



July 21, 2006

Society Works to Avert Cuts to Imaging Reimbursement

In December of 2005, Congress passed the Deficit Reduction Act of 2005 (DRA), which reduced government spending by about \$35 billion from 2006-2010. Included as a provision in this measure were significant cuts to Medicare reimbursement for imaging services. Specifically, the cuts included two provisions. The first is a payment reduction for the technical component of the imaging of contiguous body parts in the same imaging session. The practical implications of these cuts are that physicians will see a 50 percent reduction in the payment for the technical component of the second or subsequent imaging of contiguous body parts in the same imaging session. Reimbursement for the professional component of the imaging session is unchanged.

The second cut would reduce payment for imaging services performed in a physician's office if the current reimbursement exceeds that of the outpatient fee schedule that was determined by the Centers for Medicare and Medicaid Services (CMS). Because the outpatient fee schedule is an estimate of costs and not a reflection of true costs, physician's offices stand to lose money by offering convenient and expedient imaging to their patients in their offices. As a result of the cuts, reimbursement for ultrasound guided procedures for thyroid cancer diagnosis will be reduced by 40 percent and DEXA bone density scan reimbursement will be reduced by 40 percent. These cuts were not debated in Congress, but were included as a last minute addition during conference committee negotiations of the DRA.

The Endocrine Society has been working actively to halt the implementation of the cuts, which are scheduled to go into effect in January 2007. In June 2006, the Society joined with the American Association of Clinical Endocrinologists (AACE) and the American Society for Reproductive Medicine (ASRM) to sponsor Resolution 208 at the AMA House of Delegates meeting. Res. 208 calls on the AMA to actively support action to repeal or delay the implementation of these cuts, and was supported overwhelmingly by the House of Delegates.

Two pieces of legislation have been introduced in Congress that would effectively halt implementation of the cuts. The first, H.R. 5238 sponsored by Representative Carolyn McCarthy (D-NY), would repeal the changes made to imaging services in the DRA. The second, H.R. 5704 sponsored by Representative Joseph Pitts (R-PA), calls for a two-year moratorium in implementation in order to conduct a thorough study on the effect these cuts will have on physicians and patients. However, the measure is drawing criticism in Congress because it would offset the cost of repealing the imaging cuts by implementing an across-the-board cut on Part A and Part B Medicare spending. The Society provided an overview

of the July 18 Energy and Commerce Subcommittee hearing on the use of imaging services in an alert earlier this week (<http://www.endo-society.org/publicpolicy/legislative/letters/upload/Summary%20of%20Energy%20&%20Commerce%20Committee%20Imaging%20Hearing.pdf>).

Council Approves 2 New Society Position Statements

The Society's Council approved two more Society position statements—one on clinical trial registries and one on physician pay-for-performance (P4P)—at its June meeting in Boston.

Position statements are documents that outline the Society's position on current and salient policy topics in science and medicine and are developed to support the Society in its advocacy on behalf of all members. The intended audiences for the Society's positions statements are policy makers and the media.

The Society's position on clinical trial registries is:

- The Endocrine Society supports the use of clinical trial registries for clinical trials, as endorsed by ICMJE, and recommends the use of clinicaltrials.gov. Prospective registration of studies will be required in order for manuscripts describing clinical trials to be considered for publication in the Society's journals.

The issue of P4P is more difficult to address. While recognizing that valid P4P measures may enhance the quality of patient care, the Society's position must consider the complexities of endocrine disorders—in both diagnosis and treatment—as well as addressing the incompatibility of the proposed P4P measures with the current system for calculating physician reimbursement.

The Society's P4P position statement, therefore, comprises detailed positions on the following issues:

- Development of valid performance measures
- Linking P4P to changes in physician payment system
- Data collection issues
- Protection for small practices
- Coordination of care
- Adjustment for complex patients

All Society position statements are developed through a rigorous review process. The clinical trial registries position statement was developed by the Research Affairs Committee/Clinical Research Subcommittee, and was further approved by the Publications Oversight Committee, Government Relations Committee (GRC), and the editor-in-chief of the *Journal of Clinical Endocrinology & Metabolism*. The P4P statement was developed by the Clinical Affairs Committee with subsequent approval by the GRC. Both statements were posted on the Society's Web site for a 10-day member comment period prior to final approval by Council.

To view the Society's position statements in their entirety, click on <http://www.endo-society.org/publicpolicy/policy/index.cfm>.

House Fails to Override Presidential Veto of Stem Cell Research Enhancement Act

In a whirlwind of political activity, the Stem Cell Research Enhancement Act of 2005 (HR 810) was passed by the Senate on July 18, 2006, and vetoed by the President on July 19. Also on July 19, the House staged a vote in an effort to override the veto, but failed to garner the two thirds majority required to do so (the vote was 235–193).

If enacted, the Stem Cell Research Enhancement Act would have significantly expanded government sponsored stem cell research. The measure allows federal funding for scientists to generate and utilize new embryonic stem cell lines from embryos donated in the future from in vitro fertilization clinics. The current policy, put into place by the Bush administration, allows research only on previously established stem cell lines, many of which are contaminated and therefore not suitable for research. HR 810 includes strict measures to ensure that clinics donating embryos, and scientists using embryonic stem cells in their research, follow the highest ethical standards.

In order to have HR 810 considered during this session of Congress, Senate Majority Leader Bill Frist agreed to the stipulation that, regardless of the outcome of the vote, the legislation could not be considered again until next year. Supporters of HR 810, while disappointed by the immediate setback that the veto represents, remain optimistic about the potential of having the bill passed when it is again taken up by Congress. The November elections are impending, and polls show those three quarters of the American public support stem cell research. Therefore, it is possible that the legislation will be more strongly supported in the future.

Proposed Medicare Physician Fee Schedule Includes Significant Increases for E/M Services

The Centers for Medicare and Medicaid Services (CMS) recently announced proposed changes to the Medicare Physician Fee Schedule. The changes, which would be implemented in 2007, are highlighted by significant increases in physician payments for evaluation and management (E/M) services, and represent a true victory for endocrinology and other specialties that perform these high-volume services for patients.

The Endocrine Society has been a dedicated and active participant throughout each step of the Five-Year Review—the congressionally mandated process that evaluates Medicare work relative values units (RVUs) to reflect changes in medical practice and physician work over time. The proposed changes to payments for E/M services reflect the hard work and collaborative efforts of the Society and other medical specialty societies. The Society, along with other medical specialty groups, submitted a survey to its members in order to compile data on physician time and work in performing E/M services. The Society's respondents comprised over one-third of all survey respondents—the largest portion of all survey responses from the medical specialty groups. This overwhelming response by members of The Endocrine Society helped contribute to the significant increases in payment contained in the proposed rule because it strengthened not only the argument that E/M services are inappropriately valued, but also that those physicians performing E/M services often treat complex patients who require intense disease and drug management.

During this most recent Five-Year Review, the Relative Value Scale Update Committee (RUC) submitted recommendations to CMS on 422 CPT codes. CMS accepted

approximately 71 percent of the recommendations. The changes, if accepted in CMS' final rule, would increase Medicare expenditures by nearly \$4 billion and represent the largest revisions ever proposed for E/M services. CMS is required to maintain budget neutrality for changes in RVUs exceeding \$20 million. Because the proposed increases resulting from the Five-Year Review would substantially raise Medicare payments in excess of this threshold, the proposed rule also contains a budget neutrality adjustment that would reduce the work RVUs across the board by approximately 10 percent.

This decision has a differential impact on specialties. Specialties receiving a higher-than-average portion of their payment from practice expenses will benefit because budget neutrality is only being adjusted to the work RVU pool. Those specialties with payment mostly based on the work RVU may be disproportionately impacted by the proposed methodology. Endocrinology will receive an average 6 percent increase in payments after the budget neutrality adjustment is factored into overall payment.

Some of the newly proposed work RVU values that will affect endocrinology are highlighted below. The separate budget neutrality adjuster is not reflected in these physician work RVUs.

CPT code	Current work RVU	Proposed 2007 work RVU
Office visit, new patient		
99204	2.00	2.3
99205	2.67	3.0
Office visit, established patient		
99213	0.67	0.92
99214	1.10	1.42
99215	1.77	2.00
Office consultation		
99242	1.29	1.34
99243	1.72	1.88
99244	2.58	3.02
99245	3.42	3.77

Finally, CMS is proposing several significant changes to the way Medicare calculates the practice expense portion of physician fee schedule payments. Practice expenses include both direct costs associated with a procedure as well as indirect costs. Practice expenses currently account for approximately 45 percent of overall Medicare payments under the physician fee schedule. If implemented in the final rule, changes to the current methodology will be phased in over a four-year period, with full implementation scheduled for 2010. CMS is proposing to:

- Adopt a “bottom-up” methodology for calculating direct expenses (clinical staff, supplies and equipment, etc);
- Modify the methodology for calculating indirect practice expenses; and
- Eliminate the “non-physician work pool” (NPWP) that has been used to calculate practice expense RVUs for services without physician work RVUs, and instead price these services using the standard practice expense methodology.

A second rule from CMS is expected before August that will propose additional changes to the Medicare physician fee schedule. It is likely that this proposed rule will address physician performance under the sustainable growth rate (SGR) and the proposed SGR level for 2007. Currently, the medical community is expecting a proposed 4.7 percent across-the-board cut to physician payments for 2007. Visit The Endocrine Society's *Legislative Action Center* (<http://capwiz.com/endocrine/home/>) to urge your members of Congress to step in and prevent the scheduled payment cut.

The proposed rule containing changes from the Five-Year Review and altered practice expense methodology was published in the June 29 *Federal Register*, and The Endocrine Society will submit comments to CMS during the agency's public comment period.

NIH Reauthorization Back on Center Stage

House Energy & Commerce Committee Chairman Joe Barton (R-TX) has indicated that he will likely release a third version of legislation to reauthorize the National Institutes of Health (NIH) within the next week. FASEB staff and new President, Leo Furcht, have had several meetings with Chairman Barton and his staff over the last few weeks in order to ensure that the voice of the scientific community is heard during the reauthorization process. While specific bill language is not yet available, the new version is expected to take into consideration many of the Society's and FASEB's concerns.

These concerns include limiting the growth of the Common Fund to that of the overall NIH budget, so that the Fund's budget does not outpace that of the Institutes and Centers. In addition, the Society has suggested that language be included indicating that the budget of NIH should grow by five percent over the next three fiscal years. Finally, the Society recommends that the Common Fund should not neglect investigator initiated grants.

Look for a more detailed analysis in future issues of *Endocrine Insider* after Chairman Barton releases his legislation. Sources in the Senate are not optimistic that they will have the time to take up any NIH reauthorization legislation this session even if the legislation successfully passes the House. The House Energy and Commerce Committee released its first draft of legislation to reauthorize and restructure NIH at a July 19, 2005 hearing. On August 23, 2005, the Committee released a revised version of the legislation incorporating changes. The Energy & Commerce Committee has oversight jurisdiction of NIH and is mandated to reauthorize the agency every five years. The authority for NIH expired in 2000 and the last reauthorization occurred in 1993.

For questions regarding articles listed in *Endocrine Insider* or information on advocacy and policy activities within The Endocrine Society, contact the Government & Professional Affairs department:

Janet B. Kreizman, Director
301-941-0252
jkreizman@endo-society.org

Chris Rorick, Associate Director
301-941-0254
crorick@endo-society.org

Sarika Rane, Manager
301-951-2613
srane@endo-society.org

Loretta L. Doan, PhD, Manger Science Policy
301-941-0258
ldoan@endo-society.org

Lisa Marlow, Coordinator
240-482-1392
[lmarlow@endo-society.org](mailto:lmарlow@endo-society.org)

Jessica Agus, Intern
240-482-1319
govttemp@endo-society.org