AMERICAN ACADEMY OF FAMILY PHYSICIANS

STRONG MEDICINE FOR AMERICA

February 17, 2014

Hon. John Boehner
Speaker of the House
U.S. House of Representatives
U.S. Capitol, Room H-232
Washington, D.C. 20515

Hon. Harry Reid
Majority Leader
United States Senate
U.S. Capitol, Room S-221
Washington, D.C. 20510

Hon. Nancy Pelosi
Minority Leader
U.S. House of Representatives
U.S. Capitol, Room H-204
Washington, D.C. 20515

Hon. Mitch McConnell
Minority Leader
United States Senate
U.S. Capitol, Room S-230
Washington, D.C. 20510

Dear Speaker Boehner, Leader Pelosi, Leader Reid, and Leader McConnell:

On behalf of the 110,600 members of the American Academy of Family Physicians, I am pleased to inform you of the AAFP's support for the bipartisan, bicameral *SGR Repeal and Medicare Provider Payment Modernization Act of 2014* (H.R. 4015 / S. 2000). We greatly appreciate the extensive work that this legislation represents and call for its immediate passage.

Legislators and staff have shown a Herculean effort in crafting this proposal. They solicited and responded to suggestions brought forth by the physician community and other stakeholders and included many in this final product. The AAFP urges Congress to pass this measure before March 31, when the current extension of the Medicare payment formula that includes the Sustainable Growth Rate (SGR) expires.

Above all else, H.R. 4015 / S. 2000 repeals the Medicare SGR. Congress is well aware of the troublesome history of this payment formula, since Congress has had to override the reductions in the physician payment rate mandated by the current formula. These perennial reductions threatened the stability of the Medicare program and the access of seniors to Medicare benefits. The looming threat of frequent reductions also stifles innovation in care delivery and hinders the transformation of primary care practices. Investments in process and quality improvement have proven difficult for most physicians under the current unpredictable payment structure. This is why the AAFP has advocated for repeal of the SGR for several years – so the primary care delivery system can flourish through innovation unencumbered by a flawed payment structure and more well situated to provide quality care to patients.

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The *SGR Repeal and Medicare Provider Payment Modernization Act* makes several significant changes in Medicare that the AAFP supports. First, the legislation shifts emphasis away from fee-for-service toward new payment models that support advanced delivery models demonstrating innovation in care delivery and higher quality care. Prominent among those alternative payment models (APM) is the Patient Centered Medical Home (PCMH), which the AAFP, along with the American Academy of Pediatrics, the American College of Physicians and the American Osteopathic Association, have promoted since 2007. The AAFP agrees with the legislation automatic inclusion of the PCMH as an Advanced Alternative Payment Model that is designed to improve the delivery of health care.

The AAFP appreciates the legislation's provision that provides a 0.5 percent positive update each year through 2018. This is key to providing physician practices with the stability in payment that they need to make needed investments in the office that will support their transformations to an appropriate alternative delivery model.

The legislation also proposes to consolidate existing quality improvement programs – specifically the Physician Quality Reporting System (PQRS), the value-based modifier (VBM) and meaningful use of electronic health records (EHR-MU) – into a single Merit-based Incentive Payment System (MIPS). If this consolidation reduces the administrative duplication and paperwork burden that these three programs require, then the MIPS will be an improvement in the health care delivery system.

The AAFP supports the mechanism created by the bill to address misvalued codes in the Medicare physician fee schedule. Meeting this target will allow approximately $2 billion in reduced expenditures to remain in the physician payment system and be assigned to under-valued services such as those that promote continuous and comprehensive primary care services.

The legislation also includes an important provision to provide needed technical assistance to small physician practices (i.e., those with 15 or fewer eligible professionals) that are located in Health Professionals Shortage Areas, rural areas, and other medically underserved areas to help these practices improve their performances and to facilitate participation in appropriate APMs. These are the practices that most need assistance and are least likely to be able to afford securing it. Providing them with technical assistance will be critical in the rural and underserved areas that depend on the local primary care physician.

The AAFP also supports the legislation's validation of the Medicare payment for care coordination which will compensate eligible physicians for those services generally provided outside a traditional face-to-face encounter and which are vitally important to patients with more than one chronic condition. We also support making a PCMH eligible for these payments, since the PCMH is particularly designed to assist these patients.

There are always areas receptive to improvement in any legislation, but in our view this proposal would facilitate improvements in care delivery and encourage transformation of the Medicare physician payment system. It is a remarkable accomplishment, and we applaud Congress for achieving this important compromise.

Much has been accomplished by the three committees who worked so diligently to draft this legislation and Congress should not squander the momentum established by delaying consideration of this important legislation. The opportunity to make a major improvement in the delivery of health care and the quality of care provided to all patients arises infrequently. We urge you, as leaders of the United States Senate and House of Representatives to to bring this legislation to the floor for approval before March 31. The AAFP stands ready to provide any assistance you need. If you or your staff would like to contact the AAFP please do not hesitate to contact Kevin Burke, AAFP Director of Government Relations at kburke@aafp.org.

Sincerely,

Jeffrey J. Cain, MD, FAAFP
Board Chair

Cc: Hon. Ron Wyden, U.S. Senate Committee on Finance
Hon. Orrin Hatch, U.S. Senate Committee on Finance
Hon. Michael Burgess, House Committee on Energy and Commerce
Hon. Fred Upton, House Committee on Energy and Commerce
Hon. Dave Camp, House Committee on Ways and Means
Hon. Henry Waxman, House Committee on Energy and Commerce
Hon. Sander Levin, House Committee on Ways and Means
Hon. Joe Pitts, House Committee on Energy and Commerce
Hon. Kevin Brady, House Committee on Ways and Means
Hon. Frank Pallone, House Committee on Energy and Commerce
Hon. Jim McDermott, House Committee on Ways and Means