CMS posted the CY2014 final rules for physician payments, hospital outpatient and ambulatory surgical center payments on its Website on November 27, 2013 for the new rates to be effective March 31, 2014. Physician policies covered in a more than 600–page proposed rule, now the final rule, to govern Medicare physician payment policy in 2014. The proposed rule was released on July 8 and published in the Federal Register on July 19. The final rule was released on the 27th and is expected to be published in the Federal Register on December 9.

The proposed rule without SGR cut of 20.1% showed similar rates for epidural injections. However, the final rule showed significant rather devastating draconian cuts with 36% for physician payment and 58% for the procedures performed in an office setting. These proposed draconian cuts value physician work to be only $40 to perform an epidural, which does not include the SGR cut, for essentially placing the needle a few millimeters away from the spinal cord.

The hospital outpatient rule also showed increased payment for lumbar epidural injections from $565.75 to $669.91 with an increase of 18.4% which was actually paid at a much higher level than any other setting from 2013. While it was 3-4 times the in office reimbursement, now it is 18 to 21 times the cost in office setting.
Comparison of epidural procedures payments
Without Cut (CF=$34.0230)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Non-Facility (Office)</td>
<td>Facility (ASC/Hospital)</td>
<td>Non-Facility (Office)</td>
<td>Facility (ASC/Hospital)</td>
<td>Non-Facility (Office)</td>
</tr>
<tr>
<td>62310 - Cervical epidural</td>
<td>$251.77</td>
<td>$110.23</td>
<td>246.09</td>
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<td>$105.13</td>
</tr>
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<td>62311 - Lumbar epidural</td>
<td>$211.96</td>
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<td>206.89</td>
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<td>$103.43</td>
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<td>62318 - Epidural or sub-arachnoid, catheterization,C/T</td>
<td>$240.20</td>
<td>$100.03</td>
<td>234.32</td>
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<td>$105.81</td>
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<td>62319 - Catheterization, epidural, L/S</td>
<td>$173.52</td>
<td>$96.97</td>
<td>170.84</td>
<td>99.15</td>
<td>$109.21</td>
</tr>
</tbody>
</table>

Comparison of epidural procedures payments
With SGR Cut (CF=$27.2006)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Non-Facility (Office)</td>
<td>Facility (ASC/Hospital)</td>
<td>Non-Facility (Office)</td>
<td>Facility (ASC/Hospital)</td>
<td>Non-Facility (Office)</td>
</tr>
<tr>
<td>62310 - Cervical epidural</td>
<td>$251.77</td>
<td>$110.23</td>
<td>187.68</td>
<td>86.23</td>
<td>84.05</td>
</tr>
<tr>
<td>62311 - Lumbar epidural</td>
<td>$211.96</td>
<td>$89.82</td>
<td>157.76</td>
<td>70.18</td>
<td>82.69</td>
</tr>
<tr>
<td>62318 - Epidural or sub-arachnoid, catheterization,C/T</td>
<td>$240.20</td>
<td>$100.03</td>
<td>178.71</td>
<td>78.34</td>
<td>84.59</td>
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<tr>
<td>62319 - Catheterization, epidural, L/S</td>
<td>$173.52</td>
<td>$96.97</td>
<td>130.29</td>
<td>75.62</td>
<td>87.31</td>
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</table>
### Comparison of epidural procedures payments - Office overhead vs HOPD

<table>
<thead>
<tr>
<th>Description</th>
<th>Office Overhead (proposed)</th>
<th>HOPD – Facility (proposed)</th>
<th>% of over Office Overhead</th>
<th>Office Overhead (Final)</th>
<th>HOPD – Facility (Final)</th>
<th>% of over Office Overhead</th>
</tr>
</thead>
<tbody>
<tr>
<td>62310 - Cervical epidural</td>
<td>$133.03</td>
<td>$680.00</td>
<td>511%</td>
<td>$34.70</td>
<td>$669.90</td>
<td>1931%</td>
</tr>
<tr>
<td>62311 - Lumbar epidural</td>
<td>$114.87</td>
<td>$680.00</td>
<td>592%</td>
<td>$34.36</td>
<td>$669.90</td>
<td>1950%</td>
</tr>
<tr>
<td>62318 - Epidural or subarachnoid, catheterization, C/T</td>
<td>$131.6</td>
<td>$680.00</td>
<td>517%</td>
<td>$30.28</td>
<td>$669.90</td>
<td>2212%</td>
</tr>
<tr>
<td>62319 - Catheterization, epidural, L/S</td>
<td>$71.69</td>
<td>$680.00</td>
<td>949%</td>
<td>$31.98</td>
<td>$669.90</td>
<td>2095%</td>
</tr>
</tbody>
</table>

### Comparison of epidural procedures payments - Office overhead vs HOPD WITH SGR CUT

<table>
<thead>
<tr>
<th>Description</th>
<th>Office Overhead (proposed)</th>
<th>HOPD – Facility (proposed)</th>
<th>% of over Office Overhead</th>
<th>Office Overhead (Final)</th>
<th>HOPD – Facility (Final)</th>
<th>% of over Office Overhead</th>
</tr>
</thead>
<tbody>
<tr>
<td>62310 - Cervical epidural</td>
<td>$101.45</td>
<td>$680.00</td>
<td>670%</td>
<td>$27.74</td>
<td>$669.90</td>
<td>2415%</td>
</tr>
<tr>
<td>62311 - Lumbar epidural</td>
<td>$87.58</td>
<td>$680.00</td>
<td>776%</td>
<td>$27.47</td>
<td>$669.90</td>
<td>2439%</td>
</tr>
<tr>
<td>62318 - Epidural or subarachnoid, catheterization, C/T</td>
<td>$100.37</td>
<td>$680.00</td>
<td>677%</td>
<td>$24.20</td>
<td>$669.90</td>
<td>2768%</td>
</tr>
<tr>
<td>62319 - Catheterization, epidural, L/S</td>
<td>$54.67</td>
<td>$680.00</td>
<td>1244%</td>
<td>$25.56</td>
<td>$669.90</td>
<td>2621%</td>
</tr>
</tbody>
</table>
CMS also went against Medicare expense index which has been rising gradually. It has increased from 2001 almost 30% which includes our practice costs compared to no increase in Medicare payments for these procedures. With SGR cut without CMS cuts it would have been a 60% gap, now it seems like it will be a 90% gap.

This is also in contrast to Medicare Payment Advisory Commission (MedPAC) advice. MedPAC in essence discussed the possibility of equalizing pay rates across different care settings. MedPAC clearly noted that MedPAC was clearly worried about physician payments and noted how it is expensive to do business with hospitals. No wonder hospitals are grabbing all physician practices and reaping the funds.

Please do not forget Medicaid, Champus, Tricare, and all private insurers will be rapidly following this trend and reducing the payments, essentially leaving us no other choice since Medicare has acted first.

In the June report, MedPAC discussed the possibility of equalizing pay rates across different care settings since hospital payments were much higher than any other setting. Further, MedPAC also expressed its concern in relation to physician payments and influence of SGR formula on quality of care.

Practice costs as per Medicare estimate itself increased from 2001 by approximately 30% and are expected to increase by 2016. It has been estimated that from 2007 to 2016, there will be a 60% gap between cost increases and payment updates based on SGR cuts with minor increments in payments.

Other cuts are related to spinal cord stimulators. When trials are performed in an office setting, starting January 1, 2014, while they will be continued to be reimbursed under Medicare with CPT code 63650 and expected to be reported for each lead insertion procedure and trial, L8680 will no longer be reported for the device component. Consequently, the payment for 63650 has been reduced to $1,281.65 nationally. This could also impact many of the physicians in their practices.

In the proposed rule, as well as in the final rule CMS also has erroneously considered percutaneous adhesiolysis similar to ambulatory surgery center (ASC) moving it from neurolytic blocks APC group to epidural and facet joint Ambulatory Payment Classification (APC) group reducing the payment to epidural levels in hospital as well as in ambulatory surgery center settings. It appears hospitals may be okay because these are performed in a small room, without all the expenses ASCs have to go through, but it continues to be devastating offices and significantly disadvantages for ASCs.

THE BASIS FOR MEDICARE CUTS
AMA conducted a RUC survey in 2012 which was inconspicuous and many of the physicians were not aware of it. None of the ASIPP physicians remember this survey or its participation. Across the nation, among almost 10,000 physicians performing epidural injections, 50 of them participated and provided their opinions. Based on this, physician involvement was reduced by half. Consequently, overall RVUs will be reduced; however, AMA, without reducing the RVUs, recommended CMS to keep the same payment levels.

With having the data from 2012 in their hands, Medicare acted inappropriately without a comment period obtaining the data and not posting its decision in the proposed rule and by
injecting their own methodology beyond RUC. Medicare also removed the cost of fluoroscopy and significantly reduced cost of a tray for epidural injection to $11.

Based on the available information, as of now:

- The RUC process did not involve all the physicians. Even then, AMA has recommended a continuance of the same payment schedule.

  Data was available in 2012, yet proposed schedule in July did not include the proposed cuts.

  **Consequently, there was no comment period even though it is required.**

- Medicare has not taken into consideration Medicare Economic Index (MEI) which has been increasing substantially. Now the gap with SGR cuts will be 90% and without SGR cuts will be 70% between expenses and the revenue.

- Medicare has not taken into consideration MedPAC recommendation of widening gap between hospitals and physician payments. The difference between office and hospitals in 2013 when MedPAC made their recommendations was concerned about the widening gap and empowerment by hospitals. Now it is a whopping 2,315% to 2,668%.

- Hospitals have increased their payment by almost 20% for the same procedures, whereas in-office procedures are facing almost 60% cut.

Based on these, 40% of the practices will be out of business or will not provide epidural injections in the treatment armamentarium. This is the most commonly performed procedure in interventional pain management. Considering 40% of the physicians practice in an office setting and epidural injections constitute 50% of interventional pain management procedures, there is a risk of losing the entire interventional pain management practices. Further, Medicare’s estimated $640 million continues to stay the same expenditure towards interventional pain management.

Consequently, we request Congress to act swiftly and decisively to stop this process by Medicare, which is not only evidence-based, but appears to be procedurally improper. Please contact CMS and express your concern. We also request action to correct this activity with reversal of the flawed payment system being used by Medicare.

If you have any further questions, please feel free to contact:

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