

November 28, 2001

The Honorable Trent Lott  
United States Senate  
487 Russell Senate Office Building

Washington, DC 20510

Dear Senator Lott:

Unless Congress acts before this session ends, **all** Medicare payments to **all** physicians and other health care practitioners will fall by 5.4% on January 1. This significant across-the-board cut could exacerbate existing access problems for Medicare beneficiaries, particularly in rural communities. **Consequently, the more than one million health care professionals represented by the undersigned organizations urge you to cosponsor The Medicare Physician Payment Fairness Act of 2001 which would trim the reduction in Medicare's 2002 physician conversion factor to 0.9% instead of 5.4%.**

The 5.4% conversion factor cut recently announced by the Centers for Medicare and Medicaid Services (CMS) stems from a fatally-flawed formula that penalizes physicians for economic downturns and from CMS data errors that have short-changed physicians by \$15 billion since 1998 and 1999. This would be the fourth broad-scale reduction in physicians' and other practitioners' fees since 1992 and would bring the average increase in Medicare fees between 1991 and 2002 down to just 1.1% a year—or 13% less than the government's own estimate of practice cost inflation.

The Medicare Physician Payment Fairness Act of 2001 (S.1707) sponsored by Sens. Jim Jeffords and John Breaux would reduce the size of the penalty in 2002 and create an opportunity for Congress to make systemic changes in the physician payment update system next year. Specifically, it would reduce the current \$38.26 conversion factor by 0.9% in 2002. In addition, it would direct the Medicare Payment Advisory Commission (MedPAC) to make further refinements in the Commission's earlier proposal to eliminate the expenditure target or Sustainable Growth Rate (SGR) which now helps determine annual updates in the conversion factor.

Over the last 10 years, physicians have been inundated with expensive new federal requirements and the gap between payments and costs has already led to access problems for Medicare beneficiaries in Atlanta, Phoenix, Albuquerque, Annapolis, Denver, Austin, Spokane, northern California and Idaho. Experience with Medicaid has already shown the danger of unrealistic payment rates. Medicare is not immune from similar problems as has been made abundantly clear by Medicare+Choice plans' continued exodus from the program despite a guaranteed pay increase of at least 2% a year. Some 85% of elderly and disabled Americans rely on fee-for-service Medicare and for an increasing number, there is no other option available. **Please support the Medicare Physician Payment Fairness Act to ensure that our elderly and disabled patients can continue to receive the care they deserve and depend on.**

Sincerely,

American Academy of Allergy, Asthma and Immunology  
American Academy of Child and Adolescent Psychiatry  
American Academy of Dermatology Association  
American Academy of Facial, Plastic and Reconstructive Surgery  
American Academy of Family Physicians  
American Academy of Home Care Physicians  
American Academy of Neurology  
American Academy of Ophthalmology  
American Academy of Otolaryngic Allergy  
American Academy of Otolaryngology – Head and Neck Surgery  
American Academy of Pediatrics  
American Academy of Physical Medicine and Rehabilitation  
American Academy of Physician Assistants  
American Academy of Sleep Medicine  
American Association for Thoracic Surgery  
American Association for Vascular Surgery  
American Association of Clinical Endocrinologists  
American Association of Clinical Urologists  
American Association of Neurological Surgeons  
American Association of Nurse Anesthetists  
American Association of Orthopaedic Surgeons  
American Association of Public Health Physicians  
American College of Allergy, Asthma and Immunology  
American College of Cardiology  
American College of Chest Physicians  
American College of Emergency Physicians  
American College of Nuclear Physicians  
American College of Nurse-Midwives  
American College of Obstetricians and Gynecologists  
American College of Osteopathic Family Physicians  
American College of Osteopathic Surgeons  
American College of Physicians-American Society of Internal Medicine  
American College of Radiology  
American College of Rheumatology  
American College of Surgeons  
American Gastroenterological Association  
American Geriatrics Society  
American Medical Association  
American Medical Group Association  
American Occupational Therapy Association  
American Optometric Association  
American Orthopaedic Foot and Ankle Society  
American Osteopathic Association  
American Physical Therapy Association

American Podiatric Medical Association  
American Psychiatric Association  
American Society for Gastrointestinal Endoscopy  
American Society for Reproductive Medicine  
American Society for Therapeutic Radiology and Oncology  
American Society of Anesthesiologists  
American Society of Cataract and Refractive Surgery  
American Society of Clinical Oncology  
American Society of Clinical Pathologists  
American Society of General Surgeons  
American Society of Hematology  
American Society of Plastic Surgeons  
American Society of Transplant Surgeons  
American Speech-Language-Hearing Association  
American Thoracic Society  
American Urogynecological Society  
American Urological Association  
Association of American Medical Colleges  
College of American Pathologists  
Congress of Neurological Surgeons  
Infectious Diseases Society of America  
Joint Council of Allergy, Asthma and Immunology  
Medical Group Management Association  
National Association for Medical Direction of Respiratory Care  
National Coalition for Quality Diagnostic Imaging Services  
National Medical Association  
North American Society of Pacing and Electrophysiology  
North American Spine Society  
Renal Physicians Association  
Society for Cardiac Angiography and Interventions  
Society of Cardiovascular and Interventional Radiology  
Society for Vascular Surgery  
Society of Critical Care Medicine  
Society of Diagnostic Medical Sonography  
Society of General Internal Medicine  
Society of Gynecologic Oncologists  
Society of Nuclear Medicine  
Society of Thoracic Surgeons  
Society of Vascular Technology  
The Endocrine Society

cc: United States Senate