



American Academy of Family Physicians

September 5, 2007

The Honorable Harry Reid
Majority Leader
The Capitol (Room S-221)
U.S. Senate
Washington, DC 20510-7020

Dear Majority Leader Reid:

On behalf of the 93,800 members of the American Academy of Family Physicians, I ask that you support at least a 2-year positive Medicare payment update for physicians.

In addition, family physicians strongly urge you to support several provisions related to Medicare payments that are included in the recently House-passed bill to reauthorize the States' Children's Health Insurance Program (SCHIP). Specifically, we support the revision of the payment formula to include different expenditure targets and conversion factors related to the type of services provided. We also would like to have the revisions to the formula include the House provisions that allow an additional growth of 2.5 percent for primary care and preventive services. Finally, we agree with the House bill that the terms of the Medicare Medical Home demonstration grants need to be clarified and expanded.

Every year since 2003, Congress has had to find ways to pay for a Medicare update that would forestall a significant decrease in the payment rate. Family physicians appreciate the consistent intent of Congress to avoid these sizeable reductions. However, despite these Congressional actions, current physician reimbursement is at 2001 levels. Unless Congress acts again this year, the unacceptable payment rate will be cut 9.9 percent on January 1, 2008 and an additional 5 percent in January 2009. Such developments are sure to result in beneficiary access problems. Thus, even with the last minute Congressional actions and the temporary reprieves that they have provided, it is clear that the underlying formula is unworkable and needs revision. That is why a multi-year positive update is so important. It would provide Congress some time to address the flawed formula.

It is not in the long-term interest of the Medicare program to continue the current Medicare Physician Fee Schedule based on the Sustainable Growth Rate formula that requires an annual fix at the last minutes of the Congressional session. This situation undermines the confidence of

President

Rick D. Kellerman, MD
Wichita, Kansas

President-elect

James D. King, MD
Selmer, Tennessee

Board Chair

Larry S. Fields, MD
Flatwoods, Kentucky

Speaker

Thomas J. Weida, MD
Lititz, Pennsylvania

Vice Speaker

Leah Raye Mabry, MD
San Antonio, Texas

Executive Vice President

Douglas E. Henley, MD
Leawood, Kansas

Directors

Judith Chamberlain, MD
Brunswick, Maine

Ted Epperly, MD
Boise, Idaho

Virgilio Licon, MD
Brighton, Colorado

Brad Fedderly, MD
Fox Point, Wisconsin

Lori Heim, MD
Lakewood, Washington

Robert Pallay, MD
Hillsborough, New Jersey

David W. Avery, MD
Vienna, West Virginia

James Dearing, DO
Phoenix, Arizona

Roland A. Goertz, MD
Waco, Texas

Marin Granholm, MD
(New Physician Member)
Bethel, Alaska

Daniel Lewis, MD
(Resident Member)
Greenwood, South Carolina

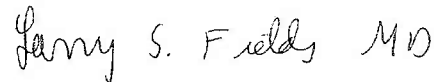
Jennifer Hyer
(Student Member)
Portland, Oregon

2021 Massachusetts
Avenue, N.W.
Washington, DC 20036-1011
(888) 794-7481
(202) 232-9033
Fax: (202) 232-9044
E-mail: capitol@aafp.org
<http://www.aafp.org>

physicians and patients in the program. Moreover, the longer Congress delays addressing the flawed formula, the more it will cost and the harder it will be to find the offsets.

On behalf of the family physicians who are the primary source of medical care for so many Medicare patients, I urge you to encourage the Senate to resolve the looming Medicare physician payment cuts with positive updates for at least two years. We commit, once again, to working with Congress to revise the formula and return to a Medicare program that does not need annual interventions to make it sustainable.

Sincerely,

A handwritten signature in cursive script that reads "Larry S. Fields MD".

Larry S. Fields, MD, FAAFP
Board Chair