



January 7, 2010

To the Members of the United States House of Representatives Quality Care Coalition:

On behalf of the Healthcare Quality Coalition we commend the United States House of Representatives and the United States Senate for including provisions that promote payment for value in your versions of health reform legislation. By paying for value, the health care system can achieve better results at a lower cost. As you work to merge the two versions of the bill, we respectfully provide the following comments related to the Value Index and Geographic Adjustment of Medicare Payments provisions.

Value Index / Modifier

With respect to the Value Index, we believe that each chamber has taken a thoughtful approach. There are aspects of each chamber's provisions that we believe, if melded together, produce the best result. We encourage Congress to adopt certain aspects of each chamber's provisions.

First, and foremost the Coalition believes, given the complex nature of the Value Index, it is important for an independent body to study the issue and advise the Centers for Medicare and Medicaid Services (CMS) regarding design and implementation. Upon completion of the study, CMS should move forward to implement the Value Index without further procedural requirements or legislative hurdles. Specifically, we support the House language requiring that the Institute of Medicine (IOM) conduct this study. We believe delegating this authority to the IOM provides helpful expertise and a new and independent perspective on this matter.

Second, we are concerned with the provision in the House bill that adds a layer of Congressional review following completion of the IOM study. Once the IOM study is complete, the Coalition believes CMS should begin work immediately to implement the IOM study recommendations, without requiring further Congressional review, as provided under the Senate provision.

Third, the Coalition believes that a focus on health outcomes is critical to the success of the Value Index provisions. In this regard, we support the Senate's provision incorporating quality measures that reflect health outcomes. In contrast, although there is mention of quality reporting, the House bill does not currently mention health outcomes. Consistent with the system-wide application of the provision, described above, we believe that outcomes measures should be collected and reported at the system, rather than individual physician, level.

Fourth, we believe that all Medicare providers should be incented with a value-based system. Therefore, we believe application of a Value Index should apply broadly to all types of services, including physicians, hospitals, home health providers and others. Under the current health reform bills, the House provision has broader applicability to multiple provider types, while the Senate version applies only to the physician fee schedule. We believe that paying for value is important in all settings. Furthermore, the broad applicability is necessary to accomplish the types of reforms the Congress seeks to implement. Therefore, we encourage adoption of the approach taken by the House, with broad application to all provider settings, and that the study reflect the intent of Congress to impact meaningful change and not preserve the status quo with the inclusion of tangential study design elements that are beyond providers' control.

Finally, we believe that the sooner Medicare pays for value, the more quickly improvements will be made to the quality of care and the more quickly savings to the system will be achieved. Consistent with our recommendation above that the IOM study be implemented without further Congressional review, we believe that the Value Index provisions should be implemented no later than 2012.

Geographic Adjustment Provisions

We believe that studying geographic disparities is critical to the success of health care reform. Both the Senate and House legislation currently call for such studies. However, the two bills differ in the entity delegated to perform the study – the Senate calls for CMS to perform the study while the House provision calls for the IOM to perform the study. We believe that the IOM has a greater capacity to expedite the study and draw from new data sources, beyond what CMS has used to develop its current payment formulas.

In addition, we believe that the study should broadly apply to physician and hospital settings, rather than just the physician fee schedule. We believe such an approach is consistent with the goal of creating integrated systems of care to best treat patients and fairly compensate providers. In this regard, the House language is preferable because it encompasses both physician and hospital services.

There are elements of the Senate bill's study that we believe should be maintained in the final version of the bill. Specifically, the Senate bill contains detailed instructions of certain elements that the Secretary should evaluate. We believe that the final bill should include each of these elements: (1) the feasibility of using actual data or reliable survey data developed by medical organizations on the costs of operating a medical practice in different areas; (2) office expenses and the extent to which they are determined in local markets instead of national markets; and (3) the weights assigned to the categories within the practice expense geographic adjustment.

In addition, we believe that the Senate's extension of the Work GPCI Floor and the practice expense geographic adjustment to the physician fee schedule should be included in the final measure. Such a provision will provide immediate relief to physicians in low payment localities while studies of the wage indices are underway.

Finally, upon the completion of the IOM study, the Secretary would make appropriate adjustments to the physician and hospital indices without further Congressional action.

We appreciate your consideration of these recommendations. If you have any questions about the information we have provided, please do not hesitate to contact us. We look forward to working with you as this historic legislation proceeds through the conference process.

Sincerely,

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The Healthcare Quality Coalition represents healthcare providers throughout the nation dedicated to the concept of value-based care. This philosophy focuses on healthcare practices that promote measurable, high quality care. Healthcare entities should be held accountable for the quality and value provided to the patients and communities we serve. Healthcare reform should address more than just government payment systems and health insurance. For more information, please visit our website at: www.qualitycoalition.net