

June 4, 2010

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Max Baucus
Chairman, Finance Committee
United States Senate
Washington, DC 20510

The Honorable Sander Levin
Chairman, Ways & Means Committee
United States House of Representatives
Washington, DC 20515

The Honorable Fortney Stark
Chairman, Ways & Means Health Subcommittee
United States House of Representatives
Washington, DC 20515

The Honorable Henry Waxman
Chairman, Energy & Commerce Committee
United States House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable John Boehner
Minority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Charles Grassley
Ranking Member, Finance Committee
United States Senate
Washington, DC 20510

The Honorable Dave Camp
Ranking Member, Ways & Means Committee
United States House of Representatives
Washington, DC 20515

The Honorable Frank Pallone
Chairman, Energy & Commerce Health Subcommittee
United States House of Representatives
Washington, DC 20515

The Honorable Joe Barton
Ranking Member, Energy & Commerce Committee
United States House of Representatives
Washington, DC 20515

Dear Sirs and Madam:

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 express our members' deep frustration with Congress's inability to agree on a framework to eliminate the endless cycle of Medicare physician payment cuts created by the unworkable Sustainable Growth Rate (SGR), and to recommend an approach to move to a permanent solution.

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.

First, although stabilizing payments is essential, it is not enough for Congress to substitute a temporary, positive update for the 21% cut that went into effect on June 1, unless it leads to a better payment framework.

Second, a better payment framework should be consistent with the following principles:

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 on spending on all physician services than the unworkable 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. *If Congress instead decides to adopt an interim policy, it should be one that at least begins to transition to a better framework as the basis for a permanent solution, rather than enacting another short-term, 19 month "patch."*

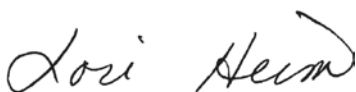
Such an interim policy should:

- Ensure that for the remainder of 2010 and **at least** through 2012, all services would receive positive updates.
- Establish appropriately higher percentage updates for primary care visits and preventive services because they are undervalued.
 - This would result in two different dollar conversion factors for the Medicare fee schedule.
 - The higher updates for primary care visits and prevention could then be continued as the baseline for the conversion factor updates in 2013 and subsequent years, rather than reverting to single conversion factor.
 - If a "shadow" target rate of growth is maintained during this interim period, it should set a more realistic growth target for all services than the unworkable SGR, while also allowing for spending on primary care visits and preventive services to grow at a higher rate than other services, to reflect increased demand and to begin to correct long-standing payment inequities.

Such an interim policy should then be considered and extended by Congress in future legislation as the basis of a permanent solution.

Our organizations stand ready to assist you 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 unworkable SGR.

Sincerely,



Lori Heim, MD, FAAFP
AAFP President



Fred Ralston, MD, FACP
ACP President



Larry A. Wickless, DO
AOA President