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rnists and
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ternal Medicine

February 1, 1996

Honorable William M. Thomas
2208 Rayburn House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Thomas:

On behalf of the nation's largest medical specialty, I am writing to commend you for your work on developing a bipartisan bill to keep Medicare affordable and solvent. ASIM agrees that Congress and the President must not miss this historic opportunity to move forward on achieving a balanced budget and improving the Medicare program.

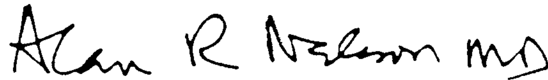
We are pleased to hear that your bill will likely include provisions from the Balanced Budget Act of 1995 that would mandate a single conversion factor (CF) for the Medicare fee schedule, replace the separate Medicare volume performance standards (MVPSs) with a single sustainable growth rate based on GDP plus 2 percent, exempt physician office laboratories from CLIA, provide relief from the Stark I and II self-referral laws, and provide relief from excessive antitrust restrictions and state solvency requirements that impede the formation of physician-sponsored organizations. We are also encouraged by your interest in including a cap on non-economic damages for medical liability suits.

ASIM urges you to include provisions that would mandate implementation of the single CF effective no later than January 1, 1997, without a transition. As you are aware, for the past four years surgical procedures have been reimbursed at a higher rate than primary care and other nonsurgical services involving comparable work. Under the 1996 "default" updates that went into effect on January 1, 1996, surgical procedures received a 3.8 percent increase, compared to a 2.3 percent **reduction** in payments for primary care services and a nominal .4 percent increase for other nonsurgical services. **The cumulative result is that surgical procedures are now paid 15 percent more than primary care services and almost 18 percent more than other nonsurgical services.**

A transition would continue this inequitable policy for several more years. Under a three-year transition, and assuming a January 1, 1997 initial implementation date, surgical procedures would be paid at a higher rate than all other services until the year 2000. **It would simply not be fair for surgical procedures to be paid at a higher rate than all other physician services for seven consecutive years (1993-1999).** Given the fact that surgical procedures received a 12.2 percent increase in 1995, followed by a 3.8 percent increase in 1996, there is no justification for delaying full implementation of a single CF.

ASIM fully supports your efforts and looks forward to reviewing your proposal.

Sincerely,



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