Society of Hospital Medicine
Empowering hospitalists. Transforming patient care.

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September 8, 2020

The Honorable Frank Pallone
Chairman
House Energy and Commerce Committee
Washington, DC 20515

The Honorable Greg Walden
Ranking Member
House Energy and Commerce Committee
Washington, DC 20515

The Honorable Richie Neal
Chairman
House Ways and Means Committee
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
House Ways and Means Committee
Washington, DC 20515

The Honorable Chuck Grassley
Chairman
Senate Finance committee
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Finance Committee
Washington, DC 20510

Dear Committee Leaders,

The Society of Hospital Medicine (SHM), representing the nation's hospitalists, is writing in regards to changes in the Medicare Part B physician fee schedule in the recent proposed rule published by the Centers for Medicare and Medicaid Services (CMS), entitled *CY2021 Payment Polices under the Physician Fee Schedule and Other Changes to Part B Payment Policies* (CMS-1734-P). This proposed rule leaves hospitalists, and the critical work they do, behind.

During the past 6 months, hospitalists have been the backbone of the nation's response to the COVID-19 pandemic, managing the care for hospitalized COVID patients across the country. Hospitalists are trained in internal medicine, family practice, med-peds or pediatrics. Their training pathways are largely identical to outpatient primary care providers in these specialties; how they differ is where they care for patients—exclusively in hospitals.

The *CY2021 Payment Policies under the Physician Fee Schedule* proposed rule provides for a correction to the long-standing underfunding of primary care in the Medicare system. However, CMS is statutorily required to maintain budget neutrality within the Physician Fee Schedule (PFS). What this means is that as certain codes increase in value, other codes receive reduced payment so that overall spending remains neutral. In 2020, the budget neutrality adjustment is scheduled to be -10.61 percent. In practice, this means a large increase in payment for common outpatient codes, must be funded by a corresponding large decrease in payment for common inpatient, procedural and other codes.

Hospitalist groups estimate the impact of the proposed budget neutrality adjustment in the PFS will lead to an approximate 8 percent decrease in their Medicare Fee for Service Revenue, which is similar to estimates for our specialty conducted by the AMA.[1] This estimate puts hospitalists near the top of specialties slated to see reduced reimbursement under the CY 2021 PFS. We are confident the budget neutrality adjustment will have a

[1] While CMS' Estimated Impact on Total Allowed Charges by Specialty (Table 90) in the PFS proposed rule does not break hospitalists out from their parent specialties (internal medicine and family practice), these estimates are based on analysis of the expected impact on inpatient codes most applicable to hospital medicine.

profound negative impact on hospital medicine finances and ultimately, the care of hospitalized patients will suffer.

All of this comes at a time when hospitalist groups are already struggling to remain solvent during the pandemic. Hospitalist groups around the country prepared and responded immediately to the pandemic, adapting their group structures, learning how to treat a novel disease, and ensuring their hospitals remain prepared for current and future surges in their communities. Hospitalists are caring for the pandemic's victims at great risk to themselves, even while inpatient patient volumes, and by extension, care reimbursement, dropped significantly. Despite financial help appropriated by Congress in the CARES Act earlier this year, hospitalist groups, like much of medicine, still face daunting financial challenges.

Additionally, the work of hospital medicine is hand-in-glove with the primary care continuum. Most of the illnesses treated in the hospital setting are due to uncontrolled chronic conditions, and hospitalists frequently aid their primary care counterparts by discovering and implementing needed changes in management of those chronic conditions. Like their outpatient primary care counterparts, hospitalists predominantly bill Part B PFS Evaluation and Management (E/M) visit codes that are designated for the hospital setting. These inpatient E/M codes are similarly undervalued. Indeed, we urged CMS to pursue changes to inpatient E/M codes concurrent with its work on outpatient E/M visits in 2018 and 2019. Instead, the proposed rule would exacerbate this problem.

The proposed budget neutrality adjustment is not sustainable for hospital medicine groups and will jeopardize the solvency and stability of these groups beyond the COVID-19 pandemic. Hospitalists are already reporting pay reductions of 20% or more, and cuts (partial and complete) in retirement contributions due to losses from the pandemic. Even more concerning are reports of reduced shifts and physician understaffing, which can have a significant negative impact on patient care. **While CMS' efforts to increase reimbursement for outpatient primary care are laudable, we urge Congress to find a solution that does not come at the expense of specialties that are critical to caring for acutely ill patients and to leading the fight against COVID-19.**

We appreciate your leadership on this issue and throughout the enormous challenges confronting the nation during this time.

Sincerely,

Danielle Scheurer MD

Danielle Scheurer, MD, MSCR, SFHM
President
Society of Hospital Medicine