



American Association of  
Physicists in Medicine



The Authority for Radiation Oncology Operations

August 13, 2009

The Honorable Kathleen Sebelius  
The Secretary of Health and Human Services  
200 Independence Avenue, SW.  
Washington, DC 20201-0004

Dear Secretary Sebelius:

On behalf of cancer patients throughout the country, we are writing to you to request that you delay the proposed implementation of draconian Medicare payment reductions for radiation oncology services, as set forth in the CY 2010 Proposed Physician Fee Schedule Rule (the "Proposed Rule"), pending further study.

According to CMS's own calculations, the Proposed Rule would reduce Medicare payment for radiation oncology services overall by 19%. However, these reductions would disproportionately impact payment for the equipment, supplies, non-physician staff and other facility costs incurred by the freestanding and community based radiation oncology centers that provide approximately 40% of the radiation treatment needed by the Nation's cancer patients. We estimate that Medicare payment to these centers would be reduced by approximately 25-30% overall, with reductions for some critical services in the range of -40%. Cuts of this magnitude clearly would have a devastating impact on the provision of high quality radiation oncology services in non-hospital settings in many areas of the country, and especially in rural locations.

These proposed Medicare payment reductions are driven entirely by obtuse technicalities in the complex formula that CMS uses to determine Medicare payment for physicians' practice expenses, and not by any reduction in the real costs incurred by these centers in providing

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radiation treatment to their patients. The defects in the formula that result in these extraordinary reductions are beyond the scope of this letter, and are addressed in comments filed by our organizations in comments on the Proposed Rule. However, it is important to note that the most recent survey of practice costs recognized by CMS (the AMA's Physician Practice Information Survey (PPIS)) confirms that freestanding radiation oncology centers incur higher practice costs than virtually any other entity participating in the Medicare Program, and that these costs have not changed appreciably since the conduct of the last survey. The proposed reductions, then, are fundamentally an artifact of deficiencies in CMS's formula—a formula that, as proposed, does not take into account half of the equipment, clinical personnel and supply costs involved in providing these extraordinarily capital intensive services.

Taken as a whole, the Proposed Rule would effectuate a single year payment redistribution that is virtually unprecedented in the history of the Medicare Physician Fee Schedule. In addition to the extraordinary payment reductions that have been proposed for radiation therapy services, the Proposed Rule would also substantially reduce Medicare payment for other cancer-related services, such as medical oncology services. Overall, over 20% of the estimated \$2.4- \$3 billion in Medicare payment reductions set forth in the Proposed Rule would affect services provided to Medicare patients with cancer.

The magnitude of the potential impact of the proposed reductions should not be underestimated. For some centers, reductions of this magnitude will prove financially unsustainable and they will close permanently; for others, layoffs of clinical and administrative staff and equipment maintenance and upgrades likely will be delayed or cancelled. We believe that our patients deserve better.

For these reasons, we request that the changes in Medicare payment for physicians' practice expenses be delayed and the CMS methodology and data sources be examined and adjusted to yield Medicare payment allowances that are truly "resource based" as required by the governing legislation.

Sincerely yours,

Association of Freestanding Radiation Oncology Centers  
American College of Radiation Oncology  
American Association of Physicists in Medicine  
American Brachytherapy Society  
American Society of Medical Dosimetrists  
Society for Radiation Oncology Administrators