



AMERICAN COLLEGE OF PHYSICIANS
INTERNAL MEDICINE | *Doctors for Adults*®

March 27, 2009

The Honorable Nancy Pelosi
U.S. House of Representatives
Washington, D.C. 20515

Dear Madame Speaker:

I am writing on behalf of the American College of Physicians (ACP), representing 126,000 internal medicine physicians and medical student members. ACP is the nation's largest medical specialty society and its second largest physician membership organization. The College appreciates the leadership Congress has taken in outlining parameters for comprehensive health care reform in the FY 2010 budget resolutions and its support for payment reforms recognizing the value of primary care.

With rising health care costs posing the single greatest fiscal challenge to the United States (CBO), ACP believes that measures to improve the health care delivery system are essential to restoring the fiscal health of the United States. Not only will they provide short-term benefit to the American economy, they will have much longer lasting benefit to the economy by making health care more affordable to individuals, businesses and taxpayers.

We strongly recommend that the final joint budget resolution adopted by the House and Senate include a *current policy* reserve fund for physician payment reform, as reported out of the House Committee on the Budget, including the language to "ensure primary care receives appropriate compensation." The current policy reserve fund would account for the costs of preventing scheduled Medicare cuts from the flawed sustainable growth rate (SGR) in the Medicare baseline, allow Congress to fund increased payments to primary care physicians and make other improvements in Medicare payment policies including care coordination and effectiveness of care, without requiring that Congress fund these improvements by cutting something else.

We appreciate the inclusion in the Senate resolution of language on the importance of increasing the numbers of primary care physicians, but only the House version provides access to the funds needed to do this and also stop Medicare physician payment cuts.

We believe that a full accounting of the funds needed to reform the SGR formula would remove the greatest single barrier to reaching a consensus on a long-term solution to the SGR payment cuts. As you are aware, on January 1, 2010 physicians face a 21 percent Medicare payment reduction unless Congress intervenes to avert this cut. This uncertainty in Medicare

reimbursement rates makes it nearly impossible for physicians to plan their budgets for their practices. Decisions by past Congresses and the previous administration to enact short-term "patches" to avert SGR cuts, funded in part by unrealistic assumptions of even deeper SGR cuts in future years, have resulted in an accumulated SGR deficit of hundreds of billions of dollars and masked the real costs of averting the SGR cuts. The House provisions appropriately reflect the actual costs associated with not allowing the SGR cuts to go into effect, thereby providing Congress with a basis for ending the cycle of stop-gap measures that do not fix the underlying problems with the SGR.

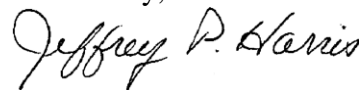
Strengthening the foundation of the primary care workforce at the same time as increasing payments to primary care physicians will help ensure a high performing health care system. Over 100 studies, over the past two decades, show that primary care consistently is associated with better outcomes and lower costs of care, including lower Medicare per capita expenditures. To illustrate:

- An increase of 1 primary care physician per 10,000 persons in a state was associated with a reduction in overall spending by \$684 per Medicare beneficiary. [Baicker and Chandra, Health Affairs, 2004].
- Medicare treatments for the 6 percent of beneficiaries who die each year comprise almost 30 percent of Medicare expenditures. More primary care visits in the preceding year were associated with fewer hospital days at the end of life and lower costs. [Kronman, Ash, et al. Gen. Intern. Med. 2008]
- Increased proportions of primary care physicians across all U.S. counties was associated with 5.5 percent fewer hospital admissions, 5 percent fewer outpatient visits, 10.9% fewer emergency department visits, and 7.2 percent fewer surgeries. [Kravet, Shore, et al. Am. J Med, 2008].

Additionally, **we are pleased with the inclusion of a reserve fund to reform the health care system.** The College fully supports the outlined principles in both the House and Senate budget resolutions, and has a long-standing commitment to making affordable health insurance coverage available to all Americans.

The College commends both the House and Senate for recognizing the importance of primary care and health reform in the budget resolutions but strongly urges that the House provisions to provide access to funds to solve the SGR problem, improve payments for primary care, and make other needed physician payment reforms be included in the final joint resolution.

Yours truly,



Jeffrey P. Harris, MD, FACP
President