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November 7, 2006

Leslie Norwalk, Esq.
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Attn: CMS-1321-FC
Mail Stop C5-11-24
7500 Security Boulevard
Baltimore, MD 21244-1850

RE: CMS-1321-FC and CMS-1317F – Medicare Program; Revisions to Payment Policies, Five-Year Review of Work Relative Values, Changes to the Practice Expense Methodology Under the Physician Fee Schedule, and Other Changes to Payment Under Part B.

Dear Ms Norwalk:

It has come to the American Society of Anesthesiologists' attention that the Centers for Medicare and Medicaid Services (CMS) used budget neutralized work relative value units (RVUs) in its calculation of practice expense relative value units published in CMS-1321-FC. This is contrary to the Agency's published intention to use the unadjusted work units (see page 87 of CMS-1321-FC as posted on the CMS website on November 1, 2006) and results in practice expense relative values that are lower than they should be. While anesthesia codes do not have procedure-specific work and practice expense RVUs, the error impacts anesthesiology because CMS calculated the practice expense share of the anesthesia conversion factor using work RVU proxies that had been subject to the budget neutrality adjustor.

We understand that AMA/Specialty Society RVS Update Committee (RUC) staff has alerted you to this error. It is essential that CMS not only publish the corrected practice expense values for codes subject to the RBRVS payment methodology, but also recalculate the anesthesia conversion factor using the correct values.

We appreciate your prompt attention to this matter.

Sincerely,



Mark J. Lema, MD, PhD
President

