AMCNO Advocacy

AMCNO responds to CMS Proposed Rule – Physician Payments, Reporting and GPCI Calculation at Issue

On behalf of our membership, the AMCNO has submitted comments to the Centers for Medicare and Medicaid Services (CMS) in response to the proposed 2012 changes to payment policies and rates under the Medicare Physician Fee Schedule (proposed rule CMS-1503-P). Our comments focused on the issue of the flawed sustainable growth rate (SGR) formula currently utilized by CMS to calculate physician payments under Medicare, the Physician Compare website and items contained in the proposed rule relative to the geographic practice cost indices (GPCI) utilized by Medicare in Ohio.

Physician Payment Updates

The AMCNO commented to CMS that since 2002, the SGR formula has annually called for reductions in Medicare reimbursements. Payments were cut by 5 percent in 2002. Congress has intervened on 12 separate occasions since then to prevent additional cuts from being imposed. The current formula outlined in this rule calls for cuts of 29.5 percent on January 1, 2012. The AMCNO also noted we remain very concerned that all patients will be adversely affected by these proposed payment changes because Medicaid and private insurers use Medicare rates as a resource for their reimbursement rates.

The AMCNO further noted that while we realize that ultimately the administration and Congress will have to act in order to replace the SGR, we believe that CMS and its’ administrators have the ability to review comments from physicians, physician organizations and other healthcare providers regarding the proposed payment and policy changes to find ways to improve physician payment without adding to overall Medicare costs. We also noted that recently the CMS Administrator, Dr. Donald Berwick, acknowledged that an additional cut in Medicare physician payments would have serious consequences. The AMCNO concurs with his comments and we have urged CMS and Congress to work toward a solution to this ongoing issue and finally pass a permanent SGR fix in order to solve this problem once and for all.

Physician Compare Website

As a part of the Affordable Care Act, CMS must develop a Physician Compare Internet website with demographic and performance information on physicians enrolled in the Medicare program. The AMCNO commented to CMS that as we have been working on legislation in Ohio to address the issue of physician ranking by insurance companies, we have stressed the importance to provide patients with accurate information when selecting a physician. We believe that the crux of the issue is to balance the rights of physicians to have accurate and relevant reporting of their practice with the desire of consumers to have access to information about their treating physician. We strongly urged CMS to assure that the physician information provided to the public on the Physician Compare website is based on quality data versus cost and claims data, and that the data is accurate. The AMCNO also urged CMS to provide physicians with the ability to appeal their data prior to posting any information on the website. The AMCNO further offered to work with CMS to ensure that public reporting of performance information is accurate, relevant and useful to patients.

Geographic Practice Cost Indices (GPCI) Locality

At this time, CMS uses 89 physician payment localities among which fees are adjusted however; the AMCNO strongly believes that Medicare’s geographic payment adjustment formula does not accurately reflect practice costs in Northern Ohio. Currently, the state of Ohio is designated as a statewide locality. The AMCNO commented that this is problematic for our physician members practicing in Northern Ohio because CMS has not revised the geographic boundaries of the physician payment localities since 1997. Also, since that year, CMS has indicated that the only mechanism the agency has set forth to modify the payment localities is for the state medical association to petition for change. The AMCNO has reviewed the geographic adjustment formula so we were pleased to learn that CMS has asked the Institute of Medicine (IOM) to evaluate the accuracy of the geographic adjustment factors used for Medicare physician payment. The AMCNO has recommended utilizing geographic health sector data from the Bureau of Labor Statistics, expanding wage data to account for all types of health workers in private practice, and using the same number of geographic market areas for physician and hospital payments. The IOM committee also concluded that the program should be using more accurate data when adjusting pay rates based on where physicians and hospitals are located.

Geographic adjustments to Medicare payments are intended to accurately and equitably cover regional variations in wages, rents, and other costs incurred by hospitals and individual health care practitioners. The report also stated that the program should employ the metropolitan statistical areas (MSAs) developed by the Office of Management and Budget for both hospitals and physicians. The IOM report also mentions that MSAs reflect information on where people live and work and decisions made by employers and employees that define labor markets’ boundaries.

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At Work

The AMCNO has advocated for geographic adjustment reforms for many years and we included in our comments to CMS that the IOM recommendations validate the AMCNO concerns and we agree that a payment option should be based on geographic areas as defined by the Office of Management and Budget, and one which uses Metropolitan Statistical Areas (MSAs) and Metropolitan Divisions (MDs) to form localities in each state. The AMCNO believes that this option is viable due to the fact that it is based upon the localities used to pay other Medicare providers, such as hospitals, skilled nursing facilities and ambulatory surgery centers, which allow for a more focused recognition of geographic cost differences. We informed CMS that if implemented, this option would create additional localities in Ohio and would be of benefit to the physicians in our area of the state as well as other metropolitan areas in Ohio.

Due to the timing of the release of IOM’s report and the fact that CMS does not yet have the second supplemental report on the GPcis, CMS was unable to address the full scope of the IOM recommendations in this proposed rule, however, the AMCNO has asked CMS to carefully review and evaluate the IOM reports and make changes in the Medicare program to use more accurate data when adjusting pay rates based on where physicians and hospitals are located.

The AMCNO physician leadership will continue to monitor these issues and provide additional information to our membership as it becomes available.