

July 11, 1997

The Honorable Bill Archer
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Archer:

On behalf of the 316,000 physicians who are members of the undersigned organizations, we are writing to urge you -- as a conferee on the budget reconciliation bill -- to support a provision contained in the Senate version of the Medicare reconciliation bill that would result in 10% of the transition to resource-based practice expenses (RBPEs) beginning in 1998. This provision will begin to correct longstanding payment inequities that have disadvantaged primary care and other evaluation and management-oriented physicians and their patients -- while still allowing another year to review and refine the data used by HCFA before further implementation can occur.

The Senate proposal for a four-year transition to RBPEs, with 10 percent of the transition occurring in 1998, would begin to correct the inequities created by Medicare's current charge-based formula for determining practice expenses. This modest transition would represent a good faith effort by Congress to begin honoring the commitment it made in 1994, when it enacted legislation that required implementation of resource-based practice expense payments in 1998. But by requiring that only 10% of the transition occur in 1998, another full year would be allowed to improve or refine the data used by HCFA before the final rule itself begins to be implemented in 1999. Further, the bill provides for consultation with physicians and other experts and an independent review of HCFA's data and methodologies by Congress' own General Accounting Office.

The Senate provision recognizes what study after study has documented, that the existing system is flawed and must be fixed. Under the current charge-based methodology, an office-based physician would have to provide 115 established patient office visits to receive the amount of reimbursement for practice expenses that a surgeon gets for a single coronary bypass graft. Yet the office-based physician assumes the entire overhead costs of the office visit, while most of the direct costs of the surgical procedure are borne by the hospital, not the surgeon. It is not necessary to wait another year until HCFA's final rule is implemented to begin making improvements in the meantime.

The House bill by contrast, includes provisions from the Ways and Means and Commerce Committees that would not start the transition until 1999, and would result in full implementation occurring no earlier than 2002 -- which means that the transition to RBPEs would start and end a year later than under the Senate bill. The Commerce Committee bill also includes requirements on how HCFA must conduct a study of practice expenses that could result in further delay beyond 1999. The Senate provision is the only one that begins helping primary care physicians in 1998 -- while still giving critics of the currently proposed rule another year to have improvements made before further implementation would occur.

We urge you to communicate to your colleagues on the House and Senate conference committee your strong support for the Senate-approved provisions on practice expense, and your opposition to any attempts to remove this language in conference committee.

Sincerely,

American Academy of Family Physicians
American Academy of Pediatrics
American Association of Clinical Endocrinologists
American College of Physicians
American College of Rheumatology
American Medical Directors Association
American Osteopathic Association
American Society of Internal Medicine

Renal Physicians Association