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EXECUTIVE VICE PRESIDENT, CEO

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November 20, 2017

Craig Samitt, MD
Executive Vice President and
Chief Clinical Officer
Anthem, Inc.
120 Monument Circle
Indianapolis, IN 46204

Dear Dr. Samitt:

On behalf of the American Medical Association (AMA) and its physician and student members, I request that Anthem immediately halt plans to reduce payments by 50 percent for evaluation and management (E&M) services billed with Current Procedural Terminology (CPT) modifier 25 when reported with a minor surgical procedure code or a preventive/wellness exam. Considerable concerns regarding this issue have been raised by many state medical associations and national medical specialty societies, and the AMA's House of Delegates established new policy at its 2017 Interim Meeting to advocate against payment reduction for E&M codes appropriately reported with a modifier 25. We urge Anthem to reconsider its new payment policy given the significant, adverse financial impact on physician practices, as well as the potential negative effect on patients.

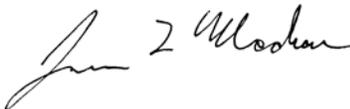
According to the CPT description, modifier 25 provides the means to report a significant, separately identifiable E&M service by the same physician on the same day of a procedure or other service. By facilitating the provision of unscheduled, medically necessary care, modifier 25 supports prompt diagnosis and streamlined treatment—which in turn promotes efficient, high-quality, and patient-centric care. Anthem's 50 percent payment reduction for E&M services reported with modifier 25 represents a substantial pay cut that will broadly impact physicians nationwide, across medical specialties and geographic regions. We are also concerned that Anthem may be shortsightedly prioritizing immediate savings over long-term plan and patient costs. By creating a disincentive for physicians to provide unscheduled services, your new policy may force patients to schedule multiple visits (with additional co-payments) to receive necessary treatment.

To justify this payment reduction, Anthem has cited an overlap in expenses between E&M and procedure codes. If this is in fact the rationale for Anthem's policy change, we must stress that this reflects a misunderstanding of the code valuation process. The Relative Value Scale Update Committee (RUC) and the Centers for Medicare & Medicaid Services (CMS) already adjust

reimbursement for procedure codes typically reported with E&M codes to account for any overlapping costs. In the CY 2018 Medicare Physician Fee Schedule Final Rule, CMS explained that the agency removed pre- and post-service time and decreased valuation for particular services when it was determined that the RUC did not adequately address overlap, further explaining that, **“The RUC has recognized this valuation policy and, in many cases, now addresses the overlap in time and work when a service is typically furnished on the same day as an E/M service.”**¹ In fact, the RUC reduces the value of procedure codes that are reported over 50 percent of the time with E&M codes to eliminate duplicate valuation of practice expenses and pre- and post-visit physician work. This automatic reduction means that physician payment is already decreased for these procedure codes—even those that are reported without an E&M code and modifier 25. Anthem’s policy constitutes a duplicative and unjustified further reduction in physician payment for legitimate, necessary services. The RUC reductions to procedure codes are explained in publicly available information contained in the AMA’s RBRVS DataManager.

Based on the significant negative impact on physicians and patients, as well as the apparent misunderstanding of RUC code valuation indicated above, we urge Anthem to immediately cease implementation of its policy to reduce payment for E&M services reported with CPT modifier 25. To further detail our concerns, we request a face-to-face meeting as soon as possible to include the appropriate individuals from your organization, AMA staff, and key members of state medical associations and national medical specialty societies. I have asked Robert D. Otten, Vice President, Health Policy, to follow-up with your office to schedule a meeting with you and your team responsible for this policy to further discuss this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Madara". The signature is fluid and cursive, with a large initial "J" and "M".

James L. Madara, MD

¹ “Revisions to Payment Policies Under the Physician Fee Schedule and Other Revisions to Part B for CY 2018; Medicare Diabetes Prevention Program.” Department of Health and Human Services, Centers for Medicare & Medicaid Services, Code of Federal Regulations, title 42 (2017): 405, <https://www.federalregister.gov/documents/2016/11/15/2016-26668/medicare-program-revisions-to-payment-policies-under-the-physician-fee-schedule-and-other-revisions>.