

April 22, 1998

The Honorable Arlen Specter
The United States Senate
711 Hart Senate Office Building
Washington, DC 20510

Dear Senator Specter:

We understand that you have held three hearings in the last two years on resource-based practice expenses (RBPEs). The undersigned organizations, representing a combined membership of over 13,000 physicians in the state of Pennsylvania, are writing to share with you our views on HCFA's efforts to develop RBPEs for the Medicare fee schedule, consistent with the requirements of the Balanced Budget Act of 1998 (BBA). We strongly believe that HCFA's overall approach is a reasonable one; that it meets the requirements of the BBA; and that there is no practicable or better alternative. The General Accounting Office agrees.

As the recently released GAO report to Congress on practice expense indicates: "There is no need for HCFA to start over and utilize different methodologies for creating new practice expense RVUs; doing so would needlessly increase costs and further delay implementation of the fee schedule revisions."

The GAO report also concluded that the use of expert panels is an acceptable method for estimating direct labor and other direct practice expenses, and that alternative methods have their own practical limitations that preclude their use in developing the proposed rule. HCFA is meeting the BBA mandate that it consider actual cost data and generally accepted accounting principals to the maximum extent practicable.

As physicians practicing in Pennsylvania, we have witnessed firsthand the unfairness of the current system. Even with the down-payment that increased practice expense payments for office visits, a physician would have to provide 81 midlevel, established patient office visits before he or she would receive the practice expense payments that Medicare allows for one triple bypass surgery.

We believe that HCFA will be able to produce resource-based practice expenses, for implementation on January 1 of next year, that will more accurately reflect relative differences in the actual costs of physician services than the current charge-based practice expense relative value units. We urge you not to support alternatives to HCFA's approach that (as the GAO put it) "would needlessly increase costs and further delay implementation" of a more fair system of payment for physicians' practice expenses-- and lock-in the existing payment inequities. Representatives from our groups would be happy to meet with you in your state office, at your convenience, to discuss our views on RBPEs.

Sincerely,

Robert C. Aber, MD, FACP, Governor, Pennsylvania Eastern Region, American College of Physicians
John W. Becher, DO, President, Pennsylvania Osteopathic Medical Association
Bradley J. Bradford, MD, President, Pennsylvania Chapter, American Academy of Pediatrics
Ronald J. Buckley, MD, President, Pennsylvania Academy of Family Physicians
Robert B. Sklaroff, MD, President, Pennsylvania Society of Internal Medicine