

July 15, 2005

The Honorable William H. Frist, MD
Majority Leader
United States Senate
S-230 Capitol Building
Washington, DC 20510

Dear Dr. Frist:

On behalf of the undersigned national and state medical societies, we urge you to enact legislation to halt scheduled Medicare physician payment cuts for two years and provide an opportunity for Congress to design a payment system that appropriately reflects the costs of practicing medicine. We ask you to cosponsor S. 1081, the *Preserving Patient Access to Physicians Act of 2005*, introduced by Senators Jon Kyl and Debbie Stabenow, which would achieve this result.

Medicare payments to physicians will be cut by 4.3% on January 1, 2006. This will be the first of a series of projected cuts from 2006 through 2011 that will reduce Medicare payments to physicians by 26%. The cuts' impact is exacerbated because other public and private payers tie their rates to Medicare rates. According to a recent Congressional Research Service report, current Medicare physician payment rates are already below their 2001 levels.

Congress and the Administration have recognized the value of investing in physician services by averting past Medicare cuts and replacing them with positive updates. In multiple letters to Members of the House and Senate in September 2004, CMS Administrator McClellan stated that the Medicare Modernization Act (MMA), which provided for 1.5% positive increases for 2004 and 2005, improved access to high-quality care "by recognizing that Medicare beneficiaries cannot get such care without paying physicians appropriately."

Without Congressional action, many physicians will be forced to limit services to seniors. A recent AMA survey concerning physician responses to significant Medicare pay cuts indicates that if these cuts begin January 1, 2006:

- 38% of physicians plan to decrease the number of new Medicare patients they accept;
- 34% of physicians serving rural areas will discontinue rural outreach services;
- 54% of physicians plan to defer the purchase of information technology; and
- 53% of physicians will be less likely to participate in Medicare Advantage.

The projected cuts result from the inherently flawed SGR payment update formula. The SGR, which is linked to the Gross Domestic Product, penalizes physicians and other practitioners by failing to reflect volume increases resulting from new coverage decisions and initiatives promoted by the Federal government. **Only physicians are subject to arbitrary cuts due to factors beyond their control. Every other category of health care provider receives positive updates, based on a measure of inflation in their practice costs.**

Enactment of a bill to replace the SGR with a new payment system that reflects increases in medical practice costs is critical for ensuring continuity of vital medical care for seniors. S. 1081 would prevent a crisis in seniors' access by providing a two-year fix to the SGR. The bill would provide for a positive physician payment update of not less than 2.7% in 2006, which is in accordance with the recommendation of the Medicare Payment Advisory Commission (MedPAC), as well as a 2007 update based on the MedPAC recommendation that updates reflect physician practice cost inflation. The 2005 Medicare Trustees Report to Congress projects that an inflation update would be about 2.6%.

We urge your help in adopting a fair payment system in line with that of other providers. Please cosponsor S. 1081 today and help preserve access for Medicare beneficiaries.

Sincerely,

American Academy of Child and Adolescent Psychiatry
 American Academy of Dermatology Association
 American Academy of Facial Plastic and Reconstructive Surgery
 American Academy of Family Physicians
 American Academy of Neurology
 American Academy of Ophthalmology
 American Academy of Otolaryngology-Head and Neck Surgery
 American Academy of Pain Medicine
 American Academy of Physical Medicine and Rehabilitation
 American Academy of Sleep Medicine
 American Association of Clinical Endocrinologists
 American Association of Clinical Urologists
 American Association of Hip and Knee Surgeons
 American Association of Neurological Surgeons
 American Association of Neuromuscular and Electrodiagnostic Medicine
 American Association of Orthopaedic Surgeons
 American College of Cardiology
 American College of Chest Physicians
 American College of Emergency Physicians
 American College of Gastroenterology
 American College of Nuclear Physicians
 American College of Obstetricians and Gynecologists
 American College of Osteopathic Surgeons
 American College of Physicians
 American College of Radiology Association
 American College of Rheumatology
 American College of Surgeons
 American Gastroenterological Association
 American Geriatrics Society
 American Medical Association
 American Medical Directors Association
 American Medical Group Association
 American Osteopathic Academy of Addiction Medicine

American Osteopathic Academy of Orthopedics
 American Osteopathic Association
 American Psychiatric Association
 American Shoulder and Elbow Surgeons
 American Society for Clinical Pathology
 American Society for Gastrointestinal Endoscopy
 American Society for Reproductive Medicine
 American Society for Therapeutic Radiology and Oncology
 American Society of Addiction Medicine
 American Society of Anesthesiologists
 American Society of Cataract and Refractive Surgery
 American Society of Clinical Oncology
 American Society of General Surgeons
 American Society of Hematology
 American Society of Nephrology
 American Society of Plastic Surgeons
 American Society of Transplant Surgeons
 American Thoracic Society
 American Urological Association
 Association of American Medical Colleges
 Child Neurology Society
 College of American Pathologists
 Congress of Neurological Surgeons
 Heart Rhythm Society
 Infectious Diseases Society of America
 Joint Council of Allergy, Asthma and Immunology
 Medical Group Management Association
 National Association of Spine Specialists
 National Medical Association
 Renal Physicians Association
 Society for Cardiovascular Angiography and Interventions
 Society for Vascular Surgery
 Society of Critical Care Medicine
 Society of Hospital Medicine
 Society of Interventional Radiology
 Society of Nuclear Medicine
 Society of Thoracic Surgeons
 The Endocrine Society

Medical Association of the State of Alabama
 Alaska State Medical Association
 Arizona Medical Association
 Arkansas Medical Society
 California Medical Association
 Colorado Medical Society
 Connecticut State Medical Society
 Medical Society of Delaware
 Medical Society of the District of Columbia

Florida Medical Association
Medical Association of Georgia
Hawaii Medical Association
Idaho Medical Association
Illinois State Medical Society
Indiana State Medical Association
Iowa Medical Society
Kansas Medical Society
Kentucky Medical Association
Louisiana State Medical Society
Maine Medical Association
MedChi, the Maryland State Medical Society
Massachusetts Medical Society
Michigan State Medical Society
Minnesota Medical Association
Mississippi State Medical Association
Missouri State Medical Association
Montana Medical Association
Nebraska Medical Association
Nevada State Medical Association
Medical Society of New Jersey
New Hampshire Medical Society
New Mexico Medical Society
Medical Society of the State of New York
North Carolina Medical Society
North Dakota Medical Association
Ohio State Medical Association
Oklahoma State Medical Association
Oregon Medical Association
Pennsylvania Medical Society
Rhode Island Medical Society
South Carolina Medical Association
South Dakota State Medical Association
Tennessee Medical Association
Texas Medical Association
Utah Medical Association
Vermont Medical Society
Medical Society of Virginia
Washington State Medical Association
West Virginia State Medical Association
Wisconsin Medical Society
Wyoming Medical Society