

August 3, 2000

Chris Jennings
Deputy Assistant to the President for Health Policy
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C.

Dear Chris:

Thank you for taking the time to meet yesterday with ACP-ASIM and other primary care groups to discuss issues relating to Medicare payments for physician services.

You asked for information on how physicians view Medicare compared to other payers. Last Friday, ACP-ASIM's Medical Service Committee, which is made up of practicing internists from around the country, met and discussed the problems that they experience in dealing with health insurers. It would be accurate to say that they and other physicians seem to be most concerned these days about their relationships with private insurers rather than Medicare. Medicare is by no means perfect, and there are many areas where our members believe that HCFA could simplify billing requirements and ease hassles for doctors and patients.

But a bigger concern is with the conflicting, unnecessary, duplicative and time-consuming requirements typically imposed by private payers. An example cited by the members of our committee is the practice of different insurance plans using different drug formularies, each with different medications on the list and patient co-payment requirements depending on whether the prescribed drug is on- or off- formulary. It is almost impossible for physicians to keep track of the requirements for each insurer's formulary, particularly since drugs are added or dropped throughout the year with little or no advance notice to the doctor or patient. Delays in paying claims, "black box" (secret) review criteria, different credentialing forms for each insurer—each asking for the same information in a somewhat different way—are additional examples of the problems our members experience with private insurers.

This does not mean that our members favor doing away with private insurance, but it does speak to the need to reform the way that insurers run their programs and to enact strong patient rights legislation. Unfortunately, it is very difficult to hold private insurers accountable for their actions. By contrast, when doctors run into problems with Medicare, there are multiple levels of accountability that can be used to influence HCFA's actions.

ACP-ASIM recently has been contacted by the trade associations representing health insurers with an offer to work with us to improve how their member plans relate to our physician-members. It remains to be seen if this will bring about positive change or just empty promises.

Finally, you might be interested in knowing the ACP-ASIM has come out firmly against converting Medicare into a defined contribution program.

Please let me know if you need additional information, and feel free to share this letter with whomever else may be interested.

Sincerely,

Robert B. Doherty
Senior Vice President
Governmental Affairs and Public Policy