

June 9, 2000

Nancy-Ann Min DeParle, Administrator  
Health Care Financing Administration  
Department of Health and Human Services  
Hubert H. Humphrey Building, Room 309-G  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Ms. DeParle:

The American College of Physicians–American Society of Internal Medicine (ACP–ASIM), representing 116,000 physicians who specialize in internal medicine and medical students, wishes to express its concerns regarding the Health Care Financing Administration's (HCFA) plan to implement collection of physician encounter data for Medicare+Choice organizations (M+COs) beginning in October 2000.

First, although we understand HCFA's logic for implementing a full risk adjustment methodology for M+CO capitation rates, specifically, to encourage M+COs to enroll and treat sicker patients by increasing capitation amounts paid for such patients, we are concerned that there is no assurance that this incentive will be passed on to M+CO physicians. Does HCFA have a plan to assure physicians who treat sicker M+CO patients receive the full benefit of the enhanced capitation payments paid to the M+CO for these patients? If not, we are greatly concerned that physicians might be placed at significant financial risk for treating such patients, and possibly be forced to provide care at a loss. This would certainly be counter to HCFA's objectives, and could ultimately compromise access and quality of care for those patients most in need.

Second, we are concerned that the collection of physician encounter data may place an undue administrative burden upon M+CO physicians. Though HCFA is only mandating that M+COs submit the limited data which appears on the abbreviated HCFA-1500NSF, it is not clear whether or not they will transfer the burden of collecting this data to their physicians. It would be fine if M+CO physicians were permitted to continue to submit claims in whatever form is already accepted by their respective M+COs; however, if they are required to modify their manner of reporting/claiming in any way, this might create extra work for physicians and reduce time available for patient care.

We recognize the fact that HCFA intends to regularly audit M+CO encounter data submissions against the claims submitted to them by their physicians. It is hoped this will serve as an adequate deterrent to inappropriate encounter data extraction by M+COs, as well as discouraging M+COs from pressuring their physicians to inflate the severity of patients' diagnoses and/or treatments. But HCFA should be aware that a need may exist to have M+CO physicians document underlying chronic conditions, and that a certain amount of provider education may be needed to accomplish this, so that all higher utilizing patients are properly identified.

In summary, ACP–ASIM feels strongly that: (1) the collection of physician encounter data must not create any undue administrative burdens upon M+CO physicians; (2) physicians should directly and fully benefit from any enhanced capitation payments their M+COs receive for patients under their care; (3) HCFA should recognize that some re-education may have to occur to address the issue of severity of illness documentation on the physician-M+CO level; and (4) HCFA should sponsor “train-the-trainers” education programs for M+CO staff that include input and participation of prominent medical organizations such as our own, to assure sensitivity to the needs of physicians.

We look forward to HCFA’s response to the issues and questions raised above, and welcome the opportunity to work with you on finding mutually agreeable solutions.

Any questions or concerns related to this correspondence should be directed to Mark Gorden, Senior Associate for Managed Care and Regulatory Affairs, at (800) 338-2746 x4544.

Sincerely,

Cecil B. Wilson, M.D., Chair  
Medical Services Committee