

May 16, 2008

Glenn M. Hackbarth  
Chairman  
Medicare Payment Advisory Commission  
601 New Jersey Avenue, NW  
Suite 9000  
Washington, DC 20001

Dear Mr. Hackbarth:

We write to express our strong opposition to the Medicare Payment Advisory Commission's recommendation to provide a budget neutral payment adjustment for primary care services, which was approved by the Commission during its April meeting.

As surgeons who care for patients in the most acute situations, we are deeply concerned about the consequences for patients' ability to access high quality surgical care should the Commission's recommendation be implemented. While we appreciate the issues confronting our colleagues in primary care, they are not alone among physician specialties facing significant workforce and reimbursement difficulties:

- **Reimbursement:** Since 1989, the payments for many surgical services have been cut significantly. For example, a three vein coronary artery bypass graft surgery (CPT 33512), for which the average Medicare payment was \$3,957 in 1989, now only receives an average of \$2,288 from Medicare—a cut of 42.18 percent in less than 20 years. This is just one of many examples: Other procedures such as cataract removal (CPT 66984), removal of spinal lamina (CPT 63047), and total hip replacement (CPT 27130) have been cut even more—60.20 percent, 51.88 percent, and 44.95 percent respectively.
- **Valuation of Services:** In 2007, following the most recent five-year review of the Relative Value Update Committee, approved by the Centers for Medicare and Medicaid Services (CMS), more than \$4 billion in the fee schedule was shifted to evaluation and management (E/M) codes from other services, including surgical care. For instance, the work values associated with an intermediate office visit (CPT 99213), the most frequently billed physician service in Medicare, increased 37 percent. Because these decisions were budget-neutral, CMS offset these increases with a 10.1 percent reduction in work values for all physician services. As a result, in spite of Congress's approval of a freeze in the conversion factor, most surgical codes were cut between 3 and 7 percent in 2007. On January 1, 2008, even with a 0.5 percent increase in the conversion factor, Medicare payments for many surgical services were cut again because of an additional 1.8 percent reduction in work values for all physician services. This reduction resulted from a second budget neutrality adjustment to account for additional

changes under the five-year review that increased the work values for anesthesia services and E/M services provided in nursing facilities, domiciliary care settings and patients' homes.

- **Workforce:** The Bureau of Health Professions (BHP) has cited significant workforce challenges across the surgical specialties. Between 2000 and 2005, the number of surgeons in full-time practice in the United States increased by only 3.3 percent (4,520 nationwide) whereas the number of practicing primary care physicians increased by 6.4 percent (13,850 nationwide); when obstetrics and gynecology, which is often classified as a primary care specialty, is excluded from this calculation, the actual number of practicing surgeons increased by only 1.7 percent. In addition, between 2000 and 2005, the number of general surgeons and thoracic surgeons decreased by 4.4 percent and 4.7 percent respectively. BHP's projections for the future of America's surgical workforce are even more troubling: Between 2005 and 2020, BHP projects an increase of only 3 percent among practicing surgeons; if obstetrics and gynecology is excluded, the number in full-time practice in all other surgical specialties will decrease by 1.7 percent—with projected declines in thoracic surgery (-15%), urology (-9%), general surgery (-7%), plastic surgery (-6%), and ophthalmology (-1%). Over the same time period, BHP projects that the number of practicing primary care physicians will increase by 19 percent.
- **Practice Costs:** At the same time surgical reimbursement has been cut drastically over the past 20 years, surgeons' practices costs have continued to steadily rise. One extremely expensive fixed cost for many surgeons is their annual professional liability insurance (PLI) premiums, which, for some specialties exceed \$200,000 per year in certain states. Medicare payment rates do not even begin to cover these costs, and further reductions in surgical reimbursement will only exacerbate this problem.

Concerns such as these were raised during the Commission's discussion of the recommendation, but regrettably the Commission was unmoved in its desire to proceed with this recommendation that could further exacerbate the reimbursement and workforce challenges facing surgery in America today. Additionally, physician extenders, such as nurses, nurse practitioners, and physician assistants, cannot replace the surgeon when a patient is in need of surgical care.

All of medicine faces significant reimbursement and workforce issues that must be addressed soon to ensure patients' continued access to quality medical care. Unfortunately, the Commission's recommendation seeks to address the challenges facing one aspect of medicine at the expense of all others. If this recommendation is acted upon, the ones who stand to lose the most are not America's surgeons but rather the patients who rely on the life-saving care that only surgeons can provide.

Sincerely,

American Academy of Ophthalmology  
American Academy of Otolaryngology – Head and Neck Surgery  
American Association of Neurological Surgeons  
American Association of Orthopaedic Surgeons  
American College of Osteopathic Surgeons  
American College of Surgeons  
American Osteopathic Academy of Orthopedics  
American Society of Cataract and Refractive Surgery  
American Society of Plastic Surgeons  
American Urological Association  
Congress of Neurological Surgeons  
Society of Gynecologic Oncologists  
Society for Vascular Surgery  
The Society of Thoracic Surgeons

cc: The Honorable Max Baucus, Chairman, Committee on Finance, U.S. Senate  
The Honorable Charles Grassley, Ranking Member, Committee on Finance, U.S. Senate  
The Honorable Charles Rangel, Chairman, Committee on Ways and Means, U.S. House  
of Representatives  
The Honorable Jim McCrery, Ranking Member, Committee on Ways and Means, U.S.  
House of Representatives  
The Honorable John D. Dingell, Jr., Chairman, Committee on Energy and Commerce,  
U.S. House of Representatives  
The Honorable Joe Barton, Ranking Member, Committee on Energy and Commerce,  
U.S. House of Representatives  
The Honorable Pete Stark, Chairman, Subcommittee on Health, Committee on Ways and  
Means, U.S. House of Representatives  
The Honorable Dave Camp, Ranking Member, Subcommittee on Health, Committee on  
Ways and Means, U.S. House of Representatives  
The Honorable Frank Pallone, Chairman, Subcommittee on Health, Committee on  
Energy and Commerce, U.S. House of Representatives  
The Honorable Nathan Deal, Ranking Member, Subcommittee on Health, Committee on  
Energy and Commerce, U.S. House of Representatives