February 18, 2011

President Barack Obama
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear Mr. President:

On behalf of the American College of Physicians (ACP), representing 130,000 internal medicine physicians and medical student members, I am writing in regards to the Administration's Fiscal Year 2012 budget, which was released on February 14, 2011. We are pleased that the budget will provide funding for programs to strengthen the primary care workforce, promote delivery system reform through the Center for Medicare and Medicaid Innovation and Patient-Centered Outcomes Research Institute, provide guidelines for reforming our medical malpractice system, and reduce waste, fraud and abuse in federal health care programs. We look forward to working with you and the Congress to increase funding for the National Health Service Corps, Community Health Centers, and provide a permanent solution to the flawed Sustainable Growth Rate (SGR) formula.

The United States is facing a growing shortage of physicians in key specialties, most notably in general internal medicine and family medicine—the specialties that provide primary care to most adult and adolescent patients. A recent study projects that by the end of this decade, there will be a shortage of up to 44,000 primary care physicians for adults. Research also shows that investments in primary care are essential to achieving a highly performing, efficient and effective health care system: over 100 annotated research studies show that the availability of primary care physicians in a community is positively associated with better outcomes and lower costs of care.

This correspondence is intended to provide constructive feedback to your Administration on specific programs in your budget that the College supports and provisions that may be strengthened as you work with Congress to enact a budget for Fiscal Year 2012.

Health Professions Programs under Title VII

ACP supports the Administration's budget of $468 million in funding for Title VII and Title VIII programs that will educate and train primary care physicians and other health professionals.

ACP applauds the Administration for recognizing in its budget the value of primary care and its importance to a high-functioning health care system. We support increased funding for a variety of programs in the budget under Title VII that are used to train additional primary care physicians including: health professions diversity and scholarships for disadvantaged students; health workforce information and analysis; primary care training and enhancement; and teaching health center planning grants. The Title VII grant programs have been the most important federal intervention to help build and maintain the primary care medical and dental training infrastructure in this country. We look forward to working with you to strengthen these programs that will train additional primary care physicians.

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The Center for Medicare and Medicaid Innovation

ACP commends the Administration for providing mandatory funding, at the level required by the Affordable Care Act (ACA), for the new Center for Medicare and Medicaid Innovation (CMMI). Importantly, the ACA provision authorizing the CMMI requires that it consider models to promote broad payment and practice reform in primary care, including Patient Centered Medical Home (PCMH) models for high-need individuals, and models that transition primary care practices away from fee-for-service based reimbursement. The PCMH is typically delivered by a team of healthcare professionals within a physician-led primary care practice and it requires delivery of care that centers on the needs and preferences of the patient. It expands care access, it promotes improved care coordination/integration, it promotes care management and education toward care self-management where appropriate, and it is based on the development of processes to ensure continuous quality improvement. The model also recognizes the importance of integrating into patient care members of the medical neighborhood, including specialty and subspecialty practices, hospitals and other related care providers, including compensating non-primary care specialists for their essential contributions to coordinating care with a patient in a PCMH. A recent review of early results of PCMH demonstration projects reflects its potential to improve care quality, patient access and lower costs.

Patient-Centered Outcomes Research Institute

ACP supports the administration's budget funding, at the level mandated by the ACA, of the Patient-Centered Outcomes Research Institute (PCORI).

Funding to establish an independent, non-profit, tax exempt corporation, known as the PCORI will provide comparative effectiveness information to clinicians and patients. This research offers the hope of beginning to reduce the enormous costs associated with misuse and over-use of treatments that have limited or no value to patients. The budget also funds the development of shared decision-making tools to translate the results of the research into information that is understandable by patients and that can be the basis of shared decision-making with their personal physicians. In this way, Medicare patients and their physicians will be empowered to make informed, and therefore improved, health decisions based on the best and most recent evidence of clinical effectiveness.

Medical Liability Reform

ACP supports the goal of the President's budget, to reform our medical malpractice system to reduce defensive medicine, promote patient safety, and improve patient outcomes. Specifically, we are encouraged by the $250 million in grants that are to be awarded to states in order to reform the way they resolve medical malpractice disputes, but urge the Administration to take additional steps to support innovative alternatives to the current tort system.

ACP supports legislation that would enact proven reforms to reduce the costs of defensive medicine, including caps on non-economic damages. We also support the concept of health courts, (also called "medical courts") which use specialized administrative processes where judges, without juries, experienced in medicine would be guided by independent experts to determine contested cases of medical negligence. The health court model is predicated on a "no-fault" system, which is a term used to describe compensation programs that do not rely on negligence determinations. The central premise behind a no-fault system is that patients need not prove negligence to access compensation. Instead, they must only prove that they have suffered an injury, that it was caused by medical care, and that it meets whatever severity criteria applies; it is not necessary to show that the third party acted in a negligent fashion.[i] We specifically urge the administration to work with Congress to provide funding and support for a national pilot of health courts. We note that health courts were among the ideas for

reducing the costs of defensive medicine recommended by the bipartisan National Commission on Fiscal Responsibility and Reform.

Proposals to Reduce Waste, Fraud, and Abuse in Medicare, Medicaid, and the Children's Health Insurance Program

The Administration includes a proposal in its budget to reduce the Medicare fee-for-service improper payment rate to half of its current level by 2012. The budget also prioritizes effective implementation and application of program integrity tools and resources that were provided by the ACA, including enhanced provider screening and participation requirements, improved data analysis capabilities, expanded overpayment recovery activities, and enhanced law enforcement authorities.

ACP supports efforts to eliminate waste, fraud, and abuse within Medicare, Medicaid, and the Children's Health Insurance Program. Although ACP supports these efforts, we will be monitoring implementation to ensure that they should not result in increased hassles and paperwork for physicians who are not suspected of improper billings, or adversely affect the ability of physicians to care for their patients.

National Health Service Corps

The Administration's budget provides $124 million in discretionary funding and $295 million in mandatory funding for the National Health Service Corps (NHSC).

ACP is disappointed in the President's discretionary budget request for this vital program that provides access to health care for Americans in underserved areas. The National Advisory Council on the NHSC has recommended that Congress double the appropriations for the NHSC to more than double its field strength to 10,000 primary care physicians in underserved areas. We believe that the President's budget should fully fund the NHSC, at no less than the authorized levels set by the ACA. The NHSC is widely recognized as a success on many fronts by providing incentives for practitioners to enter primary care, reducing the financial burden that health professions education places on new practitioners, and ensuring access to health professions education for students from all backgrounds. The NHSC scholarship program currently receives seven to fifteen applicants for every award available.

Community Health Centers

The Administration's budget requests $2,022 million in discretionary funding for Community Health Centers (CHCs). It also provides $1,200 million in mandatory funding for CHCs and $4 million for construction of these health facilities through the Community Health Centers Fund.

ACP is concerned that the President's discretionary budget request for CHCs is less than is required to enable CHCs to continue to provide services for the growing number of vulnerable people who have difficulty accessing the traditional health care system. ACP believes that Congress should fully fund CHCs, at no less than authorized levels set by the ACA. As the economy regains its footing and an astonishing 50 million Americans are uninsured, CHCs play an even more important role in helping people receive the health care they need regardless of their financial status. Without access to CHCs, the uninsured are left to seek medical care through the hospital emergency room or forego attention altogether. ACP looks forward to working with the Administration and the Congress to fully fund CHCs at the mandatory and discretionary levels, as prescribed in the ACA.

Sustainable Growth Rate (SGR)

ACP believes that it is essential that Congress agree on a bipartisan plan to provide stable Medicare updates leading to permanent replacement of the SGR. Although we appreciate that the Administration has taken a step in the right direction by proposing to allocate $62.2 billion in funding offsets to begin to ensure stable updates for at least the next two years, we note that this amount would result in a freeze in physician payments—resulting in payments continuing to fall behind the costs of practice—and it would not create a pathway to permanent SGR repeal.

We continue to urge that the Administration work with Congress on a plan to provide stable updates leading to replacement of the SGR with a new framework. Such a framework should result in predictable, positive, and stable updates for all physician services and protect primary care from experiencing cuts in payments due to increases in utilization in other physician services. This could be accomplished by one or more of the following options, potentially in combination with each other: (1) setting a floor, e.g., at no less than the percentage annual increases in the cost of delivering services, on payment updates for primary care services, (2) providing higher spending targets for evaluation and management services than for other categories of services, should Congress decide to replace the SGR with separate spending targets for distinct categories of services, (3) exempting practices that are organized as Patient-Centered Medical Homes (PCMH), and that are recognized as such by a process established by HHS, from payment reductions in any given calendar year and (4) exempting primary care services from budget neutrality adjustments resulting from changes in relative values and behavioral offset assumptions.

In conclusion, ACP looks forward to working with the Administration and with Congress, on a bi-partisan basis, to reduce spending on programs that have not shown value, while continuing to fund investments in primary care workforce, coverage, and programs to redesign the health care delivery system to improve health care quality and lower costs.

Sincerely,

J. Fred Ralston, MD, FACP
President

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[i] Hope, Patrick & Novak, Tracy. Exploring the Use of Health Courts – Addendum to "Reforming the Medical Professional Liability System" American College of Physicians. Accessed at http://www.acponline.org/advocacy/where_we_stand/policy/health_courts.pdf on 18 January 2011.