December 14, 2006

Dear ACP Member,

Good news for you and your patients!

Last month I wrote to you with an update, a thank you for your earlier support and an "ask" that you implore Congress to take action to stop pending Medicare cuts before final adjournment for the year.

More than 1,200 of you sent nearly 3,800 e-mails and faxes to Congress between November 8 and its December 9 adjournment. And, during the past 12 months, **ACP members sent nearly 12,000 communications to Congress,** an unprecedented and extraordinary demonstration of grassroots activism on behalf of our patients!

During the final hours of the Congressional session, lawmakers **passed the "Tax Relief and Health Care Act of 2006." The Act will stabilize Medicare payments, lower the cost of a long-term payment fix, and mandate a pilot test of the ACP-supported patient-centered medical home.** President Bush is expected to sign the bill within the next week.

Specifically, the legislation, combined with improvements in Medicare payments previously announced by CMS, will result in an average gain in total Medicare payments per internist of between $5,000 and $10,000 for 2007, depending on your mix of services and how many Medicare patients you see. Here is why:

- **The legislation averts a scheduled 5 percent cut in the 2007 Medicare Physician Fee Schedule (SGR cut)** and replaces it with continuation of the 2006 rates.

- By averting the 5 percent cut, **internists will gain an average of 5 percent in total Medicare payments** as a result of the ACP-championed five-year review of the relative values for mid- and higher-level office visits and other evaluation and management (E/M) services, previously announced by CMS in November. The payment increases for E/M services will be effective January 1, 2007.

- **The largest increase from the five year review is seen in the code 99213 (mid-level office visit), the code most frequently billed by internists**, which will increase from a national payment of $52.68 to a national payment of $59.40, **an increase of 12.77 percent**. A level four office visit code for an established patient, 99214, will go **up 9 percent.** (In order to pay for these increases, some other lower-level visits will experience modest fee reductions, as will procedures due to "budget neutrality" limits required by law. Even with these adjustments, **most internists should see total gains in reimbursement of between $5,000 and $10,000,** depending on how many of the E/M codes slated for increases you

bill. **The E/M gains** that have been built into the RBRVS **are permanent.** They will result in approximately 5 percent higher levels, not only in 2007, but will have benefit in future years as well, since future updates will be based on this year's higher fees for E/M services. The E/M gains will also have a positive impact on non-Medicare payers that use the Medicare relative values to set their own fee schedules, as many do. Most other non-internal medicine specialties will see no net increase in 2007 Medicare payments and even reductions.)

- **The legislation includes ACP's proposal for a medical home pilot which** will provide internists who participate in the pilot with a **'care coordination fee'** for managing the care of patients with multiple chronic conditions and allow physicians to share in savings, such as from reduced hospitalizations, that result from effective physician-directed care management. Also referred to as the Patient-Centered Medical Home (PC-MH), the pilot is a key component to ACP's efforts to reform Medicare payments to recognize the value of care managed by a patient's personal internist in partnership with the patient.

- **It also provides for transitional and *voluntary* pay for reporting beginning on July 1, 2007.** Physicians who choose to participate in this voluntary program will only have to report on three measures from the Physicians Voluntary Reporting Program to qualify for **an additional bonus of up to 1.5 percent** of total Medicare payments for reporting on the measures from July 1, 2007 through December 31, 2007.

- **It creates a framework for a 2008 pay-for-reporting program** that will use consensus-based measures endorsed by a consensus organization such as the National Quality Forum (NQF) and the AQA.

- **It maintains the floor on geographic adjustments,** meaning that cuts will be averted that would have taken place in certain states that would have lost had the floor expired.

An "FAQ" document that explains these changes in more detail can be found at http://www.acponline.org/hpp/sgr2007faq.pdf. This is very much a dynamic document. As we hear more of your questions and learn more of the answers, we will continually update the FAQ. I hope you will check back often to see how it evolves to answer more and more of your questions.

While the College appreciates the steps that Congress has taken to move toward reform of both the payment and care-delivery systems, **Congress will need to act again next year to avert another cut resulting from the flawed SGR formula.** It is essential that the new 110th Congress agree on a longer-term fix that will lead to the elimination of the SGR, provide positive and stable updates, create sustained incentives for quality improvement, and support physician-directed care coordination.

ACP will work with the 110th Congress to address these issues, as well as other pressing concerns of internists, including expanding health insurance coverage to the 47 million Americans who currently are uninsured.

Visit the Legislative Action Center (LAC) http://www.acponline.org/lac for more information about the legislation and to thank your present members of Congress. Urge them to make longer-term reforms in the new 110th Congress. (A sample message is provided that you can personalize.)

We realize that we have our work cut out for us in continuing to work for you, all of internal medicine and our patients. **We must work with CMS and other organizations on determining the details of the interpretation and implementation of the recently-passed Act. We must be certain that these important new provisions of law are carried out in such a way as to maximize the benefits and minimize the burdens on our specialty. And, we will continue to provide you with practical information on how you will be able to take advantage of the Medicare payment changes.**

On behalf of the College's leadership, thanks again for your efforts to further enhance the voice of Internal Medicine to Congress. The combined voices of ACP are extremely powerful and Congress heard you.

I hope the holidays are happy and prosperous for you, your families and your patients.

Lynne M. Kirk, MD, FACP
President of ACP