronson, M.D., President, American College of Physicians; Michael L. Weinstein, M.D., Chair, Registry Board, American Gastroenterological Association; Peter J. Mandell, M.D., Chair, American Academy of Orthopaedic Surgeons Council on Advocacy; Aric R. Sharp, FACHE, CMPE, CEO, Quincy Medical Group; and John Jenrette, M.D., CEO, Sharp Community Medical Group. Recommendations for promoting high quality care included increased use of patient registries, care coordination and health information technology. A suggestion for reforming the SGR was to develop an independent, nonpartisan panel of providers, health care financial experts, quality and patient-safety experts, business leaders and patients to research and analyze best practices and then deliver recommendations to lawmakers.

Energy and Commerce Health Subcommittee Vice Chairman Representative Michael Burgess, M.D. (R-TX) has introduced the Assuring Medicare Stability and Access for Seniors Act of 2012, legislation to provide a one-year payment extension through the end of 2013 to avoid an approximate 30 percent payment cut to physicians to occur at the end of the year and provide additional time for Congress to assess longer-term SGR solutions. At this point the bill does not include any offsets to pay for the fix; however, according to House rules offsets will be required if the bill moves forward.

While lawmakers have praised new ideas for replacing the SGR, they have also acknowledged that anything more than an extension of current payment rates is unlikely to happen this year.

CMS Opens National Coverage Determination Reconsideration for Positron Emission Tomography (PET)

On July 11, the Centers for Medicare and Medicaid Services (CMS) opened a reconsideration of Section 220.6 of the National Coverage Determination (NCD) on Positron Emission Tomography (PET), which identifies fluorodeoxyglucose F-18, rubidium Rb-82, ammonia N-13, and sodium fluoride F-18 as the only nationally covered radioisotopes for certain defined uses in PET.
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CMS Opens National Coverage Determination Reconsideration for Positron Emission Tomography (PET) (*cont'd*)

Certain other uses of PET with these radioisotopes are covered only when furnished in clinical studies under Coverage with Evidence Development (CED) or are specifically nationally noncovered. All remaining uses of PET are nationally noncovered.

CMS is reconsidering Section 220.6 of the NCD Manual in response to a request from the Medical Imaging & Technology Alliance (MITA) with the American College of Radiology (ACR), the Society of Nuclear Medicine (SNM), the Council on Radionuclides and Radiopharmaceuticals (CORAR) and the World Molecular Imaging Society (WMIS) that coverage of these remaining uses of PET be determined locally by Medicare Administrative Contractors (MACs) when PET is furnished with new FDA approved radioisotopes, including those that may be approved by the Food and Drug Administration (FDA) in the future.

CMS is soliciting public comment relevant to the request. The public comment period will close on August 10, and CMS' expected NCA completion date is April 11, 2013. While CMS will consider all public comments, it is particularly interested in relevant clinical studies and other scientific information.

Click [here](#) to learn more.

Health Care Industry Braces for Budget Sequester

Under the terms of the Budget Control Act (BCA) of 2011, U.S. domestic and defense spending will receive \$1.2 trillion in across-the-board cuts through an automatic sequester scheduled to take effect on January 2, 2013. If triggered, this provision will allow for a maximum 2 percent cut in all Medicare spending on providers, Medicare Advantage plans and Part D drug plans with no eligibility, premium or out of pocket changes to Medicare beneficiaries.

As January approaches, health care groups are warning of the effects of the cuts, which will include an estimated elimination of 2,300 National Institutes of Health research grants and an estimated loss of 48,000 jobs in the health care industry, for example.

Lawmakers are urging the Obama administration to explain how federal agencies are to implement the across-the-board cuts at the start of next year. As yet, the administration has instructed agencies to prepare budget requests for fiscal 2013 as though the sequester would be averted. On July 18, the House passed a bill that would require the White House to provide a detailed description of plans for implementing the spending cuts within federal agencies. It is unclear whether the Senate will vote on this measure, however, and whether such reports would be generated before the start of the next fiscal year on October 1.

The limited calendar for the remainder of the year and the lasting partisan divide on economic issues suggests there is little chance that Congress will work together to identify required savings and avoid the sequester's impact.

Click [here](#) to read more about the sequester.