

June 10, 2010

The Honorable Debbie Stabenow  
United States Senate  
Washington DC, 20510

Dear Senator Stabenow:

On behalf of the 330,000 physician and medical student members of the American Academy of Family Physicians, American College of Physicians, and the American Osteopathic Association, we are writing to encourage you to offer an amendment to the *American Jobs and Closing Tax Loopholes Act (HR 4213)* that we would strongly support. This amendment to the Medicare Physician Fee Schedule would specify an update of 1.3 percent for the rest of 2010, an update of 1 percent for 2011, and for 2012 and 2013, an update based on a target of GDP plus two percent for primary care and preventive health services and an update based on a target of GDP plus one percent for all other medical services.

Our members collectively provide the vast majority of primary care to seniors and disabled persons enrolled in Medicare. Continued instability in Medicare payments is causing many of them to consider limiting how many Medicare and TRICARE patients they can afford to see in their practices.

We believe that this proposed amendment would help stabilize for a minimum period the Medicare payment system (and the TRICARE payment that is based on the Medicare rate) and that, if eventually enacted as a permanent reform, it will lead to a better payment framework in the future.

This proposal moves in the direction of the following principles that our organizations have supported as key to effective permanent reform of the Medicare physician payment formula:

1. It should provide stable and predictable updates that reflect increases in physician practices expenses.
2. It should allow for more realistic and achievable growth in spending on all physician services than the unworkable Sustainable Growth Rate (SGR), with a floor to ensure that no services would be subject to reductions.
3. It should provide for higher growth targets--and updates--for primary care visits and preventive services. Higher growth targets and updates for primary care visits and prevention are essential because:
  - The demand for primary care and prevention will continue to grow as the population ages and more Americans become eligible for Medicare.

- Primary care and preventive services are undervalued by Medicare and other payers.
  - Such undervaluation is a major contributor to a growing shortage of 35,000 to 44,000 primary care physicians for adult patients.
4. It should accurately account for the costs of providing stable, predictable and fair updates in payments to physicians, rather than hiding the costs by assuming a bigger "cliff" in future years.

**We firmly believe that the SGR must be repealed and permanently replaced with a better payment model, consistent with the above four principles. If Congress instead decides to adopt an interim policy, it should be one, like the proposed amendment, that at least begins to transition to this better framework as the basis for a permanent solution, rather than enacting another short-term "patch" that does not address the underlying shortcomings of the current payment formula.**

Our organizations stand ready to assist Congress in support of legislation to stabilize updates, provided that the legislation also begins to transition Medicare to a better payment framework, consistent with the above principles, to replace the current unworkable and disruptive SGR.

Sincerely,



Lori Heim, MD, FAAFP  
AAFP President



Fred Ralston, MD, FACP  
ACP President



Larry A. Wickless, DO  
AOA President