

December 14, 2005

The Honorable Bill Frist, M.D.  
Majority Leader  
United States Senate  
S-230 U.S. Capitol  
Washington, DC 20510

Dear Dr. Frist:

**The undersigned organizations urge you to ensure that any final budget reconciliation bill includes provisions that avert pending Medicare payment cuts for physicians and other health care professionals and provide two years of positive payment updates, beginning in 2006.**

If Congress does not act this year, Medicare payments to physicians and health care professionals will be cut by 4.4%, effective January 1, 2006. When added to further steep cuts projected through 2011, payments will be cut by a total of 26%. Flaws in the Medicare physician payment formula (the SGR) are responsible for these projected cuts. This formula led to a 5.4% payment cut for physicians and other health care professionals in 2002. Additional cuts in 2003 through 2005 were averted only after Congress intervened. Even with these increases, if the 2006 cut is imposed, the average payment rate for physicians and other health care professionals will be less in 2006 than it was in 2001 (in real terms not adjusted for inflation).

Physicians and other health care professionals are the foundation of our nation's health care system, and thus a stable payment environment for their services is critical. **Payment cuts would destabilize the Medicare program and put access to care for the elderly, the disabled, and military families at risk.**

There is also considerable interest in Congress in Medicare quality improvement. Our organizations already have made essential contributions in quality improvement which are now being utilized by the Centers for Medicare and Medicaid Services (CMS). Five years ago, the Physician Consortium for Performance Improvement was convened. The over 70 physician organizations in the Consortium have developed physician-level performance measures that are the foundation for emerging quality reporting activities and, by the end of next year, will have developed more than 100 physician performance measures for at least 34 clinical conditions. The leadership of many of our societies also plays an active role in the National Quality Forum and the Ambulatory Care Quality Alliance. In addition, we have offered a number of recommendations and action steps to CMS to improve its Physician Voluntary Reporting Program (PVRP).

Inclusion of value-based purchasing (or pay-for-performance) provisions in the budget reconciliation bill without a long-term solution to the SGR, however, will only compound the looming access problem and make future SGR reforms more expensive. Value-based measures require physicians and other professionals to deliver more services. Under the SGR formula,

more services will result in more cuts. Thus, Congress would only be compounding the payment problem it is currently trying to address. Furthermore, every time action to repeal the SGR is postponed, the cost of the next temporary fix, as well as potential long-term solutions, becomes significantly higher.

**Implementation of a value-based purchasing program that includes pay-for-performance will require that the SGR be replaced with a more equitable system for physician payment.** Such a system should provide predictable and stable payments that: take into account the costs of delivering services, including the substantial costs associated with performance measurement and reporting; create positive and non-punitive incentives for quality improvement; and allow physicians to share in system-wide savings that result from quality improvement.

**Accordingly, we strongly urge you to ensure that Congress acts this year to:**

- 1. Stop the pending Medicare pay cuts for physicians and other health care professionals;**
- 2. Provide two years of positive payment updates, with the opportunity for additional payments in 2007 to physicians who voluntarily participate in a pay-for-reporting program that is designed to allow for participation by physicians in all specialties; and**
- 3. Eliminate any punitive value-based purchasing or pay-for-performance program that would result in negative updates for those who are unable to participate in the voluntary pay-for-reporting program.**

Sincerely,

American Academy of Audiology  
 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 Physician Assistants  
 American Academy of Sleep Medicine  
 American Association for the Study of Liver Diseases  
 American Association of Clinical Endocrinologists  
 American Association of Neurological Surgeons  
 American Association of Neuromuscular and Electrodiagnostic Medicine  
 American Association of Public Health Physicians  
 American College of Chest Physicians  
 American College of Gastroenterology  
 American College of Nurse Midwives

American College of Nurse Practitioners  
 American College of Occupational and Environmental Medicine  
 American College of Osteopathic Family Physicians  
 American College of Osteopathic Internists  
 American College of Osteopathic Surgeons  
 American College of Physicians  
 American College of Radiology Association  
 American College of Rheumatology  
 American College of Surgeons  
 American Geriatrics Society  
 American Medical Association  
 American Medical Directors Association  
 American Nurses Association  
 American Optometric Association  
 American Osteopathic Academy of Orthopedics  
 American Osteopathic Association  
 American Physical Therapy Association  
 American Podiatric Medical Association  
 American Psychiatric Association  
 American Psychological Association  
 American Society for Clinical Pathology  
 American Society for Gastrointestinal Endoscopy  
 American Society for Reproductive Medicine  
 American Society of Addiction Medicine  
 American Society of Anesthesiologists  
 American Society of Bariatric Physicians  
 American Society of Clinical Oncology  
 American Society of General Surgeons  
 American Society of Interventional Pain Physicians  
 American Society of Nuclear Cardiology  
 American Society of Nephrology  
 American Society of Neuroradiology  
 American Society of Pediatric Nephrology  
 American Society of Plastic Surgeons  
 American Society of Retina Specialists  
 American Society of Transplant Surgeons  
 American Thoracic Society  
 Association of American Medical Colleges  
 Association of Women's Health, Obstetric and Neonatal Nurses  
 Coalition for American Trauma Care  
 A O North America  
 Orthopaedic Trauma Association  
 College of American Pathologists  
 Congress of Neurological Surgeons  
 Heart Rhythm Society  
 Infectious Diseases Society of America

Medical Group Management Association  
 National Association of Social Workers  
 National Association of Spine Specialists  
 National Hispanic Medical Association  
 National Rural Health Association  
 Renal Physicians Association  
 Society for Cardiovascular Angiography and Interventions  
 Society for Vascular Surgery  
 Society of American Gastrointestinal Endoscopic Surgeons  
 Society of Critical Care Medicine  
 Society of Hospital Medicine  
 Society of Interventional Radiology  
 Society of Nuclear Medicine  
 The Endocrine Society

Medical Association of the State of Alabama  
 Alaska State Medical Association  
 Arizona Medical Association  
 Arkansas Medical Society  
 California Medical Association  
 Colorado State 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  
 New Hampshire Medical Society  
 The Medical Society of New Jersey

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  
Puerto Rico Medical Association  
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  
Wyoming Medical Society