



May 29, 2002

The Honorable William M. Thomas
Chairman
House Committee on Ways & Means
1102 LHOB
Washington, DC 20515

Dear Chairman Thomas:

The Medical Group Management Association (MGMA) would like to thank you for your strong leadership and express our support for provisions in the draft House Medicare reform bill to amend the Medicare update system and avert the projected 20% physician payment cut over the next 3 years. MGMA, founded in 1926, is the nation's principal voice for medical group practice. MGMA's 19,000 members manage and lead more than 10,200 organizations in which more than 200,000 physicians' practice. MGMA serves the spectrum of physician practices from small to large, plus other health care delivery systems such as management service organizations, integrated delivery systems, academic medical centers and ambulatory surgery centers.

MGMA specifically supports the current proposal set forth by you, Chairman Tauzin, Chairwoman Johnson, and Chairman Bilirakis that would avert Medicare cuts to physicians in CY2003, 2004 and 2005. Under this proposal, the 2003 update would be set by statute at 2% and the updates in 2004 and 2005 would be based on a modified sustainable growth rate (SGR) formula. This modified formula would use a ten year rolling average of GDP, a measure of GDP growth plus 1% and would reset the SGR base to 2002 to take into account CMS projection errors in 1998 and 1999. As outlined, it is our understanding that if CMS administratively revises current measures of productivity in favor of a multi-factor approach, this would further compliment the Committees' legislative remedy to provide updates of approximately 2.5% in 2003, 2.3% in 2004, and 2.4% in 2005.

MGMA believes your proposal is the best option at this time to avert steep cuts impacting physician group practices over the next three years and we strongly support inclusion of this language in the overall Medicare package currently under development. We believe this adjustment will allow the Congress and Administration time to closely examine the current SGR system and develop long term solutions to allow for appropriate future annual payment updates for physicians under Medicare. Finally, we are very pleased with the overall progress of the Medicare reform package as currently outlined by the Committees, which also includes necessary regulatory relief measures for Medicare providers. MGMA looks forward to lending our support to the broader House Medicare reform proposal upon introduction.

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MGMA looks forward to continuing its work with Congress to ensure medical group practices receive appropriate reimbursement under the Medicare program. Prompt action on this issue will assure that current and future beneficiaries have access to high quality care. If MGMA can be of assistance at any time or if you have any questions, please feel free to contact MGMA Government Affairs Representative, Anders Gilberg at 202-293-3450.

Sincerely,

A handwritten signature in black ink, appearing to read "William F. Jesse".

William F. Jesse MD CMPE
President & CEO

Cc: House Committee on Ways & Means
House Committee on Energy & Commerce
House Leadership