

February 6, 1996

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

Dear Congressman Thomas:

The undersigned organizations, representing hundreds of thousands of physicians, commend you for your work on developing a bipartisan bill to keep Medicare affordable and solvent. We agree with you on the need 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 to 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, and provide substantial regulatory relief.

We urge you to 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.

We appreciate your consideration of our views and look forward to working with you in support of a balanced and fair proposal for Medicare reform.

Sincerely,

American Academy of Allergy, Asthma, and Immunology
American Academy of Family Physicians
American Academy of Neurology
American Academy of Pediatrics
American Association of Clinical Endocrinologists
American College of Cardiology
American College of Emergency Physicians
American College of Preventive Medicine
American College of Rheumatology
American Medical Directors Association
American Osteopathic Association
American Society for Gastrointestinal Endoscopy
American Society of Clinical Oncology
American Society of Hematology
American Society of Internal Medicine
College of American Pathologists

Joint Council of Allergy, Asthma, and Immunology
Renal Physicians Association