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## **The US Oncology Network Joins New Alliance for Site-Neutral Payment Reform**

The US Oncology Network has partnered with a variety of national healthcare stakeholder groups to form The Alliance for Site-Neutral Payment Reform to specifically

address disparities in payments between the same clinical patient services provided in different healthcare settings.

In a letter sent to leaders in the U.S. Senate and U.S. House of Representatives as well as the Senate Finance, Senate HELP, House Ways and Means and House Energy and Commerce Committees on January 20, the groups ask lawmakers to seriously consider reimbursement parity across sites of service as they look for policy solutions to improve the delivery of healthcare. The groups directly point to payment disparities between care provided in a physician's office or community setting and the Hospital Outpatient Department (HOPD), which the Alliance argues increase overall spending growth on both publicly and privately insured individuals because of higher prices and quantities.

The groups further warn that these practices ultimately harm the consumer due to increased cost-sharing and coinsurance fees associated with higher HOPD costs.

The groups write, "The Alliance for Site-Neutral Payment Reform and our member organizations feel that it is time to address payment parity across site of service in order to decrease Medicare and commercial spending, ensure patients receive the right care in the right setting, lower taxpayers and beneficiary costs and increase patient access. Our growing membership represents healthcare providers, patient and consumer groups, insurers and others who believe patients – and the healthcare system – would be better served by policies that are fiscally wise and preserve and enhance options."

Other founding members of the Alliance include the American Academy of Family Physicians, American College of Physicians, American Health Care Association, America's Health Insurance Plans, Blue Cross and Blue Shield Association, Community Oncology Alliance, Lung Cancer Alliance and Men's Health Network.

To download the full Alliance for Site-Neutral Payment Reform letter to Congressional leaders, [CLICK HERE](#).

## Energy and Commerce Committee Hearing Focuses on Future of SGR



The House Energy and Commerce Health Subcommittee met this week to reexamine a plan to replace the Medicare Sustainable Growth Rate (SGR) payment formula. The two-day hearing – which took place on Wednesday, January 22 and Thursday, January 23 – featured comprehensive testimony from politicians, academics, and advocacy groups.

The hearing was called to specifically address the Medicare SGR formula, which calls for automatic reductions in reimbursement rates for doctors once spending reaches a certain rate. Since 2003, Congress has enacted multiple

temporary solutions through delays or slight pay increases, known as a “doc-fix,” to combat the SGR. Without such patches, many believe that providers would back out of the Medicare program, leaving seniors with reduced access to care. Therefore, many policymakers are hoping to replace the SGR formula entirely, in order to ensure long-term stability, instead of the use of short-term fixes.

Last year, the committee unanimously passed a bipartisan, bicameral SGR bill (H.R. 4015/S. 2000), but Democrats and Republicans failed to strike a deal regarding how to pay for the policy.

On Wednesday, Democrats and Republicans disagreed on a number of major points, illuminating the sustained divide between lawmakers as they contemplate physician reimbursement reform. The Committee focused primarily on the price of total repeal, which CBO estimates at \$140 billion over 10 years. Policymakers also introduced a more modest approach, however, which would be half as expensive.

“Isn’t it more responsible to pass [repeal] without paying for it than to not pass it at all?” asked Rep. Frank Pallone, Jr. (D-NJ), who argued in favor of eliminating the SGR and assuming the debt burden.

A number of Republicans, including Rep. Joseph R. Pitts (R-PA), were fiercely opposed to the idea calling it “not serious.”

Witnesses testifying before the committee at the Wednesday meeting included former Senator Joseph Lieberman, Brookings Institution Co-Chair Alice Rivlin, and American Institutes for Research Fellow Marilyn Moon.

In an op-ed published earlier this month penned by Lieberman and Sen. Tom Coburn (R-OK), the two asserted, “Congress and the president should scrap the SGR while simultaneously adopting some common-sense reforms to improve Medicare and shore up the program over the longer term.”

Speakers at the Thursday session included President and CEO of the American Hospital Association (AHA) Richard Umbdenstock, Society of Thoracic Surgeons Chair Dr. Alan Speir, AARP President-Elect Eric Schneidewind, Foothills Women's Medical Center Medical Director Dr. Geraldine O'Shea, American Medical Association (AMA) Board of Trustees Chair Dr. Barbara McAneny, and American Association of Nurse Practitioners Board President Ken P. Miller, PhD, R.N.

Advocacy groups – most notably AARP, AMA and AHA – presented a united voice in favor of SGR repeal while disagreeing on site-neutral payment policies.

Specific to the issue of SGR repeal, AARP asserted that permanent repeal of the physician payment formula would bring stability and predictability to health care providers and the Medicare beneficiaries they serve. In regards to funding permanent SGR repeal, AARP stated, “Congress would be justified in not fully offsetting the costs

of a permanent repeal at this time.” The group also urged Congress to address “health extenders” such as the Qualifying Individual (QI) program, therapy caps for the exception process, and funding for community-based resources in any SGR replacement measure.

The AMA voiced full support for the “SGR Repeal and Medicare Provider Payment Modernization Act” (H.R. 4015/S. 2000), which would repeal SGR and replace it with payment reforms that enhance and support patient care. The [formal AMA testimony](#) states, “We encourage this Committee and the new Congress to move this legislation forward as quickly as possible. H.R. 4015/S. 2000 provides a pathway forward to achieving meaningful Medicare reform. It represents a historic achievement in this effort.” AMA strongly advocates for passage with or without any pay-fors.

While also favoring an SGR overhaul, the [AHA stressed](#) that “[o]ffsets should not come from other health care providers, including hospitals.” The group stated that they would be opposed to any proposal “to fix the physician payment problem at the expense of funding for services provided by other caregivers.”

Specific to payment parity reforms, AARP recommended payment equity for physician services between hospital outpatient and office settings. In its [formal testimony](#) to the committee, AARP specifically recommends: “Equalize Medicare payments for physician services between hospital outpatient and office settings. Equalizing Medicare payments for similar physician visits regardless of setting could save about \$9 billion over 10 years.”

The AHA, however, provided a singular voice against site-neutral payments. The AHA stated that cutting payments to hospitals through site-neutral reforms are “not the answer.”

The current SGR “patch” expires on April 1, 2015.

To watch the E&C hearing, [CLICK HERE](#).

For the Committee’s official background memo, [CLICK HERE](#).

For the Lieberman and Coburn op-ed, [CLICK HERE](#).

## Obama Sets an Ambitious Agenda In State of the Union, Healthcare Not A Focus

President Barack Obama outlined a broad policy agenda, with little focus on healthcare in his State of the Union address this week.

Obama primarily emphasized the importance of “middle-class economics,” introducing proposals – such as free community college and tax reform – aimed at bettering the

lives of Middle America. In regards to healthcare, the president highlighted the effect of the Affordable Care Act and presented a “Precision Medicine Initiative.”

“In the past year alone, about 10 million uninsured Americans finally gained the security of health coverage,” Obama said. “At every step, we were told our goals were misguided or too ambitious; that we would crush jobs and explode deficits. Instead, we’ve seen the fastest economic growth in over a decade, our deficits cut by two-thirds, a stock market that has doubled, and health care inflation at its lowest rate in 50 years.”

While relatively little is known about the Precision Medicine Initiative, Obama claimed the plan would bring the U.S. “closer to curing diseases like cancer and diabetes” while giving “us access to the personalized information we need to keep ourselves and our families healthier.”

Precision medicine – also referred to as personalized medicine – utilizes individualized genetic mapping to provide targeted care to patients. The practice is widely utilized in the treatment of diseases such as cystic fibrosis and cancer.

The new initiative comes as the House Energy and Commerce Committee is poised to release draft legislation aimed at spurring development of new medical treatments as part of the panel's 21<sup>st</sup> Century Cures Initiative. Prior to the address, E&C chair, Fred Upton (R-MI) pushed the president to endorse the upcoming bill as an “area of bipartisan agreement to pursue in 2015.”

For a full transcript of the 2015 State of the Union address, [CLICK HERE](#).

## MedPAC Discusses Site-Neutral Payments, Hospital Reimbursement, and Physician Payment Rates



The Medicare Payment Advisory Commission (MedPAC) outlined several recommendations for the Medicare program at a meeting this month, calling for reforms such as updated site-neutral payment policies.

Specifically, the Commission stressed the need for equal site-neutral payment for inpatient rehab facilities (IRFs) and skilled nursing facilities (SNFs). MedPAC also proposed a small hike in hospital reimbursement, as well as a freeze in rates paid to caregivers in 2016.

“The Commission believes that Medicare should begin to move towards site-neutral payments where there is clear overlap in the services provided,” MedPAC wrote in a meeting brief. “In the longer run, Medicare is beginning efforts to develop a common payment system that will eliminate the current setting-based.”

The American Hospital Association voiced its concern with the site-neutral payment policy in a statement.

“We have a number of concerns about MedPAC’s IRF-SNF site neutral recommendation, including that it may lead to the provision of SNF-level care for beneficiaries who actually would have achieved a better outcome if they had received IRF-level care,” said Joanna Hiatt Kim, American Hospital Association vice president of payment policy.

In addition to addressing site-neutral payment in post-acute care settings, the Commission proposed a 3.5 percent increase in the rates paid for inpatient and outpatient hospital procedures in 2016. MedPAC also recommended freezing the rates paid not only to physicians, but also home health aides, skilled nursing facilities, ambulatory surgical centers, dialysis facilities, hospice, inpatient rehabilitation facilities and long-term care hospitals in next year.

At the meeting MedPAC echoed its calls to replace the current Medicare Sustainable Growth Rate (SGR) payment formula.

For a full transcript of the MedPAC meeting, [CLICK HERE](#).