

American College of Physicians Statement for the Record  
House Energy & Commerce Health Subcommittee Hearing on  
“Tri-Committee Health Care Reform Draft Proposal”

June 25, 2009

On behalf of the American College of Physicians (ACP), representing 128,000 internal medicine physician and medical student members, I am writing to express our views on the draft proposal from the House Ways and Means, Energy and Commerce, and Education and Labor Committees to reform health care in the United States. The College greatly appreciates the efforts of the committees to address comprehensive health care reform.

I am Joseph W. Stubbs, President of the American College of Physicians. I am a practicing physician in Albany, GA and board-certified in internal medicine and geriatric medicine.

I am pleased to report that ACP agrees with the broad goals and most of the underlying policies contained in the committees’ draft proposal. ACP will also be providing your staffs with constructive and detailed comments on areas where we have different perspectives as well as on areas of the legislation that we believe could be clarified or strengthened.

We are pleased that the bill takes a comprehensive approach to reforming health care: providing all Americans with access to affordable coverage without regard to their health status and pre-existing conditions, giving them access to a wide variety of health plans similar to those available to federal employees, enacting policies to begin to address a critical shortage of internists and other primary care physicians, realigning payment and delivery systems with the value of care rendered and with patient-centered primary care, promoting prevention and wellness, and simplifying—and thereby reducing the enormous cost of—health plan administration.

More specifically, the College offers the following preliminary comments on coverage, workforce, and payment and delivery system reform.

**Coverage**

ACP supports the overall approach to providing affordable coverage to all Americans including:

- Expanding Medicaid to cover everyone at or modestly above the Federal Poverty Level.
- Providing individuals and small businesses a choice of health plans offered through an exchange.
- Providing sliding scale subsidies for individuals to purchase coverage through such an exchange.
- Requiring that all health plans, both within and outside the exchange, abide by rules relating to acceptance of all individuals without regard to pre-existing conditions or health status, guaranteed renewability, modified community rating, and essential benefits, including preventive and primary care services, as recommended by an expert commission.

- Eliminating cost-sharing requirements for preventive services.
- Shared financing including requirements that employers contribute to coverage or face a penalty and that individuals obtain coverage once it is available and affordable, with appropriate hardship exemptions.

We also believe that a public plan could appropriately be among the options made available to individuals and employers, but are concerned that building such a plan on Medicare rates, even though limited to the first three years from inception, would have a negative impact on physician participation and could particularly have an adverse impact on primary care physicians, since Medicare pays primary care physicians far less than other payers in many markets. We will provide your staffs with recommendations to help ensure that payment rates under a public plan are sufficient to support primary care and to ensure adequate participation by physicians by specialty and by their locations of practice. We support making physician participation in the public plan voluntary (not linked to an agreement to participate in Medicare). We also support giving the public plan wide latitude to implement innovative payment models, and especially appreciate identification of the Patient-Centered Medical Home (PCMH) as among such innovative models. We support requiring that the public plan provide essential core benefits including prevention. We also support funding the public plan out of premiums instead of taxpayer dollars, and administering it outside of the exchange to reduce potential conflicts of interest.

### **Workforce**

The College strongly supports and appreciates the recognition of the need for the United States to have a national workforce policy to support primary care physicians and other health professions facing critical shortages. Specifically, we support:

- Creating a national advisory council to recommend workforce goals
- Increasing funding for National Health Services Corps and Title VII primary care health professions programs.
- Providing scholarships and loan repayment to primary care physicians in areas of the country with an insufficient supply and high need for primary care
- Providing grants for primary care training and enhancement.
- Eliminating barriers to training in non-hospital based primary care practices.
- Distributing Graduate Medical Education training positions to primary care programs.
- Providing grants to address health care disparities and to interdisciplinary models of team-based care.

As discussed below, we believe that the above workforce policies need to be combined with restructuring of Medicare payment policies to recognize and support the value of patient-centered primary care.

### **Payment and Delivery System Reform**

We are pleased that the draft bill takes major steps forward to realign payment and delivery systems with the value of care provided, and especially, the strong emphasis on the Patient-Centered Medical Home. Specifically, the College:

- Greatly appreciates the proposal to eliminate the accumulated costs associated with Medicare's flawed Sustainable Growth Rate (SGR) formula and to take physician-administered drugs and clinical diagnostic

laboratory tests out of the formula. Elimination of the accumulated SGR “overhang” is imperative if comprehensive payment reform is to be successful.

- Believes that any spending targets to replace the SGR should provide fair, predictable, and stable updates for all physicians and a higher baseline and update for primary care and preventive services. Targets should result in updates that are sustainable moving forward. We appreciate the proposal to provide primary care and preventive services with a higher baseline than other services, and recognition of the need to set spending targets for all services at rates greater than the GDP growth rate. However, we are concerned that the continued reliance on GDP—especially given the current economic downturn—even with an additional growth factor, could result in substantial future payment cuts to physicians, including in services provided by primary care physicians that are not included in the primary care/prevention category. We are in the process of analyzing the SGR proposals and will provide further input in our more detailed comments to your staffs.
- Strongly supports the proposals to fund national pilots of community-based and practice-based PCMHs. We will provide your staffs with more specific suggestions on how to ensure that such pilots have the greatest beneficial impact on physicians and patients.
- Supports and appreciates the proposal to provide Medicare bonus payments for designated services by primary care physicians. As we will explain more fully in our detailed comments to your staffs, we believe that the bonus should be increased from the proposed 5% adjustment for designated services to at least 10% in total Medicare payments to primary care physicians (with a comparable increase in the bonus for primary care in health professional shortage areas). Since many of the other payment changes to support primary care will take years before they are implemented on a scale that will affect workforce decisions, we believe that a higher bonus payment structure would send the most immediate signal to medical students and established physicians in practice of Congress’ commitment to reducing inequities in payment for primary care. As we will explain more fully in our detailed comments, we also believe—based on a very preliminary analysis—that the proposed criteria for physicians to be eligible for the primary care bonus payments may need to be revised because it could unintentionally exclude many primary care general internists and family physicians.
- Strongly supports raising Medicaid payments to primary care physicians to be equal to Medicare.

In conclusion, ACP applauds the committees for putting forth a comprehensive draft bill that includes the key policy directions needed to ensure that all Americans will have access to affordable care; to establish a national workforce policy to support training of more primary care physicians and physicians in other fields in critical demand; to eliminate accumulated deficits from Medicare’s flawed SGR formula; to begin to address the payment inequities in existing Medicare payment systems that undervalue primary care; to realign payment and delivery systems to support models aligned with value, including the value of primary care provided through PCMHs; to support prevention and wellness; and to simplify health plan administration. We look forward to continuing to provide suggestions to you and your staffs on making sure that these policies are as effective as possible.