

# American Psychiatric Association

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July 24, 2013

The Honorable Fred Upton  
United States House of Representatives  
2181 Rayburn House Office Building  
Washington, DC 20515

The Honorable Joseph Pitts  
United States House of Representatives  
420 Cannon House Office Building  
Washington, DC 20515

The Honorable Michael Burgess  
United States House of Representatives  
2336 Rayburn House Office Building  
Washington, DC 20515

The Honorable Henry Waxman  
United States House of Representatives  
2204 Rayburn House Office Building  
Washington, DC 20515

The Honorable Frank Pallone, Jr.  
United States House of Representatives  
237 Cannon House Office Building  
Washington, DC 20515

The Honorable John Dingell  
United States House of Representatives  
2328 Rayburn House Office Building  
Washington, DC 20515

Dear Representatives Upton, Waxman, Pitts, Pallone, Burgess, and Dingell:

On behalf of the American Psychiatric Association, the national medical specialty society representing over 35,000 psychiatric physicians, I would like to commend you for taking one of the most substantive and serious steps in several years towards the repeal and replacement of the flawed Medicare Sustainable Growth Rate (SGR) physician reimbursement formula. Legislation has been passed out of the Energy and Commerce Health Subcommittee by voice vote that seeks to improve quality, reduce costs, and provide stability and predictability for doctors that accept Medicare.

In particular, American Psychiatric Association is encouraged and appreciative that the Energy and Commerce draft plan includes the following provisions:

- Full and permanent repeal of SGR
- A five year stability period with positive updates before a new quality incentive program is activated. A sufficient stability period is necessary to ensure physician and industry education, preparation, and testing of alternative payment models (APMs) and quality initiatives
- Collaboration between the Secretary of Health and Human Services and expert state and national medical specialty organizations like the APA on quality improvement provisions
- Creating an administrative pathway that encourages transition towards APMs while preserving a viable fee for service (FFS) option

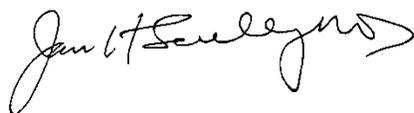


As this process moves forward to consideration in the full Energy and Commerce committee, and action in the House Committee on Ways and Means and in the United States Senate, we would offer the following major recommendations on this draft:

- **Positive reimbursement updates** - Though we're appreciative of the committee's recognition of the need for positive updates, the draft provides annual updates of .5 percent through 2018 and a positive update of 1.5% for high achieving physicians thereafter. We note that Medicare physician payment rates have increased by just four percent since 2001 and are practically stagnant when compared to the inflation of practice cost. We recommend that payment updates be based on the Medicare Economic Index (MEI) in order to keep up with inflation and maintain physician participation in Medicare.
- **Differential payment towards evaluation and management (E/M)** - In its June 2011 report to Congress, the Medicare Payment Advisory Commission (MedPAC) recommended that SGR repeal and replacement presented an opportunity to introduce needed payment reforms, one of which included "increasing payments for cognitive (or nonprocedural) services relative to procedural services" in order to incentivize the management of patients with chronic conditions. APA feels that failure to address the relative imbalance for cognitive specialties will miss a major opportunity to address undue medical costs associated with mental health comorbidities, and encourages Congress to properly incentivize medical evaluation and management.
- **Physician reporting system to improve accuracy of relative values** - APA encourages this provision to be modified to include deficit neutrality so that payment for under-valued and properly-valued codes be respectively increased and maintained.

APA appreciates the recognition by the committee that the current Medicare reimbursement system and annual SGR related action is untenable to both Congress and their physician and patient constituents. APA urges Congress as a whole to work from the momentum of this effort and make SGR repeal and replacement a reality this year.

Sincerely,

A handwritten signature in black ink, appearing to read "James H. Scully Jr.", with a stylized flourish at the end.

James H. Scully Jr., M.D.  
Medical Director and C.E.O., American Psychiatric Association