January 29, 2007

Leslie V. Norwalk, Esq.
Acting Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
200 Independence Ave SW
Washington DC 20201

Dear Ms. Norwalk:

The American College of Physicians (ACP), representing more than 120,000 physicians specializing in internal medicine and medical students, is writing to express concerns about a potential switch in diagnosis coding systems.

Currently, the Centers for Medicare and Medicaid Services (CMS) use the International Classification of Disease 9th Revision (ICD-9) for diagnosis coding for physician and other outpatient services and for diagnosis and procedure coding by hospitals. ACP is aware that CMS has been studying the issue of abandoning ICD-9 in favor of the 10th revision of the International Classification of Disease, known as ICD-10. ACP strongly opposes switching to ICD-10 for physician and other outpatient diagnosis coding and, specifically, urges CMS to refrain from implementing ICD-10 diagnosis codes through the rulemaking process.

ACP has carefully reviewed the arguments for the adoption of ICD-10 diagnosis codes. ACP does not perceive an effective case for its adoption, and believes a decision to do so at this time would be inappropriate. ACP believes that adopting a new code system is premature and unwarranted and that the costs of switching to an entirely new diagnosis system would be extraordinarily high to the healthcare system, particularly to the small physician practices that are least able to absorb additional costs. If a conversion to a new coding system did occur, physician practices would face a complete retraining of their coding and billing staff. Physician practices would also be faced with the costly prospect of upgrading their practice management systems responsible for the billing, coding, and scheduling operations for a practice. For some practices, this would necessitate buying a completely new practice management system. While it is difficult to estimate a cost per-practice due to the wide variety of software and physician practices, the cost could be anywhere from $5,000 to $30,000 to purchase this new system. Physicians would also be faced with increased administrative work as the result of a transition, resulting in significant loss in productivity.

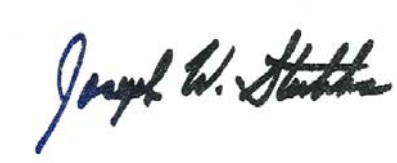
All of these costs and administrative hassles would come at a time where physicians have already seen the overall costs of doing business rise and reimbursement for professional services drop. At a time where many physician practices are struggling to conform to the required Health Insurance Portability and Accountability Act of 1996 (HIPAA) regulations and the voluntary move toward the adoption of electronic health records, adding an unnecessary administrative burden will have a negative impact on physician practices.

Proponents have also argued that adoption of a more granular diagnosis system would improve quality through better public health tracking and disease monitoring. ACP acknowledges that ICD-10 is more granular—expanding from approximately 13,000 ICD-9 diagnosis codes to roughly 120,000 in ICD-10, however, the information gathered has to be both precise and accurate to be beneficial. The College believes that the process of a physician selecting a diagnosis code to justify a service and to prompt a payer to pay the claim for the service is likely to produce data that is less than optimal for public health data reporting and quality improvement.

In conclusion, ACP has led the way in quality improvement for physician services. We strongly support efforts in Congress for quality improvement that include pay for performance. In addition, the College has been among the lead organizations supporting the concept of the "patient-centered medical home," a modified delivery and new payment methodology for primary care focused on quality, prevention, and continuity of care, as opposed to the current fragmented system that focuses on acute, episodic care and incentivizes volume. A pilot of this payment system was recently mandated by Congress in the Tax Relief and Health Care Act of 2006. This model, properly executed, could reduce costs and improve the quality of care received by Medicare beneficiaries. ICD-10, on the contrary, could greatly increase administrative costs and do little, if anything, to advance quality improvement.

ACP appreciates the opportunity to comment on the most appropriate way in which to code medical services. If you have any questions about this letter, please contact Brian Whitman, Senior Analyst for Regulatory and Insurer Affairs at (202) 261-4544.

Sincerely,



Joseph W. Stubbs, MD
Chairman, Medical Service Committee

CC: Tony Trenkel, Director, OESS