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Letter to Senate Finance, House Ways and Means, Seante and House Budget Committees

asim

american society of internal medicine

April 23, 1996

The Honorable Spencer Abraham
United States Senate
Washington, DC 20510

Dear Senator Abraham:

On behalf of the nation's largest medical specialty, I am writing to share our recommendations on issues for the FY 1997 budget resolution and reconciliation bills. ASIM believes that Congress should build upon the progress made last year and strive for enactment this year of a bipartisan bill to reform Medicare. There were several proposals from last year that should be included again in Medicare budget legislation:

1. **Enact a single conversion factor (CF) for the Medicare fee schedule, effective January 1, 1997, to eliminate the current policy of paying for surgical procedures at a higher rate than primary care and other nonsurgical services.** Last year, Congress voted as part of the [vetoed] Balanced Budget Act (BBA) to mandate a single CF effective on January 1, 1996. Now that implementation likely won't occur until January 1, 1997, surgeons who expected to see payment reductions under a single CF will have had a full year more than intended to prepare for such changes (during which time they benefited by receiving a higher update in 1996). No further "transition" is justified. The administration supports implementation of a single CF on January 1, 1997 with no transition.

2. **Enact the Stark self-referral relief provisions that were included in the BBA, including an exemption for shared ancillary facilities, and relieve physician office labs of the burdens of complying with the Clinical Laboratories Improvement Act (CLIA).** The administration's FY 1997 budget proposes a shared facility exemption, although ASIM prefers the language that was in the BBA. Relief from CLIA is needed to maintain access to office labs.

3. **Modify antitrust laws and preempt state solvency standards so that provider-sponsored organizations can compete with insurer-run HMOs.**

Finally, please oppose any effort to delay implementation of resource based relative expenses (RBPEs) for the Medicare fee schedule. Current law requires implementation of RBPEs on January 1, 1998, which will eliminate inequities that over-pay some physician services while under-paying others for the costs required to provide them. The administration is committed to completing the studies needed to implement sound RBPEs on January 1, 1998. Affected parties will be able to comment on the proposed RBPE methodology when it is published next year. Therefore, there is no justification for concluding that a sound methodology cannot be implemented by January 1, 1998.

Sincerely,

Alan R Nelson MD

Alan Nelson, MD
Executive Vice President

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