



June 9, 2008

The Honorable Max Baucus
Chairman
Senate Finance Committee
United States Senate
Washington, D.C. 20510

Dear Senator Baucus:

On behalf of the American College of Physicians, representing 125,000 internal medicine physicians and medical student members, I am writing to congratulate you and Senators Snowe, Smith and Rockefeller on introduction of the Medicare Improvements for Patients and Providers Act of 2008, S. 3101, and to pledge our support for its enactment. ACP is the largest medical specialty society—and second largest physician membership organization—in the United States.

The College is able to enthusiastically support S. 3101 because it addresses and incorporates three of our top legislative priorities:

- *The Medicare Sustainable Growth Rate (SGR) physician payment cuts will be replaced by 18 months of positive updates.* The 10.6 percent payment cut on July 1 will be replaced by continuing current calendar year payment rates for the remainder of 2008. In calendar year 2009, an estimated 5 percent cut in payments will be replaced with a 1.1 percent positive increase. These provisions are essential to preserve beneficiaries' access to physician services. We also appreciate your commitment to enacting legislation next year that will avert another large payment cut in 2010 and lead to a permanent solution to the SGR problem.
- *Medicare payment policies will be improved to address the growing crisis in access to primary care services.* Studies show that primary care is associated with improved outcomes and lower costs, yet a growing shortage of primary care physicians “threatens the foundation of primary care” in the United States (Health Affairs, April, 2008). Specifically, S. 3101 changes Medicare budget rules to increase the Medicare relative value units (RVUs) for office visits and other services provided principally by primary care physicians, starting on January 1, 2009. This will result in an immediate and continuing improvement in payments for primary care services, not only from Medicare, but from other payers that use the Medicare RVUs. Medicare will also be required to make selective increases in Medicare payments for office visits and other services provided principally by

Senator Baucus

June 9, 2008

Page 2

primary care physicians in Physician Scarcity Areas, beginning in 2011. We hope that this policy can later be expanded to primary care physicians nationwide.

- *It includes increased funding for the Medicare medical home demonstration project and authorizes the Secretary to expand it if the demo achieves measurable improvements in patient care.* The Patient-Centered Medical Home is an innovative model of health care delivery that recognizes the value of care coordinated by a personal physician, working in a practice that has the information systems and capabilities needed to attain better outcomes—supported by a better reimbursement system that compensates physicians for care coordination services not reimbursed under traditional Medicare. S. 3101 will help assure that this demo receives the funding and authority needed to fully evaluate the Patient-Centered Medical Home and expand it to more physicians and beneficiaries.

S. 3101 also includes many other policies supported by ACP including expanded coverage of preventive services, phasing out the higher Medicare co-payments for mental health benefits, and positive incentives for reporting on evidence-based clinical and structural measures.

Based on ACP's policies, we are pleased to lend our full support to the Medicare Improvements for Patients and Providers Act of 2008 and to urge its enactment.

Yours truly,



Jeffrey Harris, MD, FACP
President