ENDOCRINE SOCIETY
Hormone Science to Health

October 8, 2024

The Honorable Cathy McMorris Rodgers
Chair
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Jason Smith
Chairman
House Ways and Means Committee
1139 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Ways and Means Committee
1139 Longworth House Office Building
Washington, DC 20515

Dear Chair McMorris Rodgers, Ranking Member Pallone, Chairman Smith, and Ranking Member Neal:

On behalf of the Endocrine Society, the world's largest professional organization of endocrinologists, we are writing to share comments on the physician payment reform legislation that your respective committees are drafting. Founded in 1916, the Endocrine Society represents approximately 18,000 physicians and scientists engaged in the treatment and research of endocrine disorders, such as diabetes, hypertension, infertility, obesity, osteoporosis, endocrine tumors cancers (e.g., thyroid, adrenal, pancreatic, ovarian, pituitary) and thyroid disease. Our membership includes over 11,000 clinicians who are on the front lines in treating diabetes and obesity, which are two of the most common chronic illnesses in the United States. Many of our members treat Medicare beneficiaries with these costly, chronic conditions, and making reforms to physician payment will help ensure those beneficiaries continue to have access to high-quality care.

As you may know, there is a shortage of adult endocrinologists across the country. In 2025, this is expected to increase to a shortage of approximately 2,700 endocrinologists and will continue to rise.[1] The Society believes that mis-valuation of evaluation and management (E/M) services, which are the primary services billed by endocrinologists in the Medicare Physician Fee Schedule (MPFS), is one factor contributing to this shortage. Given the discrepancies in physician reimbursement for our members, we welcome the opportunity to work with you to

[1] Romeo GR, Hirsch IB, Lash RW, Gabbay RA. Trends in the Endocrinology Fellowship Recruitment: Reasons for Concern and Possible Interventions. J Clin Endocrinol Metab. 2020 Jun 1;105(6):1701–6. doi: 10.1210/clinem/dgaa134. PMID: 32188983; PMCID: PMC7150610.

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address this critical issue. As you work to craft bipartisan legislation, we encourage you to consider these comments:

Payment Updates:

Physicians have endured over 30 years of stagnant Medicare reimbursement rates which have not accounted for inflation or the evolution of office-based medical care. As the Committee knows, between 2001 and 2024 Medicare physician payment has declined by 29 percent when adjusted for inflation. The Endocrine Society urges Congress to put the MPFS on par with other Medicare fee schedules by providing an inflationary update to the conversion factor (CF) annually. The endocrinology pipeline is facing unprecedented challenges and providing stability to physician payment could help address some of them. Since 2010, there has been no growth in the number of medical graduates entering endocrinology in the United States and approximately 78.5% of counties in the United States have no practicing endocrinologist.[2] Many patients, particularly those in rural and underserved areas, must travel long distances and endure significant wait times to see an endocrinologist. All these issues are even more troubling for our members when combined with the annual cycle of looming Medicare cuts.

Providing stability to physician reimbursement could help address the challenges currently facing endocrinologists. The outline includes a policy to increase the CF by an unspecified percentage of the Medicare Economic Index (MEI) every five years. The Endocrine Society does not believe this policy is sufficient to reverse the downward trajectory of Medicare physician reimbursement and instead recommends that you provide an annual inflation-based adjustment to the CF equal to the MEI. CMS has described MEI as the best measure available of the relative weights of the three components of MPFS payments – work, practice expense, and malpractice. We urge you to pass legislation that provides long-term stability for physicians and their patients. We believe providing this stability is the first step to addressing the reimbursement challenges facing practicing endocrinologists.

Budget Neutrality and the Conversion Factor

The Society supports efforts to ensure that the utilization of the MPFS services is accurately reported. This will ensure that the CF is appropriately adjusted based on the actual utilization. A good starting point would be to require the agency to compare the estimated utilization to actual utilization and adjust the CF based on the difference (either over- or underutilization) as included in H.R. 6371, the *Provider Reimbursement Stability Act of 2023*, which is referenced in the outline. This could address discrepancies in estimated utilization and may significantly impact the budget neutrality adjustment. We also urge you to update the $20 million budget

[2] Goodson JD, Shahbazi S, Song Z. Physician Payment Disparities and Access to Services-a Look Across Specialties. J Gen Intern Med. 2019 Nov;34(11):2649-2651. doi: 10.1007/s11606-019-05133-0. Epub 2019 Aug 5. PMID: 31385213; PMCID: PMC6848648.

neutrality threshold and index it to inflation. This threshold has not been updated since the 1990s and is long overdue to be updated. Congress should also provide for an increase every five years equal to the cumulative increase in MEI to ensure that physician payments keep pace with inflation and the cost of delivering care. H.R. 6371 includes a similar provision increasing the threshold to $53 million with required updates every five years. The Endocrine Society believes that these policies are important to modernize the MPFS' budget neutrality requirements and will help eliminate the perception that specialties are pitted against one another whenever new codes are added to the MPFS or the values of existing codes increase. Additionally, this will support the necessary review of codes that potentially cause large budget neutrality adjustments, like the outpatient E/M codes. When these codes were updated in 2021, the much-needed increase was eroded partially by the budget neutrality adjustment. Our members bill mainly using outpatient E/M codes, and we would support this cap to limit large decreases in reimbursement.

Alternative Payment Models

As you know, Alternative Payment Models (APMs) are unique payment models that reward providers for delivering high quality care. APMs are not available specifically for endocrinologists and these alternative payment models are often incorporated into primary care bundles which makes it too much of a risk for many of our members to participate. Currently, there are no incentives to participate in APMs and it is not attractive to enroll in models with downside risk, particularly if outcomes are based on some factors outside of the physician's control. Also, in the current environment our members continue to see both the CF and Medicare reimbursement decreasing annually. The downward pressure on Medicare physician payment does not make it attractive for physicians, particularly those who treat complicated patients with chronic conditions, like diabetes and obesity, to expose themselves to additional risk. According to the 2023 Medscape Physician Compensation Report, endocrinologists are the fifth lowest compensated specialty, reimbursed less than half of the highest compensated specialty of plastic surgery.[3] Conversion factor cuts and negative payment adjustments influence the reimbursement of endocrinologists and their practices significantly.

At this point, the lack of relevant APMs is a primary barrier to specialty participation in the advanced APM track. The Endocrine Society recognizes that the outline includes provisions related to the CMS Innovation Center and the Physician-Focused Payment Model Technical Advisory Committee. Without more detail, it is difficult to evaluate whether these proposed policies will meaningfully improve the options available to endocrinologists. There, we recommend that Congress work with specialty societies to develop policy in this area. One potential change could be requiring CMS to develop and pilot a certain number of specialty

[3] https://www.medscape.com/slideshow/2023-compensation-overview-6016341?icd=login_success_email_match_norm#3

models annually, working in partnership with the relevant specialty societies. One barrier that will be difficult to overcome is the number of Medicare beneficiaries with the condition required to support a model. Without a large enough patient population, it is impossible to develop and pilot specialty models. Congress and CMS should consider another method of APM participation in this instance.

Ensuring Accuracy of Values within the Physician Fee Schedule

Endocrinologists are non-procedural specialists, and as was mentioned in the opening of the letter, we believe that mis-valuation of E/M services billed by our members is one factor contributing to a shortage of endocrinologists across the United States. According to Medicare claims data, 77% of total services billed under the MPFS by endocrinologists are for E/M services (99202-99215 and 99221-99233) in the office/outpatient and inpatient settings.[4] Additionally, approximately 86% of E/M services billed by endocrinologists are provided in the office setting. The Society participates in the American Medical Association (AMA) Specialty Society Relative Value Scale Update Committee (RUC), and we believe it serves an important purpose in the valuation of specific services. However, we think the process does not work as well for E/M and non-procedural care as it does for procedures. Despite the best efforts of the AMA CPT and RUC and CMS, the challenges with E/M codes persist and are a driver of the shortage of endocrinologists, other cognitive specialists, and primary care physicians.

While not included in the committees' outline, we support the establishment of a technical advisory committee (TAC) to define and value E/M and other non-procedural services more regularly and believe that Medicare payment reform legislation provides an opportunity to address this longstanding issue. Following an analysis of data, research, methodologies, and knowledge gaps, a TAC would be well-suited to develop a set of recommendations to address inadequacies of E/M service code definitions and valuations and ensure payment is adequate for these services. Senators Sheldon Whitehouse (D-RI) and Bill Cassidy (R-LA) have introduced S. 4338, the *Pay PCPs Act*, which establishes a TAC to provide the Secretary with technical input regarding the accurate determination of relative value units. We support this legislation's intent to establish a committee of experts to provide this input on E/M and non-procedural services. However, we think the composition of a TAC should be modified from what is proposed in the Whitehouse-Cassidy legislation. It should include individuals with expertise in healthcare policy, such as physicians, patients, health economists, coders, health informaticists, and other stakeholders with expertise in payment policy; with this expertise,

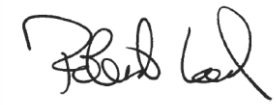
[4] CMS 1740-P: Revisions to Payment Policies under the Medicare Physician Fee Schedule Quality Payment Program and Other Revisions to Part B for CY 2024. CY 2024 PFS Proposed Rule 2022 Utilization Data Crosswalked to 2024. https://www.cms.gov/medicare/medicare-fee-service-payment/physicianfeesched/pfs-federal-regulation-notices/cms-1784-p Accessed Aug 24, 2023.

the committee will be well-positioned to address the challenges faced across cognitive specialties.

The TAC's charge should be to implement an evidence-based, data-driven approach to assess the E/M and non-procedural service code definitions and ensure that their valuations are accurate, reliable, and reflect the value of the specialty expertise and longitudinal care our members deliver to Medicare beneficiaries. Following an analysis of data, research, methodologies, and knowledge gaps, a technical advisory committee would be well-suited to develop a set of recommended changes to address inadequacies in the E/M service code definitions and valuations.

Thank you for the opportunity to provide feedback on this critical issue. We stand ready to work with you to address the flaws in Medicare payment and implement reforms that bring stability to the physician reimbursement system. If you have any questions or we can be of any further assistance, please contact Rob Goldsmith, Director of Advocacy and Policy at rgoldsmith@endocrine.org.

Sincerely,



Robert Lash, MD
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