



AMERICAN COLLEGE OF PHYSICIANS  
INTERNAL MEDICINE | *Doctors for Adults*

June 12, 2006

Mark B. McClellan, MD, PhD  
Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Attention: CMS-1488-P  
P.O. Box 8011  
Baltimore, MD 21244-1850

**Re: CMS-1488-P; Medicare Program; Proposed Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2007 Rates**

Dear Dr. McClellan:

The American College of Physicians (ACP), representing over 119,000 doctors of internal medicine and medical students, is pleased to submit comments on the proposed rule “Medicare Program; Proposed Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2007 Rates.” ACP supports the efforts of the Centers for Medicare and Medicaid Services (CMS) through this rule to make the inpatient hospital payment system more accurate. Nonetheless, the College is concerned about the following two specific aspects of this proposed rule:

1. The timing of these significant changes to the payment system.

The change from a charge-based to a cost-based payment system beginning in fiscal year 2007 represents one of the most significant changes made in the hospital inpatient payment system in a number of years. The resulting change in the DRG (Diagnosis Related Groups) weights and related payments will have a major effect on revenue received for the different procedures performed in each facility and on total revenue received by a facility based upon its setting. In addition, it will affect how hospitals prioritize and employ resources – a result that will also directly affect the physicians that provide services within the facility.

The effects on the hospital and staff resulting from the proposed change to a cost-based payment system are further confounded by CMS’ plans to implement a severity-adjusted DRG payment system by no later than 2008. As you are aware, both the Medicare Payment Advisory Commission (MedPAC) and Chairman Bill Thomas of the House Ways and Means Committee support the implementation of this change at the same time as the cost-based payment implementation. The College supports this approach. The addition of a

severity-adjustment to the payment system, while furthering the goal of more accurate payment, represents an additional major change to the payment system.

Changes of this magnitude require time for inpatient hospital settings to adjust to in a manner that ensures the continued quality of the care they provide and maintains their financial solvency. The College believes that the 60 day period between the publication of this proposed rule and the final day that CMS will accept comments is too limited, plus the brief time period between publication of the final rule and the start of the 2007 fiscal year, will be insufficient for facilities to process, question, plan and adapt to this new payment system.

**The ACP specifically requests that CMS provide the hospital and general provider community with additional lead-time to understand the effects of the proposed changes to the inpatient hospital payment system, to question and potentially improve the methodology proposed by CMS to effect these changes, and to adapt to these proposed changes. Furthermore, the College recommends a transition or phase-in to the new cost-based, severity-adjusted payment system. Finally, it encourages CMS to publish an interim final rule rather than a final rule, which will allow all interested parties an extended opportunity to provide further comments after publication of the final rule.**

2. The “clarification” provided in the rule regarding the exclusion of time spent in “nonpatient care activities” for purposes of calculating Medicare direct medical education (DGME) and indirect medical education (IME) payments.

The proposed rule excludes medical resident time spent in didactic activities in the calculation of Medicare direct DGME and IME payments. The rule cites journal clubs, classroom lectures, and seminars as examples of didactic activities that must be excluded when determining the full-time equivalent resident counts for all IME payments (regardless of setting), and for DGME payments when the activities occur in a nonhospital setting, such as a physician’s office or affiliated medical school. The stated rationale for the exclusion of this time is that the time is not “related to patient care”.

This position reverses the Agency’s position expressed as recently as 1999, at which time the Director of Acute Care wrote in correspondence that patient care activities should be interpreted broadly to include “scholarly activities, such as educational seminars, classroom lectures . . . and presentation of papers and research results to fellow residents, medical students, and faculty.” [September 24, 1999 Letter from Tzvi Hefter, Director, Division of Acute Care to Scott McBride, Vinson & Elkins]. The College supports the Agency’s 1999 position. The activities cited in the 1999 letter and cited again in this proposal are an integral component of the patient care activities engaged in by residents during their residency programs.

Furthermore, the current language financially penalizes hospital-based residency programs for providing their students with non-hospital training experiences – since time spent in didactic activities in non-hospital settings cannot be included within either DGME or IME calculations. The College believes that residents considering general internal medicine practices should have the opportunity to receive related training and experience within the non-hospital setting as part of their residency training. The current proposed rule provides a disincentive for the hospital-

based residency program to provide this experience. This is particularly poor public policy given the current impending shortage of primary care physicians.

**The College strongly urges CMS to rescind the language in the proposed rule that sets up an artificial dichotomy between resident training time spent in didactic activities and time spent in “patient care activities.” Time spent in both activities are an integral part of medical residency training and should be included within the DGME and IME calculations.**

ACP appreciates the opportunity to comment on the 2007 Hospital Inpatient Proposed Rule. Please contact Neil Kirschner, Ph.D., Senior Associate in the College’s Department of Regulatory and Insurer Affairs, if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Joseph W. Stubbs". The signature is written in a cursive, flowing style.

Joseph W. Stubbs, MD, FACP  
Chair, Medical Service Committee