



Dec. 12, 2013

The Honorable Max Baucus
Chairman
Committee on Finance 219 Dirksen Senate
Office Building
Washington, DC 20510

The Honorable Dave Camp
Chairman
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Orrin G. Hatch
Ranking Member
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
1106 Longworth House Office Building
Washington, DC 20515

RE: Medicare SGR Payment Reform Legislation

Dear Chairmen Baucus and Camp and Ranking Members Hatch and Levin:

On behalf of the Coalition of State Medical Societies – representing 158,500 physicians and medical students for state medical societies in Arizona, California, Florida, Louisiana, Oklahoma, New York, North Carolina, South Carolina, and Texas –we want to thank you, the committees’ members, and staff for your hard work on the Medicare Sustainable Growth Rate (SGR) payment reform legislation.

The bipartisan, bicameral effort clearly demonstrates the need to repeal the flawed Medicare SGR formula and establish a new physician payment system. With the drastically reduced Congressional Budget Office score of \$116 billion, we are optimistic that Congress will seize the opportunity to set Medicare on a more stable course for current and future generations of physicians and patients.

Both committees have made a number of improvements to the initial draft that will improve physicians’ ability to provide care to their patients, including repeal of the flawed Medicare SGR formula that has blocked appropriate payment updates for physicians over the past decade. We are hopeful that additional amendments will significantly reduce the growing burden of federal regulations on physician practices. The coalition urges the Committees to address the following priority issues in the Medicare SGR payment reform legislation:

- Provide positive automatic payment updates. We appreciate the Ways and Means Committees' recognition of the need to provide automatic payment updates to help sustain physician practices. We are disappointed that the Senate Finance Committee has not included a similar provision. Physicians have languished over the past decade with a number of temporary and partial patches that have not reflected the costs to physicians, particularly additional state and federal requirements being placed on practices.
- Eliminate the Fee-for-Service program penalties. The fee-for-service payment track (the Value-Based Performance Program) in the legislation includes the current law reporting programs with penalties and bonuses. While we recognize that there are substantial bonuses in this bill that are not in current law, we are concerned that the payment pool for bonuses and penalties is budget neutral. We object to the penalties and believe the committees should focus on encouraging and incentivizing physicians to participate in these programs. The penalties could disproportionately impact small practices.
- Revise or eliminate adoption of the ICD-10 coding system. Since physicians are being asked to convert to this new system on a drop-dead date (Oct. 1, 2014), and that will impact payments, CMS should, at a minimum, phase-in and beta-test this system to make sure it actually works. Even more appropriate would be to repeal the ICD-10 coding system for physician practices altogether. It is a costly, unnecessary coding system that will harm physicians in the transition to the new payment reforms.

These are essential elements to positive and constructive Medicare payment reform. We are committed to working with you and members of both chambers to achieve them and to continue to improve the legislation as it moves through the process. Please call on us to help.