



July 30, 2013

The Honorable Fred Upton  
Chairman  
Committee on Energy and Commerce  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Henry Waxman  
Ranking Member  
Committee on Energy and Commerce  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Joe Pitts  
Chairman  
Health Subcommittee  
Committee on Energy and Commerce  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Frank Pallone  
Ranking Member  
Health Subcommittee  
Committee on Energy and Commerce  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

Dear Chairmen Upton and Pitts and Ranking Members Waxman and Pallone:

On behalf of the over 50,000 members of the American Society of Anesthesiologists (ASA), I write to express ASA's support for important provisions of H.R. 2810 that address the flawed Sustainable Growth Rate (SGR) formula and create a pathway to a new mechanism to update Medicare payments for physician services. While we applaud the tremendous efforts of the Committee, we do, however, have significant concerns about specific provisions in the legislation that could adversely impact physician payments in 2016, 2017 and 2018.

First, ASA commends the Committee for provisions in Section 2 of the legislation that repeal the current SGR formula and put in place a period of relative stability. For too long, the flawed SGR formula has represented a threat to the viability of Medicare payments for physician services. The repeal of this flawed formula represents an important step forward in bringing some stability to Medicare physician payment levels. The accompanying five year period of stability with mandated payment updates similarly brings some steadiness to payments as stakeholders such as the ASA and its members, transition to the new payment mechanism.

ASA also commends the Committee for ensuring a significant role for stakeholders in developing the new payment process. ASA strongly supports the meaningful opportunity for stakeholder feedback in the development of quality measures and clinical improvement activities. The legislation also provides a framework through which stakeholders such as the ASA can provide input into the development of alternative payment models (APMs). ASA believes that specialty-led APM's will encourage participation in these new payment models. ASA is engaged in ongoing work to develop its own innovative model of care – the Perioperative Surgical Home. We believe that the development of APMs that are accessible and

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meaningful to a broad cross section of specialties is essential for quality and efficiency improvements. We believe that Congressional intent should be clear in encouraging these types of models, and that the Perioperative Surgical Home is an example of one such approach relevant to our specialty and the patients we serve.

However, ASA does have considerable concern regarding provisions in Section 5 titled “Adjustments for Misvalued Physicians’ Services.” This provision would, in 2016, 2017 and 2018, remove savings (of up to 1 percent of the total expenditures under the fee schedule) from the physician payment pool of funds garnered from a review of misvalued services. Currently, any funds so identified by the Secretary remain in the pool and are redistributed throughout the fee schedule. These resources contribute toward payments for newly covered services and toward updates to undervalued procedures.

The availability of payment resources is particularly important for addressing undervalued payment levels such as those found in anesthesia. In 2007, the Government Accountability Office (GAO) confirmed that Medicare payment for anesthesia services was just 33 percent of commercial payer rates. In 2012, the Medicare anesthesia conversion factor was only 31.7 percent of the national average commercial payer anesthesia conversion factor and just 33.1 percent of the national median conversion factor. In contrast, the Medicare Payment Advisory Commission (MedPAC) reports that for most physicians, Medicare payments represent approximately 80 percent of commercial payment rates. Yet, with these unusually low payment rates, anesthesiologists are largely unable to limit the number of Medicare patients to whom they provide care. Specifically, anesthesiologists, by the nature of their contractual obligations to the hospitals they serve, are held captive to these payment rates unless they choose to practice in areas or settings that have lower proportions of Medicare patients.

**We strongly urge the Committee to amend the “Adjustments for Misvalued Physicians’ Services” provision to maintain current law with respect to budget neutrality.**

Again, we greatly appreciate your consideration of our comments. We are available at your convenience for further discussion and look forward to working with the Committee and helping to further the remarkable efforts by this Committee to advance meaningful SGR legislation. If you have any questions, please contact ASA’s Chief Advocacy Officer, Manuel Bonilla, M.S. (m.bonilla@asawash.org) at (202) 289-2222.

Sincerely,



John M. Zerwas, M.D.  
President  
American Society of Anesthesiologists