

November 12, 2001

The Honorable James M. Jeffords
United States Senate
104 Senate Hart Office Building
Washington, DC 20510

Dear Senator Jeffords:

On behalf of the over 115,000 physician and medical student members of the American College of Physicians-American Society of Internal Medicine (ACP-ASIM), the largest medical specialty society and the second largest medical organization in the United States, I urge you to support legislative action to prevent a 5.4 percent cut in Medicare physician payments from taking place on January 1, 2002. The ACP-ASIM strongly supports the "Medicare Physician Payment Fairness Act of 2001" (S.1660), sponsored by Senator James Jeffords and Senator John Breaux.

Internists, who provide care for more Medicare patients than any other medical specialty, are concerned about the effect of the failure of program payments to keep pace with increases in medical practice costs. A 5.4 percent across-the-board cut on January 1 would greatly exacerbate this disturbing trend.

Increases in costs can be traced to many regulatory mandates. Although well intended, they have been imposed with little apparent regard to the resources necessary for practitioners to comply with these mandates. Medicare documentation demands government-issued "model" compliance programs, patient safety, quality improvements, needle stick prevention, privacy protection, interpreters for patients with limited English proficiency are just a few examples of regulatory mandates implemented over the last few years. In the face of these increasing demands, physician payments have increased an average of only 1.7 percent since 1991. Since then, payment levels have dropped 13 percent behind medical practice cost inflation.

At the crux of the problem is the formula for updating Medicare physician fee schedule payments. The formula is based on a Sustainable Growth Rate (SGR) linked, not to the cost of providing the services, but to the performance of the overall economy. Physician services are the only category of service subjected to this formula. The Medicare Payment Advisory Commission (MedPAC), warning that cuts of this magnitude could, "raise concerns about the adequacy of payments and beneficiary access to care," has called for the elimination of this update formula. ACP—ASIM is pleased with the requirement in your bill for a MedPAC study and report to Congress by March 1, 2002 on a replacement for the SGR based formula, one that, importantly, would be tied to the cost of providing physician services. The College looks forward to working with you and others in the Congress as well as with MedPAC on appropriate, permanent changes in the update formula.

In the interim, care for Medicare beneficiaries should not be adversely affected by the 5.4 percent reduction in January. We urge you to join the fight to prevent this from taking effect.

Please co-sponsor S. 1660 and help secure passage of the “Medicare Physician Payment Fairness Act of 2001” before Congress finishes its work for the year.

Sincerely,

William J. Hall, MD, FACP
President