



January 23, 2012

The Honorable Max Baucus
U.S. Senate
Washington, DC 20510

The Honorable John Barrasso
U.S. Senate
Washington, D.C. 20510

The Honorable Benjamin Cardin
U.S. Senate
Washington, DC 20510

The Honorable Michael Crapo
U.S. Senate
Washington, D.C. 20510

The Honorable Bob Casey
U.S. Senate
Washington, DC 20510

The Honorable Jon Kyl
U.S. Senate
Washington, D.C. 20510

The Honorable Jack Reed
U.S. Senate
Washington, DC 20510

Re: Proposed Alternatives to the Sustainable Growth Rate Formula; Osteoporosis Testing Provision

Dear Chairman Baucus and Senators Cardin, Casey, Reed, Barrasso, Crapo and Kyl:

The Endocrine Society (Society), representing more than 15,000 physicians and scientists in the field of endocrinology, would like to provide comments on proposed alternatives to the flawed sustainable growth rate (SGR) formula that will soon be addressed in the conference committee. Founded in 1916, the Society represents physicians and scientists engaged in the treatment and research of endocrine disorders, such as osteoporosis, diabetes, hypertension, infertility, obesity, and thyroid disease. The Society supports the repeal of the SGR and strongly believes that a permanent solution to the current payment system is critical in ensuring access to Medicare providers. However, the Society has significant concerns about a number of the alternative solutions that have been proposed for the SGR.

MedPAC Recommendations

In its October report, the Medicare Payment Advisory Commission (MedPAC) recommended that Congress freeze current payment levels for primary care and implement a 17.7 percent reduction in reimbursement for all specialists to partially fund the repeal of the SGR. While the Society appreciates the Commission's consideration of a permanent fix to the flawed SGR formula, it is concerned that MedPAC fails to recognize the role of nonprocedural, cognitive specialties when developing primary care payment policies.

Although the income gap between primary care physicians and specialists is well publicized, a recent review of Medicare data finds that the disparity is actually between procedural specialists and primary care physicians. Current policy discussions pit primary care against all specialists; however, a number of specialists are non-procedural in that they derive the bulk of their income from evaluation and management services. In fact, 89 percent of an endocrinologist's services are evaluation and management (E/M), which is comparable to that of primary care. Recent research has shown that the compensation of an endocrinologist is comparable to that of a primary care physician while, in contrast, procedural

specialties earned more than twice this amount. Grouping endocrinologists with procedural specialists who often bill high-cost services would unfairly penalize endocrinologists for expenses to the Medicare system that they do not generate.

Endocrinologists also often serve as a primary care provider to patients with chronic and complex, multi-system conditions like diabetes, osteoporosis, and thyroid disease. These conditions, and complications stemming from these conditions, are often too complex for a general practitioner to treat, leading the endocrinologist to take over as the patient's primary care provider. Projections indicate that one-in-three Americans will be diagnosed with diabetes by 2050 and, currently, one-in-three Medicare dollars are spent on treating complications stemming from the disease. Studies have shown that patients with diabetes have lower morbidity rates, fewer readmissions, and lower healthcare costs when treated by an endocrinologist. Endocrinologists provide cost-effective, and time-effective, treatment that has shown significant reductions in complications (and healthcare costs) without the use of unnecessary diagnostic testing and procedures.

Despite the vital role of endocrinologists in the care of patients with these chronic diseases, there are currently fewer than 4,000 clinical endocrinologists in the United States to care for the 100 million potential patients that suffer from diabetes and prediabetes. These workforce shortages can be partially attributed to the low compensation for services rendered by endocrinologists. The Society is concerned that additional reductions in compensation (as recommended by MedPAC) will further limit patient access to these critical and cost-saving services. As such, the Society requests that Congress reject MedPAC's recommendation to cut reimbursement for specialists by 17.7% and include cognitive specialties in its primary care payment policies to: 1) accurately account for the services that these physicians provide; 2) incentivize more physicians to go into this field; and 3) prevent patient access problems stemming from current workforce shortages.

Proposals Resulting in Unequal Payment Policies

The Society is also concerned about the further divergence of payment policies for primary care and specialties that would result from proposals under discussion that would provide unequal payment increases for primary care and for all other specialties to account for workforce shortages of primary care. The supporters of the proposal note that the nonprocedural (E/M) services that constitute the majority of primary care services are undervalued and that these payment updates would better account for the services that primary care renders.

While the Society agrees that there are patient access problems stemming from workforce shortages, there is concern about differentiating payment updates based on specialty versus primary care designations alone as it fails to address the nonprocedural, E/M services that cognitive specialists primarily provide. The Society agrees that E/M services are undervalued and that a payment update is needed to address these services. However, this proposal would not address the undervaluation of E/M services provided by cognitive specialties, only those provided by primary care. Endocrinologists are also facing workforce shortages similar to primary care that can be partially attributed to the low compensation for their services. Due to these similarities, the Society requests the inclusion of nonprocedural, cognitive care providers, like endocrinologists, in payment policies being considered for primary care in any alternative solution to the SGR.

Osteoporosis Screening and Prevention

While the realignment of payments for endocrinologists is a key step in reversing current workforce shortages, the Society acknowledges that the screening and prevention of disease is also a critical component to reducing the number of individuals that these physicians need to care for. Osteoporosis is one of the most preventable diseases if screened for early on. Currently, more than half of women aged 50 or older have osteoporosis or low bone mass. By 2020, it is estimated that 61 million Americans will have

the disease. However, osteoporosis often goes un-diagnosed and untreated - less than 13 percent of eligible Medicare beneficiaries receive a scan each year - leading to serious complications at a cost of \$18 billion each year. Osteoporosis-related fractures are projected to increase by 50% over the next decade, further adding to these expenditures. Access to these tests is critical to avoid these unnecessary costs.

As a result of the Deficit Reduction Act of 2005, DXA scans were subjected to significant reductions until a provision was included in the Affordable Care Act setting rates at 70 percent of the 2006 rate for two years. This provision was scheduled to expire at the end of 2011, which would have resulted in a 50% reduction in reimbursement. Fortunately, a two-month extension was included in the Temporary Payroll Tax Cut Continuation Act of 2011. Had this provision expired, many physicians would not be able to cover the costs of providing these scans. To ensure access to these services, the Society requests that the conference committee include a provision extending these rates for an additional two years in its final conference report.

Chronic Disease Management & Care Coordination

In its June report, MedPAC recommended that Congress consider realigning payments for physicians and other health professionals to help ensure an adequate supply of practitioners in cognitive specialties who focus on managing patients with chronic conditions. The Society strongly supports this recommendation and hopes the conference committee will consider its inclusion when considering alternatives to the SGR. In considering care models to replace the current system, the Society recommends that the Commission evaluate alternative pathways, like the Patient-Centered Medical Home-Neighbor, to improve quality and reduce costs. Payments for services like care coordination are not currently compensated for and should also be addressed.

The Society would like to reiterate the importance of finding a permanent solution to the SGR. Physicians can no longer operate on short-term patches and if this is not resolved, some of these providers may choose to opt-out of Medicare, creating additional access problems. The longer Congress waits to find a permanent solution, the more expensive the repeal of the SGR will be. It is critical that Congress address this ongoing problem now to avoid any further exacerbation of these unnecessary costs.

The Society appreciates the opportunity to share its concerns about proposals to replace the SGR and would welcome further discussions with members of the committee. Should you have any questions, please don't hesitate to contact Stephanie Kutler, Director, Government Affairs, at skutler@endo-society.org.

Sincerely,



Janet E. Hall, M.D.
President
The Endocrine Society