February 27, 1997

The Honorable Albert R. Wynn
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Wynn:

On behalf of the nation's largest medical specialty, I am writing to you concerning two important issues relating to Medicare payment policy for physician services. First, I urge you to support strongly the administration's proposal to mandate a single dollar conversion factor (CF) for the Medicare fee schedule, effective January 1, 1998. A single CF has broad bipartisan support: a similar proposal was passed by Congress as part of the (vetoed) Balanced Budget Act of 1995 and was included in several other bills, including the "Blue Dog" budget alternative. Under the administration's FY 1998 budget, the single CF would be set at a dollar amount equal to the current conversion factor for primary care services, updated by the Medicare economic index. We strongly agree with the administration's view that there should be no reduction in payments for primary care services. A single CF set at the level of the updated primary care CF would end long-standing inequities in Medicare payment policy that reimburse surgical procedures at a much higher dollar rate (or conversion factor) than primary care and other services

Second, ASIM asks you not to make a premature judgment that a delay is needed in implementation of resource-based practice expenses (RBPEs), which under current law will go into effect on the first of next year. Congress mandated implementation of RBPEs because it was concerned that Medicare's current charge-based practice expenses bear no relationship to actual differences in the costs of providing services. HCFA has been studying methods to determine the relative differences in practice costs for each physician service, and released *preliminary* data a few weeks ago. Some medical organizations have responded to the preliminary data by declaring that the results are "unacceptable" and that implementation needs to be delayed. No definitive conclusions can be drawn from that preliminary data about the methodology that HCFA will implement on January 1, 1998 or on its specialty impact, however, since the information that was released simply presented an "illustrative" look at the range of options being explored. HCFA recognizes that improvements and refinements of the preliminary data are needed, and specifically is soliciting comments from physicians on improvements. For our part, ASIM intends to work constructively to influence HCFA to make improvements that can still produce methodologically sound RBPEs for implementation on January 1, 1998. ASIM simply asks that you wait until the proposed rule is published before making decisions on whether or not the current timetable for implementation must be extended.

We thank you for considering our views on these important issues.

Sincerely,

Alan Nelson, MD
Executive Vice President