



October 4, 2011

Joint Select Committee on Deficit Reduction
The Honorable Patty Murray, Co-Chair
The Honorable Jeb Hensarling, Co-Chair

Members:

The Honorable Xavier Becerra
The Honorable Dave Camp
The Honorable James E. Clyburn
The Honorable Fred Upton
The Honorable Chris Van Hollen
The Honorable Max Baucus
The Honorable Jon Kyl
The Honorable John Kerry
The Honorable Rob Portman
The Honorable Pat Toomey

Dear Co-Chairs and Members of the Joint Select Committee on Deficit Reduction:

The American College of Rheumatology, representing over 8,000 rheumatologists and health professionals, appreciates your willingness to serve and engage in the very challenging and historic work before the Joint Select Committee on Deficit Reduction. As you consider the deficit reduction package required by the Budget Control Act, the ACR requests that you give consideration to the concerns of rheumatologists and patients with rheumatic disease.

The ACR offers the following recommendations to assist you in identifying long-term health care costs savings while protecting patients with chronic disease.

- **Repeal the costly and flawed Sustainable Growth Rate formula.**
- **Reject any further cuts to Medicare payments for infusion drugs.**
- **Preserve funding for Graduate Medical Education.**
- **Maintain current funding levels for NIH research.**

Repeal the Costly and Flawed Sustainable Growth Rate

We strongly urge the committee to take this pivotal opportunity to repeal the flawed SGR formula that currently determines Medicare payments to physicians. We recommend the SGR be replaced with a transition plan that will allow new payment models to be tested. The SGR formula needs to be eliminated so that physician practices will have stable reimbursement, allowing them to continue seeing beneficiaries without payment uncertainties.

Substantial costs savings will be realized by replacing the flawed SGR formula now. Every year over the past decade, the SGR formula has called for increasingly steep cuts. Congress has repeatedly intervened to avert these cuts, but the cost of reforming the Medicare payment system has grown from \$48 billion in 2005 to almost \$300 billion in 2011. Without a permanent repeal of the SGR and with the continued necessary short-term fixes, the eventual cost of correcting the system would be

\$600 billion by 2016. Further delay dramatically increases the cost of a permanent fix and increases the growing uncertainty and instability in the industry.

As reforms are made replacing the SGR, it is important that payment structures are realigned to ensure an adequate supply of cognitive specialists. Cognitive specialists are physicians with additional training in a specific field of medicine who primarily provide evaluation and management services to people with complex medical conditions that require a higher level of training and expertise than the referring physicians. Evaluation and management of patients generally involves meeting with patients face to face and managing their conditions over time, rather than primarily performing procedures. Rheumatologists and other cognitive specialists focus on managing patients with chronic conditions and coordinating their care, often serving as the patient's primary care doctor. Current fee schedules undervalue this specialty care and endanger the future supply of specialists.

Currently physicians face an unimaginable 29.5 percent across-the-board cut to Medicare payments effective January 1, 2012, because of the flawed SGR. Allowing these cuts to continually loom endangers the sustainability of our practices and Medicare patients' access to necessary care.

We urge you to seize this opportunity to permanently repeal the SGR formula. The ACR recommends:

- Specified payment rates for the next 5 years with incremental increases, in order to provide stability as new payment options are piloted and evaluated to determine options to best meet the nation's fiscal needs and patient's medical needs;
- Choices of multiple payment and delivery systems for physicians as no one mandated model works for all; and
- Realignment of payments to help ensure an adequate supply of cognitive specialists who focus on managing patients with chronic conditions.

Reject any further cuts to Medicare payments for infusions

Rheumatologists frequently administer live-saving, in-office biologic drug therapies to treat the 1.3 million Americans who suffer from rheumatoid arthritis. Nationally, over 50 million Americans suffer from arthritis and rheumatic diseases. 7 million suffer from inflammatory rheumatic diseases, which can be painful, crippling, costly, and life-threatening.

Currently Medicare Part B payments for medications that are administered in physicians' offices are paid at the rate of Average Sales Price plus 6 percent. Reducing this rate further to "plus 4 percent" or any other lower rate would force many physicians to cease offering these medications in their offices. Many patients in need of infusion treatments would then only have the option of receiving their infusions at hospitals. This would greatly exacerbate patient access issues as many patients have difficulty traveling to and receiving care at hospitals. Additionally, rheumatologists are concerned that rheumatology biologic drugs may have adverse effects, and patients must therefore be monitored closely. Health professionals who are not well-educated on these medications could present safety and quality of care issues to patients.

Physicians who administer in-office drugs under Medicare Part B are already not receiving the full ASP + 6% that was mandated in the Medicare Modernization Act of 2003, due to a flaw in the formula used to calculate ASP. The prompt pay discount and rebates decrease reimbursement on

infusion drugs to an average of only 1-2% above the acquisition cost, rather than the intended 6%. Insurance companies and wholesale distributors benefit from these discounts, not physicians.

Please protect patients' access to these necessary and life-changing drugs by ensuring that they are financially accessible to patients. **The ACR urges you to reject changes to the ASP plus percentage for medications under Medicare Part B.**

Preserve funding for Graduate Medical Education

There are currently many geographical areas of the United States in which patients have no access to a rheumatologist. Funding for Graduate Medical Education is crucial to shoring up these deficiencies and preventing a predicted national shortage of rheumatologists that may occur within the next ten to fifteen years if trends continue. This is an alarming situation as the number of patients needing rheumatologic care is expected to grow as our population continues to age.

Even in areas in which rheumatologists are present, access to rheumatologists is at risk. Patients face longer wait times to see rheumatologists and other cognitive specialists than they do for other specialists such as dermatologists or cardiologists. It has become more difficult to recruit medical students to choose cognitive specialties over other more procedural specialties. As the U.S. baby boomer population ages and the need for rheumatologists grows, shortages could become even more widespread.

Contributing to these shortages is the situation that Medicare's support for its share of GME costs has been effectively frozen since 1997. Any across-the-board cuts in GME funding would exacerbate the growing shortage of physicians across of number of specialties including rheumatology. Without access to the specialized, high-quality care provided by rheumatologists, patients' health outcomes are diminished and health care costs increase, leading to expanded federal health care spending. **The ACR urges you to preserve funding for Graduate Medical Education in order to ensure an adequate supply of highly trained, quality physicians.**

Maintain current funding levels for NIH research

While the economic recovery has been slower than expected, reductions in funding for the National Institutes of Health threaten jobs and our nation's status as a leader in medical innovation, while slowing down lifesaving and quality of life research. Recent budget cuts have resulted in the lowest grant funding rates in history, hurting the progress of improved diagnostics, better prevention strategies and new treatments for arthritis, rheumatic diseases and other chronic conditions.

NIH awards and grants directly support over 350,000 jobs across the country. More than 83 percent of NIH funding is spent in communities across the nation, creating jobs at more than 3,000 universities, medical schools, teaching hospitals, and other research institutions in every state.

Further cuts in health research funding would damage our already unsteady economy through losses in skilled, high-paying jobs; new products and industries; and improved technologies. **The ACR strongly urges you to maintain current funding levels for NIH medical research, providing jobs and improving the lives of millions of Americans by finding new cures, therapies and treatment options.**

The ACR respectfully requests that you take these concerns into consideration as you develop the deficit reduction package. As you consider these recommendations and the work before you, please know that the American College of Rheumatology is available as a resource in evaluating policy options. If we can assist you in any way, please contact the ACR's Government Affairs Director, Adam Cooper, at (404) 633-3777 or acooper@rheumatology.org.

Sincerely,

A handwritten signature in black ink, appearing to read "David Borenstein". The signature is fluid and cursive, with a prominent initial "D" and "B".

David Borenstein, MD
President
American College of Rheumatology