

McCOLLUM—WELDON

Sign-on letter to CMS

We write to request that the Centers for Medicare and Medicaid Services (CMS) analyze the under-funding of Medicare payments for anesthesia services and consider possible changes to these payments as part of the 2008 fee schedule rulemaking process. Because the current rates are far below the market rate, we are concerned that this inequity creates a threat to access to anesthesia care for Medicare recipients.

Despite a longstanding under-funding for anesthesia services, CMS instituted a significant payment reduction to anesthesia services this year. Effective January 1, 2007, even with Congress acting to temporarily freeze on the physician-wide SGR payment reductions, CMS reduced Medicare anesthesia payments 8.9% -- a reduction that exceeded payment changes for every other specialty for the year. The reductions resulted from the unfair impact on anesthesia services of the Medicare "budget neutrality adjustment", and the implementation of a new measure of physician overhead or practice expense costs which CMS has subsequently acknowledged requires refinement.

Medicare's payments for anesthesia services already lag significantly behind the level of the program's payments for other services. The average 2007 Medicare anesthesia conversion factor is actually lower than it was in 1990 and is less than 36% of the commercial insurance conversion factor. In contrast, MedPAC, the Congressional advisory commission, reports that Medicare payments to other providers average 80% of commercial insurance payments.

We urge CMS to address the under-funding of this important medical specialty by considering changes for anesthesia services as part of the 2008 physician fee schedule rule. Such an effort would be an important step in assuring appropriate payment levels for these critical services.

Thank you for your consideration.