



December 23, 2021

James E. Mathews, PhD
Executive Director
Medicare Payment Advisory Commission (MedPAC)
425 I Street NW, Suite 701
Washington, DC 20001

Dear Dr. Matthews:

The American Society of Anesthesiologists (ASA) is pleased to submit comments to the Medicare Payment Advisory Commission (MedPAC) in response to the “Assessing payment adequacy and updating payments: Physician and other health professional services” session that was part of the MedPAC public meeting held on December 9, 2021. With over 55,000 members, ASA is dedicated to raising and maintaining the standards of the medical practice of anesthesiology and to improve patient care. Since 1905, we have acted as an advocate for all patients who require anesthesia or relief from pain. We provide outstanding education, research and scientific knowledge to physician anesthesiologists and anesthesia care team members.

During the meeting MedPAC considered whether Medicare payments to physicians and other healthcare professionals are adequate and how they should be updated in 2023. The recommendation being considered by MedPAC is that Congress update physician rates in 2023 at the level allowed by statute (0%). ASA was pleased to hear that some Commissioners raised concerns regarding the recommendation for a 0% payment update for physicians and other healthcare professionals in 2023.

Commissioner Barr stated, “And so I guess I'm just struggling to understand, knowing that costs are going to go up dramatically, how can we continue to freeze the fee schedule.” Commissioner Castellanos stated, “I at least would like to hear more thoughts about the recommendation to just go with current law.” ASA would like to take this opportunity to amplify some of the concerns raised by Commissioners as well as highlight some of the unique financial pressures experienced by physician anesthesiologists.

Anesthesiologists Are Uniquely Disadvantaged by the Medicare Payment System

The gap between true costs of providing services and Medicare payment rates is greater for anesthesiology than any other physician service. Medicare rates for anesthesia services are at an estimated 28% of the commercial rates for anesthesia services compared to an estimated 75-80% for other physician services, making physician anesthesiologists who serve Medicare populations more reliant on commercial payers and hospital support payments to subsidize practice costs.

Significant year-to-year modifications and decreases to the anesthesia conversion factor are tied to overall volume increases in the physician fee schedule (PFS) and do not reflect practice cost increases. In fact, the 2022 Anesthesia CF of \$21.56 is not significantly different than the 1991 CF of \$19.27, even **before** adjusting for inflation. Moreover, these cuts are on top of statutory payment shortfalls such as the 2% Medicare sequestration payment cut which has been dormant during the pandemic but is expected to be phased back in starting in April 2022.

“Access to Care” is NOT a Measure of Adequacy of Payment for Anesthesiology Services

We wish to comment on the inapplicability of the methodology used by MedPAC in assessing the adequacy of Medicare payment rates for anesthesiology services. MedPAC uses multiple methods to determine this including a beneficiary telephone survey and focus groups. While telephone surveys and focus groups may be an appropriate measurement for some specialties, ASA does not believe this is an acceptable method to measure beneficiary access to specialties like anesthesiology. Anesthesiologists care for all patients presented to them. A Medicare beneficiary is not making an appointment or scheduling a procedure directly with an anesthesiologist. We urge MedPAC to eliminate “access to care” as a measure of adequacy of payment for anesthesiology and other services. We recommend a cost-based analysis instead.

Anesthesiology Practices Continue to Face Financial Pressure and Uncertainty from the Pandemic

As was raised during the discussion, we would emphasize that the impact of the pandemic continues to place significant financial pressure on physician practices across all specialties. As we near the end of the year we are facing another surge driven by the Omicron variant and hospitals across the country are pausing non-urgent care, significantly worsening the economics of practice. Since early 2020, physician practices have been facing decreased patient volume, reduction in revenue and higher practice costs. These factors are placing significant pressure on practices. While government programs such as the Provider Relief Fund have been helpful to an extent, physician practices continue to face significant financial pressure.

ASA urges MedPAC to consider the continued impact of the pandemic on physician practices and how a 0% update – which in a practical sense is a negative update – will negatively impact physician practices that continue to face financial threats because of the pandemic.

0% Update is a Negative Update

The Medicare Access and CHIP Reauthorization Act (MACRA) of 2015 established 0% updates for physician payments through CY 2025. In years past MedPAC has often recommended that Congress update rates at the level allowed by statute. While this may be appropriate for payment systems that are tied to inflationary updates (e.g. Medicare hospital outpatient prospective payment system), in a budget neutral payment system like the PFS this is inadequate and generally results in a negative update.

Medicare’s PFS payment system is built on a budgetary rate-setting system that does not account for rising costs of care. This limitation presents major barriers that stand in the way of setting payments to reflect the true cost of providing quality care. Each year, the PFS sets payment rates and policies for Medicare physician services that have been inadequate for the payment of physician services across medical specialties, have not kept pace with rising practice costs and are not expected to do so in the long range. Because annual physician payment updates are not tied to an inflationary adjustment as are other Medicare payment systems, the overall impact of these adjustments is that while the Medicare agency is able to control spending, payment rates do not reflect true costs and result in negative updates absent Congressional intervention.

In making a recommendation for the CY 2023 physician payment update, ASA urges MedPAC to consider that the practical effect of a 0% update is really a negative update for physician services.

For the reasons described above we urge MedPAC to reconsider their recommendation for the CY 2023 payment update for physicians and other healthcare professionals. An update based on statute fails to address the financial pressures facing all physicians and anesthesiologists in particular. Any update needs to better capture the rising practice costs, inflation, the pandemic and other financial pressures facing physician practices.

We would be very glad to follow up with you as necessary on any issues for which you need additional information or would like further discussion. Please contact Sharon Merrick, MS, CCS-P, ASA Director of Payment and Practice Management at (202) 289-2222 or via email at s.merrick@asahq.org.

Sincerely,

A handwritten signature in black ink that reads "Randall M. Clark MD". The signature is written in a cursive, flowing style.

Randall M. Clark, MD, FASA
President

American Society of **Anesthesiologists**[®]