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February 18, 2014

The Honorable Ron Wyden, Chairman
Senate Finance Committee
Washington, DC 20510

The Honorable Orrin Hatch, Ranking Member
Senate Finance Committee
Washington, DC 20510

The Honorable Dave Camp, Chairman
House Ways and Means Committee
Washington, DC 20515

The Honorable Sander Levin, Ranking Member
House Ways and Means Committee
Washington, DC 20515

The Honorable Fred Upton, Chairman
House Energy and Commerce Committee
Washington, DC 20515

The Honorable Henry Waxman, Ranking Member
House Energy and Commerce Committee
Washington, DC 20515

The Honorable Michael Burgess, MD, Vice Chairman
Health Subcommittee
House Energy and Commerce Committee
Washington, DC 20515

Subject: SGR Repeal and Medicare Provider Payment Modernization Act

Dear Senators Wyden and Hatch and Representatives Camp, Levin, Upton, Waxman and Burgess:

On behalf of the American Association of Neurological Surgeons (AANS) and the Congress of Neurological Surgeons (CNS), we wish to again express our sincerest appreciation for all your hard work to develop legislation to repeal and replace Medicare's sustainable growth rate (SGR) physician payment formula. We realize that it has been a tremendous undertaking to balance the various interests of policymakers, stakeholders and healthcare thought leaders, and we commend you for your efforts. Because it meets many of our core principles, the AANS and CNS offer our support of the SGR Repeal and Medicare Provider Payment Modernization Act (S. 2000/H.R. 4015). We encourage Congress to identify acceptable offsets and pass this legislation before the expiration of the current SGR patch.

Specifically, the SGR Repeal and Medicare Provider Payment Modernization Act reflects the following principles, which we believe are essential elements of physician payment reform:

- Repeals the SGR and provides physicians with a five-year period of payment stability and positive updates;
- Consolidates the current Physician Quality Reporting System (PQRS), Electronic Health Record (EHR) and Value-Based Payment Modifier (VBPM) programs and eliminates the penalties associated with these programs;
- Provides physicians a choice of payment models, including fee-for-service;
- Includes positive incentives for quality improvement payment programs that allow all physicians the opportunity to earn bonus payments;
- Enhances the ability of physicians, rather than the government, to develop quality measures and clinical practice improvement activities; and
- Clarifies that quality improvement program requirements do not create new standards of care for purposes of medical malpractice lawsuits.

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Although the legislation certainly incorporates many of our recommendations, we continue to have ongoing concerns about several aspects of the bill, which may adversely affect Medicare beneficiaries' access to specialty care.

First, while we recognize that Congress is working within difficult fiscal restraints, we are disappointed that the bill does not include annual positive base payment updates. Over the next decade, medical practice costs, as measured by the Medicare Economic Index (MEI), will exceed 25 percent, and under this bill physicians will continue to lose ground to inflation — and this is on top of the past decade of flat Medicare payments.

Additionally, we believe the misvalued code section is unnecessary. To provide Medicare with reliable data on how physician work has changed over time, the Relative Value Scale Update Committee (RUC), with more than 300 experts in medicine and research, is examining more than 1,500 potentially misvalued services accounting for over $38 billion in Medicare spending. Already the RUC has recommended reductions to more than 600 services, redistributing more than $3 billion, and this work continues. Unfortunately, the targets set in the legislation are arbitrary, and, given the significant cuts to specialty services resulting from the current ongoing review, it will be difficult to achieve an additional $1 billion in redistributive cuts. Regardless, this section basically negates the modest 0.5 percent update for three of the five years during the transition period to the new quality incentive payment program.

Finally, we very much appreciate that this version of the legislation is structured in such a manner that all physicians have an opportunity to earn quality incentives and avoid quality-related penalties, with the highest performing physicians receiving additional bonus payments. Nevertheless, because there is a finite amount of money available for quality incentive payments, we are concerned that many physicians will still receive penalties, rather than bonuses. We therefore encourage Congress to exercise ongoing oversight over the merit-based incentive payment system (MIPS) to ensure that the performance metrics employed are in fact reflective of the views of the medical profession and the scoring system is fair and accurate.

Once again, we thank you for your efforts to replace the SGR formula with a more sustainable physician payment system. If you have any questions, please don't hesitate to contact us.

Sincerely,

William T. Couldwell, MD, PhD, President
American Association of Neurological Surgeons

Daniel K. Resnick, MD, President
Congress of Neurological Surgeons

cc: U.S. Senate
U.S. House of Representatives

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