AMERICAN ACADEMY OF FAMILY PHYSICIANS

STRONG MEDICINE FOR AMERICA

December 11, 2012

The Honorable John Boehner
Office of the Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Office of the Minority Leader
U. S. House of Representatives
Washington, DC 20515

Dear Speaker Boehner and Minority Leader Pelosi:

As Congress and the Administration discuss the features of the significant fiscal issues that are to be resolved before the end of the year, I would inform you of the views of the American Academy of Family Physicians (AAFP) on several of these that directly affect our 105,900 members and their patients.

The AAFP has five priorities in the ongoing debate over tax increases, reducing spending, addressing entitlements and preventing drastic cuts to the Medicare physician payment rates. We urge Congress to:

- Prevent the implementation of the scheduled cuts in Medicare physician payments.
- Prevent repealing the Medicaid payment increase for primary care services in order to pay for a year's extension of the SGR
- Maintain current funding for Graduate Medical Education
- Stop the damaging across-the-board reductions produced by the *Budget Control Act*'s sequestration requirements
- Keep intact the health insurance subsidies for individuals and small businesses that purchase health plans on the state or federal Health Insurance Exchanges.

Physician Payment

The most important issue at this time, as it has been for more than ten years, is the flawed formula used to determine the Medicare physician payment rates. Every year since 2001, the Sustainable Growth Rate (SGR) has meant that physicians face unacceptable cuts in the Medicare Physician Fee Schedule, and every year, usually at the last minute, Congress has had to override the formula's pending reductions in payment rates. The formula clearly does not work and it must be replaced. It is built on a fee-for-service system that pays only for the volume of services offered, rather than the value of the health care delivered. It promotes fragmentation and duplication of services, rather than

1133 Connecticut Ave., N.W., Ste. 1100 • Washington, DC 20036-4305 • 888.794.7481 • 202.232.9033 • Fax: 202.232.9044 • capitol@aafp.org

coordination and efficiency. Furthermore, it undermines physicians' adoption, implementation, and compliance with numerous other policies, such as electronic health records, quality improvement, and pay-for performance programs.

While the AAFP, along with other primary care physician groups, has since 2007 promoted the blended payment system upon which the Patient-Centered Medical Home is built, we recommend the approach included in the bipartisan *Medicare Physician Payment Innovation Act* (HR 7505). However, if Congress does not have sufficient time to legislate an appropriate replacement payment system before the end of the year, the AAFP strongly recommends that you take the appropriate steps to prevent the cuts from being implemented. Ideally, you would accomplish this through a period of mandated stable payments, with primary care physicians providing primary care services eligible for a payment rate at least two percent higher than that for non-primary care physicians. The AAFP and other physician organizations have agreed to work with Congress on determining the best alternative payment system and we continue to stand ready to do so.

The AAFP is adamantly opposed to the elimination of the Medicaid primary care payment increase that is designed to provide better access to primary care services for Medicaid patients. Elimination of this policy would burden the already challenged Medicaid system. Patients will face obstacles in connecting with a Patient-Centered Medical Home and will be forced to rely on expensive episodic, acute care services provided in other settings, like such as hospital emergency rooms. This makes it more unlikely that Medicaid patients, who often would benefit from preventive health care and the coordination of their health care, will have access to these more cost-effective services.

Primary Care Physician Training

Family physicians believe that the current Medicare GME system is outmoded because it is a hospital-based training system that focuses on procedures used to diagnose and treat episodes of acute disease. We believe that care should be focused on preventive health and should recognize the value of managing chronic disease and of coordinating care across multiple settings. While the GME system needs reform, that reform cannot be achieved – and in fact could be thwarted – by broad, untargeted across-the-board reductions in funding. Primary care provides the preventive care, the chronic disease management and the coordination of care, but it is primary care that will bear the brunt of across-the-board reductions. Academic hospitals value the research and procedures (and additional revenue) offered by subspecialist physicians, usually at the expense of primary care education and training. Primary care programs, especially family medicine programs, are the first to be dropped when academic health centers face broad budget reductions.

That is why the AAFP recommends against across-the-board reductions in GME. If Congress must reduce GME payments, it has to be done in a way that protects primary care.

The general reductions required by the *Budget Control Act* if Congress does not act to prevent them would mean an 8-percent reduction in funding for health care agencies that have programs support family medicine. These programs have been historically underfunded and cannot sustain additional cuts.

- Primary Care Training and Enhancement (Title VII, Section 747 of the Health Professions Grants) is a program provided by the Health Resources and Services Administration. It is the only federal program that supports family medicine education and training. Failure to provide adequate funding for this program will destabilize education and training support for family

physicians. These competitive grants are vital to departments of family medicine and to family medicine residency programs. They strengthen curricula, and they offer incentives for training in underserved and rural areas.

- The National Health Service Corps (NHSC) recruits and places medical professionals in Health Professional Shortage Areas (HPSA) to meet the need for health care in rural and medically underserved areas. The NHSC provides scholarships or loan repayment to new family physicians willing to serve in designated HPSA. By addressing medical students' college debt, the NHSC helps to ensure wider access to medical education opportunities.

- The Agency for Healthcare Research and Quality's (AHRQ) Center for Primary Care, Prevention, and Clinical Partnerships serves as the home for the AHRQ's Practice-Based Research Network of primary care ambulatory practices. This network studies community-based practice and is an important and unique resource for primary care workforce data.

Health Insurance Exchange Subsidies
Finally, the AAFP is committed to seeking access to health care coverage for all in this nation, and consequently strongly urges Congress to maintain the subsidies for individuals and small businesses that buy health insurance through the state or federal health insurance exchanges. The value of these subsidies is that they will help make health insurance affordable and available to more of those who are currently uninsured. The research is clear that those with insurance have better health and reduce costs.

Congress faces a daunting task in the days and months ahead. Finding a way to reduce the deficit without harming essential public services is complicated and not well accomplished by broad, across-the-board reductions. The AAFP remains ready and available to help legislators in this process. Please contact Mr. Shawn Martin, AAFP Vice President for Practice Advancement and Advocacy at 202-232-9033 (or smartin@aafp.org) if we can be of assistance.

Sincerely,

Glen Stream MD

Glen Stream, MD, MBI, FAAFP
Board Chair