ARIZONA
MEDICAL
ASSOCIATION

Gretchen Alexander, MD
President

Chic Older
Executive Vice President

James Ashley, Director
Arizona Industrial Commission
800 W. Washington Street
Phoenix, AZ 85007

Dear Mr. Ashley:
Please consider this letter as the official comments of the Arizona Medical Association to the Staff Recommendations for the 2017 Physician's Fee Schedule.

Anesthesia Conversion Factor:
The staff report is recommending an anesthesia conversion factor of $58.10, the same as last year. Our research in Arizona demonstrates this to be well below community norms which generally range from $70.00-$100.00. In our testimony last year we reminded the ICA that CMS has publicly acknowledged that their rate of $23.00 for anesthesia is flawed and is one-third of appropriate community rates. Historically the ICA has lagged behind community norms for anesthesia reimbursement and ArMA has worked hard with the Commission to achieve minimum acceptable levels. Since patient choice is often absent with anesthesia services, and anesthesiologists are in a position to determine if they will participate in elective cases, it is the responsibility of the ICA to ensure quality anesthesiologists are available when needed and are not financially discouraged from providing this essential service. With the new fee model it is important that anesthesia services be adjusted so they do not continue to fall below the minimum community standards. ArMA recommends the anesthesia conversion factor be raised to $70.00.

Stop-Loss Recommendation:
Last year ArMA urged caution as to impact of substantial reductions in reimbursements for a number of specialties with the new RBRVS system. Specifically, we raised concern with surgery, pathology, and radiology. We based our concern on knowledge of the physician community and the chaos presented by current health care insurance trends. Our concerns were validated this year in relation to Arizona SB 1441, Surprise Billing, where public testimony on this bill documented physicians are not willing to contract with insurance companies that pay below fair market rates.
ArMA and the ICA, for decades, have operated on the premise that an essential component to ensure quality physician care for injured workers is to maintain reimbursement levels that are reasonable. By every measure, in Arizona we had achieved and maintained an exemplary system. The dramatic reductions for numerous codes in certain specialties now threatens the essential element of maintaining the supply of quality physician services. ArMA's belief is this will create a strong disincentive to accept worker's compensation cases, particularly for orthopedic surgery, a specialty where physicians can determine if they will be a participant for elective cases.

To illustrate the actual impact of decreases, below are a sample of payments for several work-comp codes (note, this does not include any increases):
22612: currently $4000; new $3801 (-5%)
22842: currently $3838; new $1841 (-52%)
22630: currently $4600; new $3770 (-18%)
63030: currently $3800; new $2323 (-39%)
63047: currently $5000; new $2641 (-47%)
29880: currently $2800; new $1332 (-52%)
29881: currently $2135; new $1282 (-40%)
29888: currently $4072; new $2338 (-43%)
29883: Currently $3062; new $2004 (-35%)
29822: Currently $2765; new $1663 (-40%)

This level of cuts is not balanced by increases to other common surgical codes using the new RBRVS system. The increases to the E & M codes will not act as an off-set to these decreases which we predict will challenge the willingness of quality surgeons to participate. Considering the additional administrative burden surrounding work-comp cases, adoption of the new RBRVS system with substantive cuts to key codes will have a negative impact on the availability of physicians. If there is intent to maintain the high quality of care that has been the hallmark of the Arizona System, this possibility should not be ignored by the ICA.

810 W. Bethany Home Rd.
Phoenix, AZ 85013
Tel 602.246.8901
Toll Free 800.482.3480
Fax 602.242.6283
azmed.org
facebook.com/azmedicine

ARIZONA
MEDICAL
ASSOCIATION

Gretchen Alexander, MD
President

Chic Older
Executive Vice President

ArMA urges that a "stop-loss" concept be adopted as part of implementation of the new system. We recommend that no fee be cut or raised more than 5% annually, and that this be capped at 3 years. There is no evidence to show that with continued diminishing payments physicians who leave a system are likely to return, so keeping them participating should be a priority. Putting in place the suggested stop-loss system will allow physicians to adjust to the new RBRVS system and hopefully encourage them to continue their participation.

Network Transparency; Discounts

ArMA has supported the evolution of the new RBRVS Physician Fee schedule as a proven evolutionary methodology to move to from the 7 state model used for years. The premise accepted by all involved was to produce a schedule that was based on an accepted reimbursement strategy, the RBRVS system. The threat of the "surprise" discount that has plagued the old system should now be eliminated. To allow it to continue is to diminish that impact and credibility of the new system and to undermine its merits. We urge the ICA to support the validity of its new RBRVS physician fee schedule and disallow the use of discounts. We feel this is an essential component of maintaining the integrity of the new system.

On behalf of the membership of the Arizona Medical Association we appreciate your consideration of our recommendations.

Sincerely,

Chic Older
Executive Vice President

810 W. Bethany Home Rd.
Phoenix, AZ 85013
Tel 602.246.8901
Toll Free 800.482.3480
Fax 602.242.6283
azmed.org
facebook.com/azmedicine