

April 4, 1997

Sent to authorizing committees and Senate  
and House Leadership

The Honorable Dick Armey  
U.S. House of Representatives  
Washington, DC 20515

Dear Congressman Armey:

The undersigned organizations are writing to ask you to support enactment of legislation that would mandate implementation of a single conversion factor for the Medicare Fee Schedule, to be effective on January 1, 1998. Further, we ask that the single conversion factor be established at no less than the current dollar amount of the conversion factor for primary care services, updated for inflation (i.e. by the Medicare economic index).

The 104th Congress included a provision in the Balanced Budget Act of 1995 (BBA) that would have mandated a single conversion factor, effective January 1, 1996. A similar proposal was included in several other Medicare proposals introduced in the past Congress by members of both political parties. Since none of these bills was signed into law, however, we must ask you again to support a single conversion factor in any Medicare budget reconciliation bill that is passed this year.

A single conversion factor continues to have strong bipartisan support. The President's budget proposed that a single conversion factor, equal to the primary care conversion factor updated for inflation, be implemented on January 1, 1998. An identical provision is included in the "Blue Dog" budget proposal. The Physician Payment Review Commission has re-affirmed its support for a single conversion factor.

The single conversion factor would end the unfair policy of reimbursing for some physician services at a dollar rate that is higher than other services that involve the same amount of physician work. Under current law, the sum of the geographically-adjusted relative values for work, practice expenses, and medical liability are multiplied by a separate dollar conversion factor, depending on the category of the service that is being reimbursed. Payments for surgical procedures are determined by a conversion factor that is 14 percent higher than the conversion factor for primary care services, and 21 percent higher than the conversion factor for other nonsurgical services.

The single conversion factor should be fully implemented on 1/1/98, rather than phased in over several years. Given the fact that the current inequitable policy of paying for some services at a higher rate than others will have been in effect for five years (1993-1997), we do not believe that it is appropriate to delay implementation any further by requiring a transition. There already has been a de facto transition period since the 1/1/96 implementation date for a single conversion factor (as intended by Congress when it passed the BBA) and the current proposal for a 1/1/98 implementation date.

We appreciate your past support, and thank you in advance for your continued support for enactment of a single conversion factor for the Medicare Fee Schedule.

American Academy of Family Physicians  
American Academy of Neurology  
American Academy of Pediatrics  
American Academy of Physical Medicine and  
Rehabilitation  
American Association of Clinical Endocrinologists  
American College of Physicians  
American College of Cardiology

American College of Emergency Physicians  
American College of Rheumatology  
American Gastroenterological Association

American Geriatrics Society  
American Medical Directors Association  
American Osteopathic Association  
American Sleep Disorders Association  
American Society for Gastrointestinal Endoscopy  
American Society of Clinical Oncology  
American Society of Internal Medicine  
College of American Pathologists  
Joint Council of Allergy, Asthma, and Immunology  
The Endocrine Society  
Renal Physicians Association