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Medicare Widens Options for Cataract Surgery --- Corrective Replacement Lens Is Allowed for Seniors Able To Pay an Additional Sum

By Rhonda L. Rundle
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Medicare has changed its rules so that senior citizens who undergo cataract surgery will be able to opt for a high-tech replacement lens that also corrects reading vision. The change, announced on Medicare's Web site yesterday, represents a policy shift that could widen access to other cutting-edge medical technologies for patients covered by the federal health insurance plan for the elderly.

The lenses are considered a significant advance in vision correction but hadn't been available to Medicare patients until now. Surgeons who use the implants have been offering them to younger patients willing to spend perhaps \$4,500 an eye, but they couldn't offer them to Medicare patients, who constitute the vast majority of people undergoing surgery for cataracts.

Under the old rule, surgeons weren't permitted to charge Medicare patients for the difference between the cost of a conventional cataract surgery, which uses an older type of lens to replace the eye's natural lens, and a similar procedure that uses the new implant. Medicare pays about \$2,000 for a standard cataract surgery, including the lens and fees for the facility and the surgeon.

Now, Medicare patients willing to spend an extra \$2,500 or so of their own money can get one of the new lenses instead.

"This is an Emancipation Proclamation for Medicare patients," declared Jeffrey Whitman, a Dallas eye surgeon who has implanted about 600 of the new lenses. "We have had to tell Medicare patients that this isn't for you, it's for everybody else. Now we can be nondiscriminatory."

More cataract procedures are performed in the U.S. and world-wide than almost any other type of surgery. A cataract is an age-related cloudiness that occurs in the lens of the eye. The rule change recognizes that the new lenses treat two distinct medical conditions: one that is covered by the Medicare program, cataracts, and one that isn't, presbyopia, the loss of near vision that typically requires people to use reading glasses by the age of 45 or so.

"This is a model we can continue to use and explore when it fits into the category" of a technology upgrade, said Leslie Norwalk, deputy administrator at Medicare, in an interview. "There may be other technologies that come down the road where this approach may make sense -- we will have to wait and see."

Ms. Norwalk said legal issues had slowed the agency's decision to make the cataract-surgery policy change. The agency wanted to allow patients to purchase upgraded lenses, but at the same time wanted to protect beneficiaries from unethical surgeons who might try to bill patients more for conventional cataract surgeries.

The decision is a giant boost for companies that make the new lenses and the surgeons who are implanting them. Dr. Whitman uses the Crystalens, made by Eyeonics Inc., a closely held company in Aliso Viejo, Calif. The Food and Drug Administration recently approved Alcon Inc.'s ReStor lens and the ReZoom lens from Advanced Medical Optics Inc.

The companies were ecstatic about the news. "This is clearly the biggest decision in our small company's life -- it expands our market four or five times," said Andy Corley, chief executive officer of Eyeonics. "We believe this is a win-win for everybody."

"This is a major event for Alcon as well as competitors who are developing and/or marketing intraocular lenses with a presbyopic refractive component," said Peter Bye, an analyst at Citigroup

Smith Barney who upgraded his rating on Alcon's stock. The analyst said the ruling increases the market potential for such products to 2.8 million procedures in the U.S. this year, five times what had been expected.

The decision opens the door to cataract surgeons to promote the technology to their Medicare patients. For surgeons, such procedures are significantly more lucrative than conventional cataract surgery. Dr. Whitman says the higher fees reflect the much more time-consuming measurements and postoperative care that such patients need.

Using the new lenses is "more akin to refractive [vision correction] surgery than cataract surgery" because of patient expectations for excellent vision, he said.

Eyeonics has been trying for five years to get the Medicare rule changed, said Mr. Corley. "There were high-level meetings, but they kept delaying and delaying," he said.

The matter received more attention after U.S. Rep. Christopher Cox, a California Republican, stepped in. "It was a Catch-22 situation because Medicare would pay for cataract surgery and a lens, but it wouldn't pay for cataract surgery with a product that was meant to be in lieu of the [standard] lens," Rep. Cox said in an interview.

"Federal policy should not discourage technological advance," he added.