



December 17, 2008

Honorable Tom Daschle
Secretary-designee
Department of Health and Human Services
c/o President-Elect Obama Transition Team
451-6 Street, NW
Washington, D.C.

Re: primary care workforce, coverage and the economic stimulus package

Dear Senator Daschle:

I am writing on behalf of the American College of Physicians, 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.

First, I am writing to congratulate you on your selection by President-elect Obama as Secretary of the Department of Health and Human Services. I applaud the work you are doing to organize the new administration's health care reform initiative. ACP shares the commitment made by President-elect Obama to build a health care system that assures quality, affordable care for all.

Second, I am writing to thank you for the meeting that Ms. Liz Engel organized between ACP and the transition team on November 25, and to follow up on their request for ideas on how to advance health care reform in the stimulus package.

We believe that it is essential that the stimulus package provide a "down payment" on expanding health insurance coverage and delivery system reforms to reverse a growing shortage of primary care physicians.

On coverage, we recommend that the package, at a minimum, include (1) direct financial assistance and access to affordable coverage for individuals who will lose their jobs and with them, their health insurance and (2) a temporary increase in federal matching funds to states for Medicaid and SCHIP to be used to maintain current levels of Medicaid and SCHIP enrollment and benefits. Such measures are necessary first steps toward comprehensive reforms to expand and guarantee affordable health coverage to all.

On delivery system reform, the package should (1) provide targeted increases in Medicare payments for primary care physicians as a first step toward reversing a growing and potentially cataclysmic primary care workforce shortage and (2) incentives, directed toward primary care physicians in smaller practices, to acquire specific health information

technology (HIT) applications to support care coordination in a Patient-Centered Medical Home, as part of a broader plan to encourage universal adoption of HIT.

During the campaign, President-elect Obama noted that “primary care providers and public health practitioners have and will continue to lead efforts to protect and promote the nation’s health. Yet, the numbers of both are dwindling.”

His concern is right on the mark.

Recent studies project a growing shortage of 45,000 or more primary care physicians. This shortage can be attributed to increased demand for primary care associated with an aging population with more chronic illnesses; a sharp downturn in young physicians choosing primary care; and the accelerating number of established primary care physicians that are leaving practice. *The Journal of the American Medical Association* reports that only two percent of fourth year medical students plan to practice in primary care internal medicine.

This shortage is occurring despite the overwhelming evidence that primary care is consistently associated with better outcomes at lower cost. Earlier this month, ACP released an annotated review

http://www.acponline.org/advocacy/where_we_stand/policy/primary_shortage.pdf of over 100 studies that show that primary care is consistently associated with dramatically lower rates of preventable hospital and emergency room visits, overall lower rates of utilization of all kinds, fewer premature deaths, and longer life spans.

And, as the experience in the Commonwealth of Massachusetts has shown, providing more people with health coverage doesn’t mean they will have good access to care, when there aren’t enough primary care doctors to take care of them.

Insufficient and inequitable Medicare payment is one of the major reasons why younger physicians are choosing careers other than primary care and many established primary care practices are struggling to stay afloat in these tough economic times.

ACP recommends that the stimulus package make a first step to rapidly reverse the growing shortage of primary care physicians by:

1. Providing funding to Medicare to implement a 10 percent payment bonus for all services provided by primary care physicians. Medicare would identify who is providing primary care by their specialty and by specifying a percentage threshold of claims for office visits and other services representative of a primary care practice. For example, a general internist who meets a threshold for office visits would have the bonus apply to all of his or her claims paid by Medicare. The stimulus package could require that CMS initiate the bonus payments no later than June 1, 2009 and continue them for the next eighteen months. This is similar to a proposal made by the Medicare Payment Advisory Commission.

The 18 months when the bonus would be in effect would stabilize funding for primary care practices, especially smaller ones, which are an essential part of the safety net that people rely on for their care, especially in tough economic times. **Without funding to stabilize primary care practices, many will go under and have to close.** Primary care physicians who own small practices are struggling to survive because of inadequate access to credit, losses in their own investments, slower collections and more “bad debt” and uncompensated care as their patients are unable to pay their bills and the numbers of uninsured increase.

The loss of even one primary care practice in a community during these tough economic times will put thousands of patients in the impossible situation of trying to find a new primary care physician, when most of the surviving primary care practices already are at full capacity and unable to take on *any* new patients. Staff will be laid off. Wait times for appointments will increase. Patients will delay getting needed care. Preventive services and screening will be skipped. Patients may end up relying on crowded and overburdened emergency rooms.

It is important to recognize that by itself, a 10 percent increase in Medicare payments for primary care will not bring primary care earnings up to the point where they are competitive with other specialties, given the wide gaps that currently exist. But it would help struggling primary care practices keep their doors open for the next 18 months.

It would also send a signal to medical students and residents that the new administration and Congress are committed to taking an important first step to making primary care an attractive and competitive career choice. When a medical student makes his or her career decision in their third year of medical school, the ensuing pathway means that each is still four years away from joining the primary care workforce. To influence their career choices in time to avert a catastrophic primary care shortage, medical students will need to see that there is a commitment by Medicare and other programs to sufficient, sustained, and substantial improvements in payments for primary care over many years, starting but not ending with funding a 10 percent primary care payment increase in the stimulus package.

2. Provide technical support and funding to help primary care practices, especially smaller ones, acquire health information technologies that have the functions needed to become Patient-Centered Medical Homes (PCMHs).

ACP applauds President-elect Obama for recommending that funding for health information technology be included in the stimulus package. We believe that a substantial portion of such funding — in the form of grants, interest-free loans, tax incentives, Medicare payment bonuses, and support for Quality Improvement Organizations to provide technical help to practices — should be directed toward smaller primary care practices, and should be used to help them acquire the specific HIT functions needed to function as a PCMH.

A PCMH is an innovative physician practice model that requires that practices demonstrate they have the processes and information systems to help them coordinate care for patients, with accountability for reporting on quality metrics. The NCQA has developed a qualification process for practices to be designated as PCMHs, which includes specific HIT applications necessary to meet the capabilities as a PCMH; the NCQA standards could be adapted to set priorities for providing financial support to small primary care practices funded out of the stimulus package. More information about the PCMH is available on ACP's website, http://www.acponline.org/running_practice/pcmh/.

In closing, ACP looks forward to working with you to enact comprehensive reforms to provide affordable care to all Americans. We believe the stimulus package provides an excellent opportunity to begin this process by helping individuals who may lose their coverage during the economic downturn, stabilizing the primary care workforce by providing targeted payment increases, and providing help to smaller primary care practices in obtaining the health information systems needed function as patient-centered medical homes.

Please contact Bob Doherty, ACP's senior vice president for Governmental Affairs and Public Policy, for further information about proposals for the stimulus package and broader health care reform. He can be reached at 202-261-4530 or by email at rdoherty@acponline.org.

Sincerely,

Handwritten signature of Jeffrey P. Harris in cursive script.

Jeffrey P. Harris, MD, FACP
President