

February 10, 1997

Representative Scotty Baesler
2463 Rayburn House Office Building
Washington, DC 20515

Representative Baesler:

We understand the American College of Surgeons has asked you to contact HCFA Administrator Bruce Vladeck to request a delay in the project to develop resource-based practice expense values as part of the Medicare physician fee schedule. As representatives of approximately 200,000 physicians (representing in actual numbers more than half the size of the American Medical Association's membership), we urge you not to take action at this time to delay the practice expense project. Instead, we ask you to contact HCFA Administrator Bruce Vladeck to urge HCFA to devote sufficient resources to develop a proposal that is sound and defensible.

Our coalition's members deliver mostly primary care and other non-surgical medical services. While it is true that many of our specialties would post "gains" according to information released January 22 by HCFA, it must be emphasized that we, like many other medical specialties, have concerns with the preliminary data generated from the HCFA project -- for example, the unexpectedly large magnitude of the shifts and confusion about the methodology employed. Nevertheless, it is inappropriate to delay the project at this time. Instead, we urge you and other concerned lawmakers to first review the proposed rule on resource-based practice expenses that is scheduled for publication this spring, weigh carefully the soundness and fairness of this proposal, and then determine whether the practice expense project deserves to continue or else be delayed and "sent back to the drawing board" for further work.

Let us emphasize that we support a new practice expense method that is methodologically sound and defensible. However, preliminary data released January 22 are not the final word on this matter. All stakeholders will have an opportunity to suggest improvements to the practice expense method during a 60-day comment period following the proposed plan to be released this spring. We feel it is wholly appropriate during that time period to formulate decisions as to whether the project should continue as scheduled toward a January 1, 1998 effective date. It should also be noted that HCFA staff indicated at the January 22 meeting that a multispecialty panel would be convened later this year to assist HCFA with evaluating the comments and refining the proposed new practice expense method.

As interested parties continue to discuss the numbers in the HCFA proposal it is important to keep a sense of perspective about the practice expense project. For example, the ACS references rural and underserved areas in its letter and yet it is our members, particularly family physicians, who disproportionately serve these areas, at lower Medicare payment rates. The ACS also references 30 percent-40 percent reductions for some procedures. However, under the flawed system now used for determining practice expense payments, one of our physician members must typically perform 115 intermediate-level office visits to receive the practice expense payments equivalent to one coronary artery bypass graft (CABG) procedure -- despite the fact that the hospital and not the surgeon assumes most of the overhead costs for such a procedure. Such glaring inequities in the Medicare program's method of reimbursing physicians for their overhead expenses is unfair to all primary care physicians and also is contributing greatly to problems in rural and underserved communities with access to needed medical services -- including primary care and other non-surgical services. The HCFA project mandated by Congress to develop a new method for reimbursing physician practice expenses is the only effort to date attempting to rectify this long-standing problem. For these reasons, we simply ask you not to rush to judgment on this project before the proposed rule is available for review.

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In closing, we again suggest that you not contact HCFA Administrator Bruce Vladeck at this time to ask for a delay with the practice expense project, but rather urge HCFA to devote sufficient resources to develop a proposal that is sound and defensible. Given that HCFA is expected to publish a proposed rule for redistributing practice expense payments this spring, it seems unnecessary to advocate a delay without first taking the time to review the proposal.

We appreciate your careful consideration of our views on this matter of importance to our members.

Sincerely,

American Academy of Family Physicians
American Association of Clinical Endocrinologists
American College of Physicians
American College of Rheumatology
American Osteopathic Association
American Society of Internal Medicine