

*American Academy of Dermatology*  
Physicians Dedicated to Excellence in Dermatology


## HealthCare Reform & The Impact on Dermatology

---

Marta J. Van Beek, MD, MPH, FAAD

## Overview

- Medicare Physician Payment:
  - Where have we been & where are we now?
- Outlook for dermatology
  - Health system reform: 14 months in...
  - Legislative action in health system reform
  - Accountable Care Organizations



*American Academy of Dermatology*  
Physicians Dedicated to Excellence in Dermatology


## Medicare Physician Payment Current Status

- In 2010, there were FIVE short-term legislative fixes to stop scheduled cuts to Medicare physician payments rates

March 2, 2010	• HR 4691, Temporary Extension Act – 1 month fix averts 21% cut until April 1, 2010
April 15, 2010	• HR 4851, Continuing Extension Act – delayed cuts until June 1, 2010
June 25, 2010	• HR 3962, Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 – averted 21% cut with a 2.2% increase through November 2010
Nov 30, 2010	• HR 5712, Physician Payment and Therapy Relief Act of 2010 – 1 month fix to avert 23% cut
Dec 15, 2010	• HR 4994, Medicare and Medicaid Extenders Act of 2010 – 25% cut averted for 1 year

## Medicare Physician Payment Mounting Pressure to Change the System


- February 2011 Meeting with House Republican Staff
- March 2011 Letter from House Congressional Leaders
- The **BI-PARTISAN** Message:
  - Fee for Service is Broken
  - Medicare must change the way it pays physicians



*American Academy of Dermatology*  
Physicians Dedicated to Excellence in Dermatology

## Value of dermatology codes


- 2011 Medicare physician fee schedule calls for several dermatology codes to be reviewed
  - Multiple Points of Comparison list: 17000 and 11100
  - Low Work RVUs billed in multiple units: 17003 and 11101
- Will be added to RUC agenda, require survey data to support values vs re-valued



*American Academy of Dermatology*  
Physicians Dedicated to Excellence in Dermatology

## Dermatology at Risk

- Dermatologists account for 1% of physician population and approach 4% of overall Medicare expenditures
- Skin cancer is #16 most costly Medicare diagnosis



*American Academy of Dermatology*  
Physicians Dedicated to Excellence in Dermatology

### Annual Change in Frequency per Medicare Enrollee 2007-2008

	17311 (Mohs)	10%
<b>Average growth 3%</b>	11100 (Skin Biopsy)	10%
	88305 (Pathology)	9%
	17000 (Destruction)	6%

**Attributable to skin cancer epidemic?**

AAD: American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology  
Copyright © 2008 American Academy of Dermatology. All rights reserved.

### Medicare Physician Payment 2011 Legislation

- RUC Reform Legislation
  - **Medicare Physician Payment Transparency and Assessment Act**
    - Rep. McDermott (D-WA), psychiatrist
- Public Reporting Legislation
  - **Strengthening Program Integrity and Accountability in Health Care Act of 2011**
    - Senators Grassley (R-IA) & Wyden (D-OR)

AAD: American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology  
Copyright © 2008 American Academy of Dermatology. All rights reserved.

### Health System Reform: 14 months in....

- Patient Protection and Affordable Care Act continues to be implemented as planned:
  - Insurance reforms
  - Physician Compare
  - Fraud and abuse
  - Redistribution of GME slots
  - Accountable Care Organizations

...and more

AAD: American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology  
Copyright © 2010 American Academy of Dermatology. All rights reserved.

### The Future of Health System Reform Legislative Options

- **Full Repeal ✓**
- **Defund ✓**
- **Replace/Rifle Shot Changes**

AAD: American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology  
Copyright © 2010 American Academy of Dermatology. All rights reserved.

### The Future of Health System Reform Legislative Options

- **Full Repeal ✓**
- **Defund ✓**
- **Replace/Rifle Shot Changes**

....one example...

AAD: American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology  
Copyright © 2010 American Academy of Dermatology. All rights reserved.

### Indoor Tanning Tax Provision

- AADA was successful in lobbying for the inclusion of a 10% tax (paid by the patron) on each tanning bed session
  - Rep. Michael Grimm (R-NY) introduced HR 2092 to repeal the indoor tanning tax (24 co-sponsors)
  - The AADA is actively lobbying against the bill
- The legislation and AADA's letter can be found on the AADA website:
 

<http://www.aad.org/member-tools-and-benefits/aada-advocacy/federal-legislative-affairs>

AAD: American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology  
Copyright © 2010 American Academy of Dermatology. All rights reserved.

## The IPAB

- Independent Payment Advisory Board (IPAB)
  - 15 members
    - Economists
    - Employers
    - Pharm-economists
    - Payers / insurers
    - HSR
    - Tech assessment
    - Consumer groups
    - Elderly
    - Facility management
    - Physicians,
    - Other health professionals"
  - Must submit annual proposals (starting in 2014) to "extend solvency and improve quality"

## The IPAB

- Annual proposals tasked with establishing growth target rates beginning 2015
- Recommend Medicare spending reductions if Medicare per capita growth exceeds the target rate—due to Congress Jan 15
- If IPAB fails to meet this deadline, Department of Health and Human Services (DHHS) must create its own proposal.

## The IPAB

- Congress can only amend IPAB proposal with equal cost reductions
- If Congress fails to adopt a substitute provision by August 15, DHHS must implement the proposal as originally submitted

## Previous to IPAB.....

- Historically, changes to Medicare reimbursement rates were recommended by MedPAC
- Required an act of congress to take effect
- New system devolves responsibility to IPAB with Congress being given the power to overrule the agency's decisions.

## The IPAB

- If Congress wants to amend, must come up with same amount of savings
- Prohibited from rationing care or changing benefits
- Hospitals & Hospices Exempt until 2020

## Health System Reform The Lawsuits



## Accountable Care Organizations

- Accountable Care Organizations (Medicare Shared Savings Program)
  - Section 1899 of Title XVIII: To begin 1/2012
- A group of health providers accountable for quality, cost, and overall care of Medicare beneficiaries enrolled in traditional fee for service
- “Assigned” means those beneficiaries for whom the professionals in the ACO provide a plurality of primary care services, retrospectively assigned

AAD American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology

## ACO Proposed Rule: One-sided or Two-sided Risk Model

**One-sided model:** An ACO would share in savings for the first two of the three year agreement period. In the third year, an ACO would share in savings and losses.

**Two-sided model:** An ACO would share in savings and losses for all three years of the agreement period.

AAD American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology

## ACO Proposed Rule: Expenditure Benchmark

- CMS will calculate the benchmark based on actual expenditures for patients who would have been assigned to the ACO for the prior three-year period.
- The benchmark will be trended forward to current year dollars and adjusted for overall growth and beneficiary characteristics.
- CMS will update the benchmark annually based on the projected absolute amount of growth in national per capita expenditures under Part A and B.

AAD American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology

## ACO Proposed Rule: Payment Limit and Withholding

- One-sided model: Payment limit 7.5% of benchmark for first two years of agreement period.
- Two-sided model: Payment limit 10% for all three years of agreement.
- Flat 25% withholding rate.

AAD American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology

## What we don't know about ACOs...

- Whether or not it will work to improve quality and control costs
- How quickly (or not) they will take off
- When this will become mandatory instead of voluntary
- How dermatology will fit in

AAD American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology

## What AADA is Doing About It

- ACO Workgroup
  - Policy
  - Protocol
- Payment Reform Workgroup
  - Data Project
  - Analysis

AAD American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology


## Political Action


TRANSPARENT    NON-PARTISAN    RESPECTED    COLLECTIVE VOICE

Patients,  
Practice,  
Policy.

# skinpac


 American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology


 American Academy of Dermatology Association  
Physicians Dedicated to Excellence in Dermatology

 DAN  
Our voice for dermatology

## Advocacy Tools - Grassroots


The *Dermatology Advocacy Network (DAN)* is a national grassroots program designed to monitor federal and state issues affecting the specialty of dermatology, and encourage members and patients to communicate with policymakers.




 American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology

## Health System Reform

Health System Reform  
RESOURCE CENTER



Stay informed with up-to-date information by visiting:  
[www.aad.org/hsr](http://www.aad.org/hsr)

 American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology

## Other Important Advocacy Websites

- Government Affairs
  - [www.aad.org/gov](http://www.aad.org/gov)
- SkinPAC
  - [www.skinpac.org](http://www.skinpac.org)
- Grassroots Advocacy
  - [www.aad.org/dan](http://www.aad.org/dan)

 American Academy of Dermatology  
Physicians Dedicated to Excellence in Dermatology