



AMERICAN SOCIETY OF HEMATOLOGY

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2011

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The Honorable Henry A. Waxman
Ranking Minority Member
Energy & Commerce Committee
House of Representatives
2322A Rayburn House Office Building
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Re: Proposals to Reform the SGR

April 28, 2011

Dear Chairman Upton and Ranking Minority Member Waxman:

The American Society of Hematology (ASH) appreciates the opportunity to offer our suggestions for changes to the Medicare Physician Fee Schedule. ASH represents more than 16,000 clinicians and scientists committed to the study and treatment of blood and blood-related diseases. ASH members include hematologists who regularly render services to Medicare beneficiaries.

It should go without saying that the threats of massive reductions to the conversion factor due to the flawed SGR system need to be eliminated. A system where each year physicians are faced with payment reductions of 20 to 30 percent only to be bailed out by last minute temporary fixes cannot be sustained. Physicians will increasingly look to minimize their exposure to Medicare by not taking new patients or by opting out of the program entirely. The major problems ASH sees with the current physician fee schedule in addition to the SGR are:

- A need for a predictable and stable system for updating fees over time to fully and realistically account for the costs of operating a medical practice.
- A means to address the imbalance in payments for cognitive services compared to procedural services. This issue goes well beyond the need to attract and retain primary care physicians, which receives the most public and congressional attention. As important as primary care is to the nation's health care system, so too is access to medical specialists as well as adequate compensation of medical specialists who do not perform lucrative procedural services. Despite some efforts to modestly increase the relative values for evaluation and management services by CMS and the AMA Relative Value Update Committee (RUC), the payment scale is still substantially skewed in favor of physicians who perform surgical and other procedural services. This disparity can be seen whether one compares payments at a procedural level or compares the relative income of procedural and cognitive specialties.

These disparities might be addressed by establishing some process outside of the RUC to critically examine these issues and look to alternative methodologies for assigning relative payment rates. Alternatively, some shift in payment could be achieved by reducing procedural relative values by a certain percent and increase the relative values for visit and consultation services. Legislation would be needed to make this change.

*Letter to Chairman Upton & Ranking Minority Member Waxman
April 28, 2011*

- Recognition of specialty expertise under the fee schedule. Currently, the same payment is assigned to a service regardless of the expertise of the physician providing the service. For example, a family physician and a world renowned expert treating a complex blood disorder receive the same payment. We appreciate the complexity of establishing appropriate specialty adjustors; however, we cannot think of any other profession that functions in this manner.

The Society thanks you again for the for the opportunity to submit these comments and looks forward to working with you to find a permanent solution to the physician payment issue and prevent future disruption by stop-gap measures to correct the sustainable growth rate (SGR) formula.

We welcome the opportunity to meet with you to further discuss the Society's concerns. If you have any questions or would like additional information, please contact ASH Director of Government Relations and Practice Mila Becker at mbekcer@hematology.org or 202-776-0544.

Sincerely yours,

A handwritten signature in black ink, appearing to read "J. Evan Sadler". The signature is fluid and cursive, with the first name "J." and last name "Sadler" clearly legible.

J. Evan Sadler, MD, PhD
President