

February 5, 2018

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230 U.S. Capitol
Washington, DC 20510

The Honorable Charles Schumer
Democratic Leader
United States Senate
S-221 U.S. Capitol
Washington, DC 20510

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
H-232 U.S. Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
H-204 U.S. Capitol
Washington, DC 20515

Dear Majority Leader McConnell, Leader Schumer, Speaker Ryan, and Leader Pelosi:

On behalf of the undersigned physician organizations, we are writing to express our strong opposition to further Medicare cuts by the extension of misvalued code adjustments beyond 2018. This misguided policy has already eliminated much of the minimal statutory updates Congress enacted as part of the Medicare Access and CHIP Reauthorization Act (MACRA) in 2015. Further application of these policies will result in Medicare physician payment rates at or below pre-MACRA levels.

In 2014, Congress passed the “Protecting Access to Medicare Act” (PAMA) despite strong opposition from the physician community. As part of that bill, the Secretary of the Department of Health and Human Services was required to work with the physician community to identify services that were deemed to be misvalued, with any identified excess valuation being redistributed over the fee schedule and any amount not identified below a target to be cut from the fee schedule. By not recognizing the efforts of the physician community to reallocate relative values that already had been underway for eight years by the time PAMA was adopted, the targets were unrealistic, essentially guaranteeing billions in Medicare cuts that were used to offset other policies. Congress compounded the challenge in subsequent legislation that moved the start date up by a year, shortened the time period over which possible reallocations were to be identified, and doubled the target for the first year in order to pay for other non-Medicare related legislation.

It is our understanding that you are now considering extension of these policies for an additional two years. When Congress enacted MACRA, updates of 0.5 percent were adopted for each year through 2019 followed by five years of 0 percent updates. To date, the application of the misvalued code policy has resulted in a total payment increase of 0.7 percent from 2015-2018, less than half of what was called for under MACRA.

Because the work to revalue codes has been going on for over a decade, there are simply not enough services with sufficient volume left to review and revalue to meet these targets. In fact, due to the regulatory timeline the work to revalue codes for the 2019 fee schedule is already completed, guaranteeing that extension of this policy would virtually wipe out the entire 2019 update. A two-year extension of this policy will generate additional cuts in 2020 when MACRA provides for an update of 0 percent--*meaning actual payment rates for all physicians will go down for the second time since this flawed policy was adopted.*

Extension of the mis-valued codes policy for two years would cause Medicare payment rates to drop to levels below the 2015 rate prior to repeal of the sustainable growth rate (SGR) formula, completely erasing the investment Congress made to help physician practices implement MACRA. We strongly urge you to not destabilize the Medicare program and ongoing efforts to transform it by extending this flawed policy.

Sincerely,

American Academy of Family Physicians
American College of Physicians
American College of Surgeons
American Medical Association

CC: The Honorable Orrin Hatch
The Honorable Ron Wyden
The Honorable Kevin Brady
The Honorable Richard Neal
The Honorable Greg Walden
The Honorable Frank Pallone