

May 1, 1996

The Honorable Spencer Abraham  
United States Senate  
245 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Senator Abraham:

The undersigned organizations, representing more than 270,000 physicians, strongly urge you to oppose any effort to delay full implementation on January 1, 1998 of resource-based practice expenses for the Medicare Fee Schedule as is required by current law. We understand that some physician organizations have asked that such a delay be included in FY 96 or FY 97 budget reconciliation or appropriation bills.

We believe that the original time frame set by Congress for implementation allows reasonable time to complete a comprehensive and accurate study that encompasses all the services in the Medicare RBRVS physician fee schedule, including those provided by pediatricians and obstetricians. The Health Care Financing Administration (HCFA) and its contractors were given a full three years from the time of enactment of the RBPE mandate in late-1994 to the required implementation on January 1, 1998. The current contractor for the study, Abt Associates, agreed to complete its work within the congressionally-mandated time frame as a condition of its proposal's acceptance by HCFA. HCFA has stated that it is committed to developing methodologically sound RBPEs for the January 1, 1998 implementation date.

It is also important to note that in addition to the Abt study, HCFA intends to use other research on physician practice expenses being conducted under HCFA's aegis, by Daniel Dunn, Ph.D., at Harvard University, and by Greg Pope, MS, and Russell Burge, Ph.D., at the Policy Center for Health Economics to develop its RBPE proposal.

The most important reason for keeping to the January 1, 1998 congressionally-mandated implementation date--without a delay or transition--is that there is an urgent need to correct the inequities created by the current flawed Medicare fee schedule. Under current law, the historical-charge basis of the practice expense component, which skews the incentives in the fee schedule against primary care, will have been in place six years by the time it is replaced by a resource-oriented relative value scale. A transition or delay would extend use of this admittedly flawed system for two or more years.

There will be ample opportunity for public comment on the methodology used and the values attained in this process. HCFA is scheduled to publish the NPRM for the 1998 Medicare Fee Schedule by March, 1997. This will allow specialty societies to comment on the appropriateness of the study and its results. If there is indeed a problem with the study, corrections can be made at this time. In addition, we support the recommendation by the Physician Payment Review Commission that HCFA develop an effective refinement process for the RBPE relative values, one which takes into account the medical professions input.

We thank you for taking the time to consider our views on this issue.

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