

July 2, 2009

The Honorable Max Baucus
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20515

The Honorable Charles Grassley
Ranking Member
Senate Finance Committee
203 Hart Senate Office Building
Washington, DC 20515

Dear Senators Baucus and Grassley:

As Congress considers innovated payment reforms for physicians, the undersigned organizations are writing to share a proposal for modifying Medicare's physician payment formula to encourage higher quality, lower cost care for Medicare beneficiaries with severe or disabling chronic conditions.

As you know, these beneficiaries are typically older and suffer from multiple co-morbid conditions, which are sometimes challenging to diagnose; and undoubtedly costly to treat. However, by coordinating care through an incentive system that increases quality by focusing on and rewarding face-to-face time spent with patients, we can achieve improved care that reduces unnecessary tests and duplication of services, resulting in lower costs.

Specifically, the undersigned organizations support the institution of a bonus payment over the fee schedule amount for evaluation and management (E/M) services provided to patients suffering from the chronic conditions identified by the Medicare Special Needs Plan Chronic Condition Panel (SNCCP). The bonus payment would be in effect for a period of three to five years as a temporary solution until further analyses of comprehensive alternatives to the payment system are completed and new payment models are implemented.

By using a patient-centered approach to determine eligibility, all physicians treating patients with the chronic conditions identified by the SNCCP would be rewarded for the provision of focused, ongoing care. Directing solutions to be based on patient need is likely to bring added care management to these complex, high cost, chronically ill patients.

Any provider could qualify for the separate bonus payment by seeing patients with the appropriate ICD-9 diagnosis code for any of the conditions identified by the SNCCP (listed below). The secretary could also require the reporting of quality measures and care coordination. The SNCCP – authorized by the Medicare Improvements for Patients and Providers Act of 2008 – identified 15 conditions for inclusion in the 2010 Medicare Advantage Special Needs Plans. The panel — comprised mainly of generalists — considered the following inclusion factors: medically complex, substantially disabling, life threatening, a high risk of hospitalization, a high risk for adverse outcomes, and in need of specialized care delivery across several domains.

CMS could easily administer this plan, as it would be based on reported E/M services that are provided on patients with the identified diagnoses (ICD-9 codes).

Adoption of this bonus payment will re-align incentives to deliver truly patient-centered care, enhance patient access, improve quality, and immediately lower costs.

2010 Medicare Special Needs Plans Chronic Conditions

- a) **Chronic alcohol and other drug dependence**
- b) **Autoimmune disorders** limited to: (Polyarteritis nodosa, Polymyalgia rheumatic, Polymyositis, Rheumatoid arthritis, Systemic lupus erythematosus)
- c) **Cancer** excluding pre-cancer conditions or in-situ status
- d) **Cardiovascular disorders** limited to: (Cardiac arrhythmia, Coronary artery disease, Peripheral vascular disease, Chronic venous thromboembolic disorder)
- e) **Chronic heart failure**
- f) **Dementia**
- g) **Diabetes mellitus**
- h) **End-stage liver disease**
- i) **End-stage renal disease requiring dialysis** (any mode of dialysis)
- j) **Severe hematologic disorders:** (Aplastic anemia, Hemophilia, Immune thrombocytopenic purpura, Myelodysplastic syndrome, Sickle-cell disease (excluding sickle-cell trait), Chronic venous thromboembolic disorder)
- k) **HIV/AIDS**
- l) **Chronic lung disorders:** (Asthma, Chronic bronchitis, Emphysema, Pulmonary fibrosis, Pulmonary hypertension)
- m) **Chronic and disabling mental health conditions:** (Bipolar disorders, Major depressive disorders, Paranoid disorder, Schizophrenia, Schizoaffective disorder)
- n) **Neurologic disorders:** (Amyotrophic lateral sclerosis (ALS), Epilepsy, Extensive paralysis (i.e., hemiplegia, quadriplegia, paraplegia, monoplegia), Huntington's disease, Multiple sclerosis, Parkinson's disease, Polyneuropathy, Spinal stenosis, Stroke-related neurologic deficit)
- o) **Stroke**

This proposal is supported by several physician and patient organizations, who are listed below, who strongly believe it will result in high quality, patient-centered, and cost-effective care. We ask that you include in the legislation the institution of a bonus payment over the fee schedule amount for evaluation and management (E/M) services provided to patients suffering from the chronic conditions identified by the Medicare Special Needs Plan Chronic Condition Panel (SNCCP).

Patient Advocates

ALS Association
Alzheimer's Foundation
Epilepsy Foundation
National Alliance on Mental Illness
National Multiple Sclerosis Society
Parkinson's Action Network

Physician Organizations

American Academy of Allergy
American Academy of Neurology Professional Association
American Association for the Study of Liver Diseases
American College of Allergy, Asthma and Immunology
American College of Rheumatology
American Gastroenterological Association
American Society of Hematology
Joint Council of Allergy, Asthma, and Immunology