Submitter : Dr. Michael Coughlin **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

See Attached

CMS-1506-P2-854-Attach-1.DOC

- **Procedure list:** HOPDs are eligible for payment for any service not included on the inpatient only list. The CMS proposal would limit a physician's ability to determine appropriate site of service for a procedure excludes many surgical procedures appropriate for the ASC setting.

- **Treatment of unlisted codes:** Providers occasionally perform services or procedures for which CPT does not provide a specific code and therefore use an unlisted procedure code identify the service. HOPDs receive payment for such unlisted codes under Outpatient Payment System (OPPS); ASCs should also be eligible for payment of selected unlisted codes.

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- **Secondary rescaling of APC relative weights:** CMS applies a budget neutrality adjustment to the OPPS relative weight values after they are recalibrated with new cost data each year. The agency proposes a secondary recalibration of the relative weights before they are used by ASCs. This secondary recalibration will result in annual and potentially cumulative variation between ASC and HOPD payments without any evidence that the cost of providing services has further diverged between settings.

- **Non-application of HOPD policies to the ASC.** Over the years, CMS has implemented through statutory or administrative authority numerous policies to support services in the HOPD, including additional payment for high-cost outliers, transitional corridor and hold-harmless payments to rural and sole-community hospitals, and payments for new technologies. While not all of these policies are appropriate for the ASC, surgery centers should be eligible to receive new technology pass-through payments.

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ASCs to submit claims using the UB-92, and the Medicare program should likewise align the payment system at the claim level.

Ambulatory surgery centers are an important component of beneficiaries' access to surgical services. As innovations in science and technology have progressed, ASCs have demonstrated tremendous capacity to meet the growing need for outpatient surgical services. In some areas and specialties, ASCs are performing more than 50% of the volume for certain procedures. Sudden changes in payments for services can have a significant effect on Medicare beneficiaries' access to services predominantly performed in ASCs.

The implementation of the revised payment system proposed by Medicare will result in significant redistribution of payments for many specialties. Because ASCs are typically focused on a narrow spectrum of services that require similar equipment and physician expertise, they have a limited ability to respond to changes in the payment system other than to adjust their volume of Medicare patients. If the facility fee is insufficient to cover the cost of performing the procedure in an ASC, responding to the change may mean relocating their practice to the HOPD. Such a decision would increase expenditures for the government and the beneficiary.

Medicare payment rates for ASC services have remained stagnant for nearly a decade. The impact of HOPD payments eclipsing the ASC rates has had the perverse effect of increasing the "cost" of the budget neutrality requirement imposed by the Medicare Modernization Act on the future conversion factor for ASC payments. The Lewin Group estimates that the inflation updates applied to the HOPD rates since passage of the MMA account for 40 percent of the discount required to achieve budget neutrality under the agency's proposed rule. This, combined with the agency's narrow interpretation of budget neutrality, produce an unacceptably low conversion factor for ASC payments.

We strongly feel there is a better way to design the new ASC payment system, and would like the Centers for Medicare and Medicaid (CMS) to work with the ASC industry to find a more equitable system. Thank you for allowing us the opportunity to share our concerns.

Sincerely,

Michael Coughlin, MD

Submitter : **Mrs. Brandi Luiz** **Date: 11/03/2006**

Organization : **ORegon Surgery Center**

Category : **Ambulatory Surgical Center**

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

Please do not enact the proposed 62% reimbursement for Ambulatory Surgery Centers. This would put us out of Business!! Thank you so much.

Submitter : Mrs. Laura Waters **Date:** 11/03/2006

Organization : DaVita

Category : Health Care Professional or Association

Issue Areas/Comments

ASC Payable Procedures

ASC Payable Procedures

I support CMS practice of re-examining its policies as technology improves and practice patterns change, especially when supported by recommendations made by the Medicare Payment Advisory Commission (MedPAC) in their March 2004 report to Congress. The report concludes that clinical safety standards and the need for an overnight stay be the only criteria for excluding a procedure from the approved list.

Please support patient choice! There is clear scientific evidence that vascular access procedures are safe and can be performed in Ambulatory Surgical Center setting, and more importantly, patients are extremely satisfied with having the option to secure vascular access repair and maintenance care in an outpatient setting. Further, the inclusion of angioplasty codes in the ASC setting would support CMS Fistula First initiative by permitting a full range of vascular access procedures to be performed in an ASC setting, a less expensive and more accessible option than the current prevalent hospital setting.

Please treat End Stage Renal Disease patients fairly by ensuring all angioplasty codes, including CPT 35476 are allowed in the ASC setting.

GENERAL

GENERAL

Vascular access is one of the greatest sources of complications and cost for dialysis patients. Why, because America uses more surgical grafts and catheters for vascular access than the rest of the developed world, even though there is substantial evidence that they impose higher initial and maintenance costs, lead to greater clinical complications, and result in higher mortality than arterio-venous (AV) fistulae.

The inclusion of CPT codes 35475, 35476, 36205 and 37206 to the list of Medicare approved ambulatory surgical center (ASC) procedures would provide Medicare the opportunity to reduce the cost of, and promote quality outcomes for, end-stage renal disease (ESRD) patients through more thoughtful reimbursement and regulation of vascular access procedures.

Submitter : Mr. David Ornelas **Date:** 11/03/2006

Organization : Redmond Surgery Center

Category : Ambulatory Surgical Center

Issue Areas/Comments

ASC Coinsurance

ASC Coinsurance

We support retaining the Medicare beneficiary coinsurance for ASC services at 20 percent. For Medicare beneficiaries, lower coinsurance obligations will continue to be a significant advantage for choosing an ASC to meet their surgical needs. Beneficiaries will save significant dollars each year under the revised ASC payment system because ASC payments will in all cases be lower than the 20-40 percent HOPD coinsurance rates allowed under the OPPS.

ASC Conversion Factor

ASC Conversion Factor

62 % conversion factor is unacceptable and often does not cover the cost of the procedure. We understand that budget neutrality is mandated in the MMA of 2003; however, we believe that CMS made assumptions in order to reach budget neutrality with which we differ, most especially the migration of cases from and to the ASC. The ASC industry has worked together with our physicians and established a migration model that is being provided to CMS along with the data in an industry comment letter. We encourage CMS to accept this industry model.

ASC Inflation

ASC Inflation

We urge CMS to maximize alignment of the ASC and HOPD payment systems by adopting in the final rule the same inflation updates for ASCs and HOPDs. These facilities exist in the same communities and often in partnership with the community hospital. Aligning the payment systems for ASCs and hospital outpatient departments will improve the transparency of cost and quality data used to evaluate outpatient surgical services for Medicare beneficiaries. We believe that the benefits to the taxpayer and the Medicare consumer will be maximized by aligning the payment policies to the greatest extent permitted under the law.

ASC Office-Based Procedures

ASC Office-Based Procedures

We support CMS s proposal to extend the new ASC payment system to cover procedures that are commonly performed in physician offices. While physicians may safely perform many procedures on healthy Medicare beneficiaries in the office setting, sicker beneficiaries may require the additional infrastructure and safeguards of an ASC to maximize the probability of a good clinical outcome. In other words, for a given procedure, the appropriate site of service is dependent on the individual patient and his specific condition.

ASC Packaging

ASC Packaging

We urge CMS to maximize alignment of the ASC and HOPD payment systems by adopting in the final rule the same packaging policies for ASCs and HOPDs. These facilities exist in the same communities and often in partnership with the community hospital. Aligning the payment systems for ASCs and hospital outpatient departments will improve the transparency of cost and quality data used to evaluate outpatient surgical services for Medicare beneficiaries. We believe that the benefits to the taxpayer and the Medicare consumer will be maximized by aligning the payment policies to the greatest extent permitted under the law.

ASC Payable Procedures

ASC Payable Procedures

We support CMS's decision to adopt MedPAC's recommendation from 2004 to replace the current "inclusive" list of ASC-covered procedures with an "exclusionary" list of procedures that would not be covered in ASCs based on two clinical criteria: (i)beneficiary safety; and (ii) the need for an overnight stay. However, the ASC list reform proposed by CMS is too limited. CMS should expand the ASC list of procedures to include any and all procedures that can be performed in an HOPD. CMS should exclude only those procedures that are on the inpatient only list and follow the state regulations for overnight stays.

ASC Payment for Office-Based Procedures

ASC Payment for Office-Based Procedures

We urge CMS to maximize alignment of the ASC and HOPD payment systems by adopting in the final rule the same payment caps for office-based procedures for ASCs and HOPDs. These facilities exist in the same communities and often in partnership with the community hospital. Aligning the payment systems for ASCs and hospital outpatient departments will improve the transparency of cost and quality data used to evaluate outpatient surgical services for Medicare beneficiaries. We believe that the benefits to the taxpayer and the Medicare consumer will be maximized by aligning the payment policies to the greatest extent permitted under the law.

ASC Phase In

ASC Phase In

Given the size of the payment cuts contemplated under the proposed rule for certain procedures and specialties; especially GI, pain and ophthalmology, one year does not provide adequate time to adjust to the changes. Thus, we believe the new system should be phased-in over several years.

ASC Ratesetting

ASC Ratesetting

We urge CMS to maximize alignment of the ASC and HOPD payment systems by adopting in the final rule the same packaging policies, the same payment caps for office-based procedures, the same multiple procedure discounts, the same wage index adjustments and the same inflation updates for ASCs and HOPDs.. These facilities exist in the same communities and often in partnership with the community hospital. Aligning the payment systems for ASCs and hospital outpatient departments will improve the transparency of cost and quality data used to evaluate outpatient surgical services for Medicare beneficiaries. We believe that the benefits to the taxpayer and the Medicare consumer will be maximized by aligning the payment policies to the greatest extent permitted under the law.

ASC Unlisted Procedures

ASC Unlisted Procedures

At a minimum, when all the specific codes in a given section of CPT are eligible for payment under the revised ASC payment system, the associated unlisted code also should be eligible for payment.

ASC Updates

ASC Updates

We are pleased that CMS is committing to annual updates of the new ASC payment system, and agree it makes sense to do that conjunction with the OPPS update cycle so as to help further advance transparency between the two systems. Regular, predictable and timely updates will promote beneficiary access to ASCs as changes in clinical practice and innovations in technology continue to expand the scope of services that can be safely performed on an outpatient basis.

ASC Wage Index

ASC Wage Index

We urge CMS to maximize alignment of the ASC and HOPD payment systems by adopting in the final rule the same wage index adjustments for ASCs and HOPDs. These facilities exist in the same communities and often in partnership with the community hospital. Aligning the payment systems for ASCs and hospital outpatient departments will improve the transparency of cost and quality data used to evaluate outpatient surgical services for Medicare beneficiaries. We believe that the benefits to the taxpayer and the Medicare consumer will be maximized by aligning the payment policies to the greatest extent permitted under the law.

Submitter : Mrs. LUCILLE Enama **Date:** 11/03/2006

Organization : St. Mary Dialysis Center

Category : Nurse

Issue Areas/Comments

ASC Payable Procedures

ASC Payable Procedures

Ambulatory Surgical procedures for aecess care of CKD and ESRD patients is a valuable service. It promotes special care to special patient's needs on a timely basis with well trained providers. It has promoted the fistula first initiative and supports its care and expertise of the providers without having to compete with hospital surgical schedules and hospital based interventional radiologist whose focus is not ESRD patients. It prevents unneeded hospitalizations and the ability to still have patients dialyze in their own facilities and not in costly acute centers.

Submitter : Kristina Sande **Date:** 11/03/2006

Organization : Kristina Sande

Category : Individual

Issue Areas/Comments

ASC Payable Procedures

ASC Payable Procedures

I support CMS practice of re-examining its policies as technology improves and practice patterns change, especially when supported by recommendations made by the Medicare Payment Advisory Commission (MedPAC) in their March 2004 report to Congress. The report concludes that clinical safety standards and the need for an overnight stay be the only criteria for excluding a procedure from the approved list.

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Submitter : Mrs. Cynthia Nemec **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

See Attached

CMS-1506-P2-860-Attach-1.DOC

860

ORTHOPEDIC
SURGERY
CENTER OF
IDAHO

1425 W River
Boise, ID 83702-6861

208-342-1932
208-336-1954 (fax)

October 31, 2006

Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1506-P
Mail Stop C4-26-05
7500 Security Blvd.
Baltimore, MD 21244-1850

RE: Proposed Medicare Payment Changes

My name is Cynthia Nemec and I am the Administrator of the Orthopedic Surgery Center of Idaho in Boise, Idaho. Our ambulatory surgery center (ASC) offers orthopedic surgical services and has been providing high quality, patient centered, and cost effective interventional procedures and surgery since February 2002. Our 28 employees and 20 surgeons care for approximately 3200 patients a year (this includes over 340 Medicare beneficiaries) at our surgery center. I am taking this opportunity to offer our concerns regarding the payment rates for ASCs proposed by the Centers for Medicare and Medicaid Services (CMS).

In 2008, CMS essentially proposes to pay ASCs 38 percent less than what they pay a hospital for the exact same surgical procedure. This untenable price differential, which will widen further over time, is unrelated to the costs that ASCs incur in delivering services. It is driven entirely by the agency's narrow interpretation of budget neutrality requirements and will jeopardize the ability of many ASCs to continue to provide high quality surgical care to Medicare beneficiaries. (The ASC industry recommends that ASCs be paid at 75% of hospital rates.)

Aligning the payment systems for ASCs and hospital outpatient departments will improve the transparency of cost data used to evaluate outpatient surgical services for Medicare beneficiaries. The benefits to the taxpayer and the Medicare consumer will be maximized by aligning the payment policies to the greatest extent permitted under the law. While we appreciate the many ways in which the agency proposes to align the payment system, we are concerned that the linkage is incomplete and may lead to further distortions between the payment systems. Many policies applied to payments for hospital outpatient department services (HOPD) were not extended to the ASC setting, and these inconsistencies undermine the appropriateness of the APC relative weights, create disparities in the relationship between the ASC and HOPD payment rates, and embed in the new payment system site of service incentives that will cost the taxpayer and the beneficiary more than necessary.

There are many components of the regulation where a more complete alignment of the ASC and HOPD payment systems is appropriate. Below is an overview of the major areas where further refinement of the proposed rule is warranted.

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Sincerely,

Cynthia Nemec

Submitter : Dr. Michael Gustavel **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

See Attached

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE AND MEDICAID SERIVICES
OFFICE OF STRATEGIC OPERATIONS & REGULATORY AFFAIRS

Please note: We did not receive the attachment that was cited in this comment. We are not able to receive attachments that have been prepared in excel or zip files. Also, the commenter must click the yellow "Attach File" button to forward the attachment.

Please direct your questions or comments to 1 800 743-3951.

Submitter : Dr. Thomas Goodwin **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

See Attached

CMS-1506-P2-862-Attach-1.DOC

#8962

ORTHOPEDIC
SURGERY
CENTER OF
IDAHO

1425 W River
Boise, ID 83702-6861

208-342-1932
208-336-1954 (fax)

October 31, 2006

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Department of Health and Human Services
Attention: CMS-1506-P
Mail Stop C4-26-05
7500 Security Blvd.
Baltimore, MD 21244-1850

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Sincerely,

Thomas Goodwin, MD

Submitter : Dr. James Johnston **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

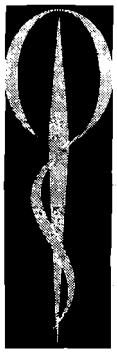
CY 2008 ASC Impact

CY 2008 ASC Impact

See Attached

CMS-1506-P2-863-Attach-1.DOC

#863



ORTHOPEDIC
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1425 W River
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208-342-1932
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October 31, 2006

Centers for Medicare & Medicaid Services
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Mail Stop C4-26-05
7500 Security Blvd.
Baltimore, MD 21244-1850

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We strongly feel there is a better way to design the new ASC payment system, and would like the Centers for Medicare and Medicaid (CMS) to work with the ASC industry to find a more equitable system. Thank you for allowing us the opportunity to share our concerns.

Sincerely,

James Johnston, MD

Submitter : Dr. John Kloss **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

See Attached

CMS-1506-P2-864-Attach-1.DOC

#864

ORTHOPEDIC
SURGERY
CENTER OF
IDAHO

1425 W River
Boise, ID 83702-6861

208-342-1932
208-336-1954 (fax)

October 31, 2006

Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1506-P
Mail Stop C4-26-05
7500 Security Blvd.
Baltimore, MD 21244-1850

RE: Proposed Medicare Payment Changes

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Sincerely,

John Kloss, MD

Submitter : **Dr. Ronald Kristensen** **Date: 11/03/2006**

Organization : **Orthopedic Surgery Center of Idaho**

Category : **Ambulatory Surgical Center**

Issue Areas/Comments

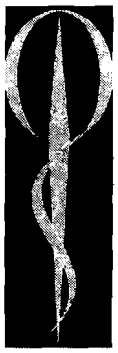
CY 2008 ASC Impact

CY 2008 ASC Impact

See Attached

CMS-1506-P2-865-Attach-1.DOC

#865



ORTHOPEDIC
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1425 W River
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October 31, 2006

Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1506-P
Mail Stop C4-26-05
7500 Security Blvd.
Baltimore, MD 21244-1850

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Ronald Kristensen, MD

Submitter : Dr. Kirk Lewis **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

See attached

CMS-1506-P2-866-Attach-1.DOC

#F866

ORTHOPEDIC
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CENTER OF
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1425 W River
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October 31, 2006

Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1506-P
Mail Stop C4-26-05
7500 Security Blvd.
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Submitter : Dr. Mark Meier **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

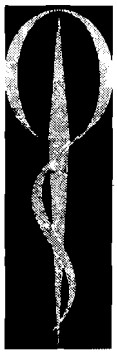
CY 2008 ASC Impact

CY 2008 ASC Impact

See Attached

CMS-1506-P2-867-Attach-1.DOC

#867



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Submitter : Dr. Jennifer Miller **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

See Attached

CMS-1506-P2-868-Attach-1.DOC

#868

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IDAHO

1425 W River
Boise, ID 83702-6861

208-342-1932
208-336-1954 (fax)

October 31, 2006

Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1506-P
Mail Stop C4-26-05
7500 Security Blvd.
Baltimore, MD 21244-1850

RE: Proposed Medicare Payment Changes

My name is Jennifer Miller, MD and I am a physician owner of the Orthopedic Surgery Center of Idaho in Boise, Idaho. Our ambulatory surgery center (ASC) offers orthopedic surgical services and has been providing high quality, patient centered, and cost effective interventional procedures and surgery since February 2002. Our 28 employees and 20 surgeons care for approximately 3200 patients a year (this includes over 340 Medicare beneficiaries) at our surgery center. I am taking this opportunity to offer our concerns regarding the payment rates for ASCs proposed by the Centers for Medicare and Medicaid Services (CMS).

In 2008, CMS essentially proposes to pay ASCs 38 percent less than what they pay a hospital for the exact same surgical procedure. This untenable price differential, which will widen further over time, is unrelated to the costs that ASCs incur in delivering services. It is driven entirely by the agency's narrow interpretation of budget neutrality requirements and will jeopardize the ability of many ASCs to continue to provide high quality surgical care to Medicare beneficiaries. (The ASC industry recommends that ASCs be paid at 75% of hospital rates.)

Aligning the payment systems for ASCs and hospital outpatient departments will improve the transparency of cost data used to evaluate outpatient surgical services for Medicare beneficiaries. The benefits to the taxpayer and the Medicare consumer will be maximized by aligning the payment policies to the greatest extent permitted under the law. While we appreciate the many ways in which the agency proposes to align the payment system, we are concerned that the linkage is incomplete and may lead to further distortions between the payment systems. Many policies applied to payments for hospital outpatient department services (HOPD) were not extended to the ASC setting, and these inconsistencies undermine the appropriateness of the APC relative weights, create disparities in the relationship between the ASC and HOPD payment rates, and embed in the new payment system site of service incentives that will cost the taxpayer and the beneficiary more than necessary.

There are many components of the regulation where a more complete alignment of the ASC and HOPD payment systems is appropriate. Below is an overview of the major areas where further refinement of the proposed rule is warranted.

- **Procedure list:** HOPDs are eligible for payment for any service not included on the inpatient only list. The CMS proposal would limit a physician's ability to determine appropriate site of service for a procedure excludes many surgical procedures appropriate for the ASC setting.

- **Treatment of unlisted codes:** Providers occasionally perform services or procedures for which CPT does not provide a specific code and therefore use an unlisted procedure code identify the service. HOPDs receive payment for such unlisted codes under Outpatient Payment System (OPPS); ASCs should also be eligible for payment of selected unlisted codes.

- **Different payment bundles:** Several of the policies for packaging ancillary and other procedure costs into the ASC payment bundle result in discrepancies between service costs represented in the APC relative weight. For example, when HOPDs perform services outside the surgical range that are not packaged, they receive additional payments for which ASCs should also be eligible.

- **Cap on office-based payments:** CMS proposes to cap payment for certain ASC procedures commonly performed in the office at the physician practice expense payment rate. No such limitation is applied to payments under the OPPS, presumably because the agency recognizes the cost of a procedure varies depending on the characteristics of the beneficiary and the resources available at the site of service. We likewise believe this cap is inappropriate for the ASC and should be omitted from the final regulation.

- **Different measures of inflation:** CMS updates the OPPS conversion factor for annual changes in inflation using the hospital market basket; however, the agency proposes to update ASC payments using the consumer price index for all urban consumers. The market basket is a better proxy for the inflationary pressures faced by ASCs, as it is the measure used by the agency to update payments to hospitals providing the same services.

- **Secondary rescaling of APC relative weights:** CMS applies a budget neutrality adjustment to the OPPS relative weight values after they are recalibrated with new cost data each year. The agency proposes a secondary recalibration of the relative weights before they are used by ASCs. This secondary recalibration will result in annual and potentially cumulative variation between ASC and HOPD payments without any evidence that the cost of providing services has further diverged between settings.

- **Non-application of HOPD policies to the ASC.** Over the years, CMS has implemented through statutory or administrative authority numerous policies to support services in the HOPD, including additional payment for high-cost outliers, transitional corridor and hold-harmless payments to rural and sole-community hospitals, and payments for new technologies. While not all of these policies are appropriate for the ASC, surgery centers should be eligible to receive new technology pass-through payments.

- **Use of different billing systems:** The HOPD and ASC use the UB-92 and CMS-1500, respectively, to submit claims to the government for services. Use of different forms prevents ASCs from documenting all the services provided to a Medicare beneficiary, therefore undermining the documentation of case mix differences between sites of service. Most commercial payors require

ASCs to submit claims using the UB-92, and the Medicare program should likewise align the payment system at the claim level.

Ambulatory surgery centers are an important component of beneficiaries' access to surgical services. As innovations in science and technology have progressed, ASCs have demonstrated tremendous capacity to meet the growing need for outpatient surgical services. In some areas and specialties, ASCs are performing more than 50% of the volume for certain procedures. Sudden changes in payments for services can have a significant effect on Medicare beneficiaries' access to services predominantly performed in ASCs.

The implementation of the revised payment system proposed by Medicare will result in significant redistribution of payments for many specialties. Because ASCs are typically focused on a narrow spectrum of services that require similar equipment and physician expertise, they have a limited ability to respond to changes in the payment system other than to adjust their volume of Medicare patients. If the facility fee is insufficient to cover the cost of performing the procedure in an ASC, responding to the change may mean relocating their practice to the HOPD. Such a decision would increase expenditures for the government and the beneficiary.

Medicare payment rates for ASC services have remained stagnant for nearly a decade. The impact of HOPD payments eclipsing the ASC rates has had the perverse effect of increasing the "cost" of the budget neutrality requirement imposed by the Medicare Modernization Act on the future conversion factor for ASC payments. The Lewin Group estimates that the inflation updates applied to the HOPD rates since passage of the MMA account for 40 percent of the discount required to achieve budget neutrality under the agency's proposed rule. This, combined with the agency's narrow interpretation of budget neutrality, produce an unacceptably low conversion factor for ASC payments.

We strongly feel there is a better way to design the new ASC payment system, and would like the Centers for Medicare and Medicaid (CMS) to work with the ASC industry to find a more equitable system. Thank you for allowing us the opportunity to share our concerns.

Sincerely,

Jennifer Miller, MD

Submitter : Dr. Stanley Moss **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

See attached

CMS-1506-P2-869-Attach-1.DOC

#869

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Sincerely,

Stanley Moss, MD

Submitter : Dr. Kyle Palemr **Date:** 11/03/2006

Organization : Orthopedic Surgery Center of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

See Attached

CMS-1506-P2-870-Attach-1.DOC

#870

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Sincerely,

Kyle Palmer, MD

Submitter : Dr. Gregory Schweiger **Date:** 11/03/2006

Organization : OrthopedicSurgery of Idaho

Category : Ambulatory Surgical Center

Issue Areas/Comments

CY 2008 ASC Impact

CY 2008 ASC Impact

See attached

CMS-1506-P2-871-Attach-1.DOC

#811

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