

The Endocrine Society Comments on 2006 Physician Fee Schedule

The Society recently submitted comments in response to the 2006 Medicare Physician Fee Schedule released by the Centers for Medicare and Medicaid Services (CMS) in late August. The Fee Schedule's major component of interest for most medical groups is the scheduled across-the-board cut of approximately 4.4 percent in Medicare payments for physicians beginning January 1, 2006 (endocrinology faces a 4.6 percent cut.) Under the current formula for determining payment, annual spending targets are calculated using the sustainable growth rate (SGR) formula. However, these annual updates have not kept up with practice cost inflation, which has resulted in negative payments for several years. In fact, under the existing flawed formula, physicians face a cumulative cut of 26 percent over six years.

Organized medicine has advocated for a repeal of the SGR for several years. The clear message from Congress in 2005 has been that any repeal of the SGR formula is inexorably linked to the implementation of pay-for-performance components in Medicare. The only legislative vehicle for accomplishing both is Rep. Johnson's bill, H.R. 3617, which is unlikely to see action this year.

Congress has repeatedly stepped in at end of the year to enact a temporary "fix." It is still unclear whether physicians will see similar action before Congress adjourns for 2005. The buzz among congressional sources has named a number of actions, including a zero percent update over one or two years, a freeze of this year's payment levels over one or two years, or a one percent increase for 2006. Most groups are lobbying for a two-year fix, since the midterm elections in 2006 will make it difficult to push through expensive legislation. Senator Charles Grassley (R-IA), Chairman of the Senate Finance Committee, recently commented on Medicare, stating that the budget reconciliation package would ensure that physician payments are not cut in 2006.

The only other component of interest to endocrinology in the 2006 Physician Fee Schedule is regarding Medicare Telehealth Services. CMS proposed not to include Diabetes Self Management Training to the list of Medicare telehealth services because of concerns regarding the merits of providing beneficiary training to administer insulin injections via telehealth. CMS also proposed not to add group medical nutrition therapy (MNT) to the list of Medicare telehealth services, but to add individual MNT as a Medicare Telehealth Service. The Endocrine Society supports CMS' updates and proposals for Medicare telehealth coverages. While we remain supportive of the emerging technology of telehealth medicine and the benefits it can bring to patients, we share CMS' concerns for more conclusive data regarding the efficacy of certain expanded services.