



May 15, 2009

Honorable Max Baucus
United States Senate
Washington, DC 20510

Dear Senator Baucus:

The American College of Physicians (ACP), representing 128,000 internists and medical students, appreciates your leadership in advocating for delivery system reforms that support the value of primary care. ACP offers the following recommendations to ensure that reforms achieve the goal of transforming health care to provide better value to patients.

We appreciate the discussion in the options paper for improved payments for primary care. **Based on the evidence of workforce trends and impact of compensation on specialty choice, we believe that a 5% increase in payments for evaluation and management codes provided by primary care physicians, although well-intended, will be ineffective in increasing primary care physician workforce.** Accordingly, we recommend that Congress:

- Make annual increases in Medicare payments to primary care physicians competitive in the market within five years.
- Mandate a 10% increase in total Medicare payments to primary care physicians in 2010 as the first step toward market competitiveness. (A much larger percentage increase would be required if applied only to evaluation and management codes provided by primary care physicians).
- Mandate additional payment increases of at least 5% per year in total Medicare payments to primary care physicians in 2011, 12, 13 and 14. Concurrently, require that the Secretary conduct a market analysis of the impact of compensation on specialty choice, and based on such analysis, give the Secretary authority to adjust such annual increases in primary care payments to ensure that primary care will be competitive.
- Such primary care increases should be applied to a positive Medicare baseline that leads to repeal of the SGR.

The urgency of making primary care compensation more competitive with other specialties can't be overstated. A recent analysis of physician workforce presented to the Council on Graduate Medical Education has found that U.S. Medical Graduates' preferences for primary care has dropped to an all-time low. As a consequence, they predict that if medical students act on their preferences, the proportion of primary care physicians in the United States will drop from the current 30% to 17 percent. Physician workforce studies, both within the U.S. and abroad, show that higher proportions of primary care physicians are consistently associated with better outcomes and lower costs.

ACP also **strongly supports the Finance Committee's support for a new Center to broadly test new physician payment models but believe that the scope of the Center's charge is too limited.** Accordingly, we recommend that the Senate Finance Committee:

- Expand the authority of the Chronic Care Management Innovation Center to test physician payment reform models that show promise of improving the quality and cost effectiveness of care delivered to Medicare beneficiaries, not limited to high cost patients with multiple chronic diseases, and specify that the Patient-Centered Medical Home will be among the models selected for broad testing and dissemination.

Limiting the authority of the new Center only to models that address high cost patients with chronic illnesses, although understandable, will greatly limit Medicare's ability to test and disseminate other new models of payment to align incentives with value. ACP has proposed specific criteria for selecting innovative models for widespread testing and dissemination, timelines for reporting on such innovations to Congress, and creating an expert advisory body to assist the Secretary in selecting, evaluating and disseminating the most promising models. We believe that the Patient-Centered Medical Home has shown enough promise to be among the models initially selected.

ACP's staff will be providing your staff with more details on the College's recommendations. We commend you for your leadership and your support for primary care, and look forward to working with you to ensure that all Americans have access to high quality care, affordable coverage and access to care by a primary care physician.

Sincerely,

A handwritten signature in black ink that reads "Joseph F. Stubbs".

Joseph F. Stubbs, MD, FACP
President