

April 17, 2008

The Honorable Max Baucus
United States Senate
Washington, DC 20510

Dear Senator Baucus,

On behalf of the American Academy of Family Physicians (AAFP), American College of Physicians (ACP), and the American Osteopathic Association (AOA), we are writing to express our appreciation and support for your efforts to include provisions in Medicare legislation to require targeted increases in Medicare payments for primary care services and to promote the Patient-Centered Medical Home (PCMH). We also strongly support your efforts to provide 18 months of positive updates to all physicians in lieu of the scheduled cuts from the flawed Sustainable Growth Rate (SGR) formula. Collectively, our organizations represent the vast majority of the physicians who provide primary care services to Medicare patients.

Targeted increases in payments to primary care would be an important first step toward addressing the broader Medicare payment problems that have contributed to a sharp decline in the numbers of new physicians choosing primary care and the exodus of many established primary care physicians from practice.

We look forward to working with you on the initial steps that can be taken now to provide such targeted primary care payment increases, recognizing that such increases may fall within current Medicare fee schedule budget-neutrality rules. Over the longer-term, we believe that new ways are needed to fund primary care that take into account the evidence that primary care is associated with better outcomes and lower utilization of services covered under other parts of Medicare. For example, there is a substantial body of evidence that patients with chronic diseases have much lower rates of preventable hospital and emergency room admissions when their care is coordinated by a primary care physician. We also support expanding the Medicare Medical Home Demonstration project into a national pilot without derailing the existing demonstration.

Our policy staff will be providing more specific recommendations to Senate Finance Committee staff, including our initial thoughts on the recommendations of the Medicare Payment Advisory Commission.

You can count on the continued and strong support of our organizations as you move forward on legislation to provide 18 months of positive updates instead of the SGR cuts, to provide targeted increases in payments for primary care, and to fund and expand the Patient-Centered Medical Home as essential steps to comprehensive Medicare payment reform.

Yours truly,

Rick Kellerman, MD, FAAFP, Board Chair
American Academy of Family Physicians

David C. Dale, MD, FACP, President
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Peter B. Ajluni, DO, President
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