

March 7, 2011

The Honorable Barack Obama
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear Mr. President:

On behalf of the five organizations representing family medicine, we are writing to express our appreciation for your fiscal year 2012 budget request. We are grateful for your recognition of the need to prevent mandatory reductions to Medicare payment rates through the end of 2013 and commend your continued support for expanding our nation's family physician and primary care workforce.

Medicare Physician Payment

While the FY 2012 budget calls for two years of relief for physicians from devastating reductions in payments resulting from the Medicare Sustainable Growth Rate (SGR) formula, we believe that a multi-year Medicare schedule which narrows the payment differential between primary care and other physicians is needed. The House of Representatives approved an example of differential payment when it passed the *Medicare Physician Payment Reform Act* in 2009. The bill would have created a conversion factor of GDP plus 2 percent for primary care services, while specifying a conversion factor of GDP plus 1 percent for all other physician services.

We appreciate your commitment to work with Congress to provide longer-term SGR relief but must stress that family physicians are frustrated by the recurring Medicare payment crisis. Unless Congress acts again to override it, the SGR formula used to calculate annual updates will mean a 25 percent cut in payments to physicians and other Medicare providers beginning on January 1, 2012. Moreover, the cumulative nature of the formula will result in steady annual decreases in future years. The threat of these drastic payment cuts creates an unstable program for doctors and patients.

Narrowing the Payment Differential between Primary Care and Other Physicians

As you discuss Medicare payment reform with the Congress, we urge you to support a primary care update which addresses the payment differential. Successful implementation of health reform will require a continuing investment to strengthen our nation's primary care workforce. However, the number of family physicians and other primary care doctors is insufficient to meet the demand of even the current number of patients.

The Council on Graduate Medical Education (COGME) called for improving the payment of practicing primary care physicians to achieve the desired ratio of primary care to subspecialty care. COGME in December 2010 recommended that the average incomes of primary care physicians "must achieve at least 70 percent of median incomes of all other physicians" and suggested that payment policies be modified so

that qualified medical students will be able to afford to choose to train as primary care physicians. We will work with the Congress and your administration on this necessary change to the payment system.

Primary Care Workforce Development

The budget for FY 2012 which you proposed to Congress recognizes that the *Affordable Care Act (ACA)* includes a number of provisions to increase the primary care workforce. We commend your request for \$140 million to fund the Title VII Section 747 of the Public Health Service Act, which supports family medicine training and is administered by the Health Resources and Services Administration (HRSA). Data show that medical schools and primary care residency programs funded by Title VII Section 747 disproportionately serve as the medical education pipeline for physicians who go on to work in Community Health Centers and participate in the National Health Service Corps to treat underserved populations.

Family Medicine supported the authorization of Teaching Health Centers to increase primary care physician training capacity. These innovative centers will train primary care residents in non-hospital settings where most primary care is delivered. So, we were pleased that your budget proposed to fund the Teaching Health Centers Development Grants at \$10 million in FY 2012. Clearly, if this program is to be effective, there must be funds for the planning grants to establish newly accredited or expanded primary care residency programs.

Americans in rural areas who face more barriers to care than those in urban and suburban areas often experience physician shortages more often. Despite efforts to meet scarcities in rural areas, the shortage of primary care physicians continues. So we were pleased to see the new Rural Physician Training Grants proposed in your FY 2012 request for the Office of Rural Health Policy.

A report published in March 2009 by the Robert Graham Center found rising student debt to be a significant barrier to the production of primary care physicians and that debt levels typical of private medical schools may make it impossible to choose primary care. Since there is evidence that debt is a barrier to students from low and middle income families who are more likely to go into primary care, we support your FY 2012 request to increase the National Health Service Corps (NHSC) program by \$277 million from the FY 2010 level. With those funds, the NHSC will be able to provide for new scholarship as well as continuations and new and continuing loan repayment awards.

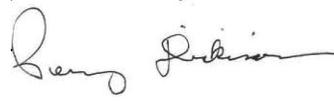
While we recognize the budgetary pressures that the nation faces, we regret that you did not request funding for the new National Health Care Workforce Commission or for the Primary Care Extension Program to be administered by the Agency for Healthcare Research and Quality and provide support and assistance to primary care providers about evidence-based therapies and techniques. We will continue to advocate for an effective National Health Care Workforce Commission and a robust Primary Care Extension Program.

We are grateful for your administration's continuing commitment to the ensuring that our nation will have a health care delivery system with a solid foundation of primary care physicians. We thank you for your efforts to provide appropriate payment for primary care services and support key primary care workforce programs.

Sincerely,



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