



December 10, 2013

The Honorable Max Baucus  
U.S. Senate  
Chairman, Finance Committee  
Washington, DC 20510

The Honorable Dave Camp  
U.S. House of Representatives  
Chairman, Ways and Means Committee  
Washington, DC 20515

Dear Chairmen Baucus and Camp:

The American Academy of Otolaryngology–Head and Neck Surgery (AAO-HNS) thanks you and your respective Committees for your continued efforts to repeal the flawed sustainable growth rate (SGR) formula and replace it with a new payment mechanism that will provide stability within the Medicare program. The AAO-HNS firmly supports transitioning to a fair and equitable payment model that incentivizes the delivery of high-quality and efficient healthcare. However, this goal can only be achieved by moving out from the shadow of the SGR formula.

In reviewing the Committees’ revised legislative proposal, the AAO-HNS was encouraged with several of the changes. In particular, we applaud the removal of the ten percent penalty for physicians unable to participate in the valuation process, the consolidation of existing penalty programs, inclusion of financial/technical support for small and solo practices, as well as elimination of the surgical global payments provision. However, we believe further modifications are necessary to ensure all physicians, especially those from smaller specialties, can adequately participate in the proposed new payment models.

As the policy development process continues, we urge you to consider the following comments/concerns:

1. **Annual Payment Updates** – The revised proposal retains provisions requiring a 10-year payment freeze, which we believe is unsustainable. Instead, the AAO-HNS encourages the Committees to consider the inclusion of a mechanism for inflationary adjustments. We also welcome the opportunity to study how shared savings generated within the overall healthcare system could be used.
2. **Access to and Participation in Alternative Payment Models (APMs)** – We remain concerned that our members will face substantial difficulties participating in APMs, as outlined in the current proposal. The revised language still lacks necessary details regarding the development and approval of various APMs. We encourage you to establish additional avenues for the development, testing, and approval of APMs. In addition, we encourage the Committees to provide opportunities for organizations to receive funding to aid in the development of relevant APMs.
3. **Period of Transition** – Given the intricacies associated with the proposed payment model, it remains critical that physicians are afforded an adequate period of time to adjust to the newly available payment mechanisms. In addition, the continued existence of a parallel system (FFS) for uncommon diseases/procedure that will never meet the

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threshold for an alternative payment system will remain a critical tenet for ensuring the success of the overall system.

Finally, given the Congressional Budget Office's (CBO) recently updated score for repeal of the SGR, we encourage the Committee to seize this opportunity to further hone the existing legislative proposal. With the cost of full repeal at its lowest since the era of yearly "fixes" began, we urge the Committees to not rush toward approval of premature legislation. Instead, **the AAO-HNS respectfully recommends postponement of the scheduled mark-ups until additional improvements/modifications can be made, or a commitment from the Committees to continue their work with the physician community to address outstanding concerns prior to any floor votes.**

We also hope you will consider incorporating several provisions included in SGR reform legislation previously passed by the House Energy & Commerce Committee (H.R. 2810). We are happy to provide you with additional information on those provisions in H.R. 2810 which will help improve your current proposal and move us closer to a fair and equitable payment model that incentivizes the delivery of high-quality and efficient healthcare.

Again, the AAO-HNS appreciates the opportunity to work with you further on this critical endeavor. With only days left in this year's legislative session, the AAO-HNS stands ready to assist in any way possible. If you have questions regarding the AAO-HNS positions stated above, please contact Megan Marcinko, Senior Manager for Congressional and Political Affairs, at 703-535-3796 or [mmarcinko@entnet.org](mailto:mmarcinko@entnet.org).

Sincerely,



David R. Nielsen, MD  
Executive Vice President and CEO