



AMERICAN ACADEMY OF  
FAMILY PHYSICIANS  
STRONG MEDICINE FOR AMERICA

March 29, 2010

Dear Senator:

As of Thursday, April 1, the nation's physicians who take care of elderly patients will receive a reduction of more than 21 percent for their payments from the Medicare program. Once again, the Senate failed to pass a short-term extension of the current update of the Medicare Physician Fee Schedule, along with other provisions that are set to expire, before leaving to go home. Furthermore, this legislation, the *Continuing Extension Act* (HR 4851), will extend the current Medicare payment rate only until April 30, when Congress once again will have to approve another extension.

It is abundantly clear that the fee schedule formula is broken and that the time for Congress to provide a permanent fix is overdue. The system to address the problems caused by the flawed formula is mired in political contention. Sadly, those paying the price for this dysfunctional arrangement are first and foremost our nation's seniors and their primary care physicians. Many of these physicians work in small and medium sized practices, often in underserved areas and usually with small or no operating margins. This month-to-month uncertainty about their Medicare payments is disruptive and interferes with their ability to provide reliable, enduring health care, especially for patients with chronic disease conditions. This broken system undermines the credibility of the Medicare program for these primary care doctors. And since the TRICARE health insurance program for military members and their families bases its payment rates on Medicare's, this impasse affects their health care as well.

Congress must address this broken system and its dysfunctional formula. Since 2003, Medicare has become far less reliable in its payments to physicians because Congress delays action until a deadline for postponing a payment reduction approaches. Then, a temporary measure is cobbled together and the decision to fix the problem is put off for a year, or a few months or a few weeks. In the last-minute rush to get a temporary patch through Congress, legislators usually cannot find the funding necessary to allow the formula even to keep pace with inflation. As a result, with the current month-to-month approach, physicians are being paid basically what they were being paid in 2001. And while we appreciate the efforts of CMS to cope with the Congressional stalemate by holding claims until April 14 to avoid as long as possible imposing the 21 percent reduction, this action nonetheless creates serious cash-flow problems for physician practices.

This simply cannot go on. No other sector of the health care system is routinely denied positive updates and subjected to this variability and uncertainty in their office budget. We join the American Medical Association and the other physician organizations in objecting to this short sighted treatment of the major providers of health care to the Medicare population. We call on Congress to permanently fix the Medicare payment formula. This is essential to restore the credibility of the Medicare program and to give physicians and their patients the assurance they need to make effective health care choices.

We are committed to working with you in resolving this long-standing problem, but we must resolve it soon and resolve it permanently.

Sincerely,

Ted Epperly, MD, FAAFP  
Board Chair

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