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PRESIDENT  
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# MARSHFIELD CLINIC.

REED E. HALL  
EXECUTIVE DIRECTOR  
715-387-5218

June 14, 2002

Rep. Nancy Johnson  
Chair, Ways and Means Health Subcommittee  
U.S. House of Representatives  
Washington, D.C. 20515

**ATTN: Susan Christensen**

Dear Rep. Johnson:

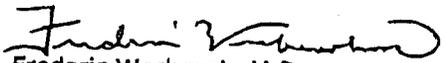
On behalf of the physicians and staff of the Marshfield Clinic we are writing to commend you for your leadership, and to express our support for provisions in the Medicare reform bill that would 1) forestall the projected 20% reductions in Medicare physician payment that the Centers for Medicare and Medicaid Services (CMS) would impose over the next three years; and 2) call for a General Accounting Office study to determine whether the CMS is using accurate information to adjust the physician work component of the RBRVS.

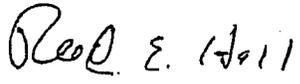
We understand that your proposal would establish a statutory update of 2% in 2003 for Medicare physician services, and that similar updates for the year 2004 and 2005 would be based upon a modified sustainable growth rate formula (SGR) formula using 2002 as a base year. The statutory changes in your proposal will allow the Administration and Congress time to closely examine the SGR system and develop long-term solutions to address future annual payment updates for physicians under the Medicare program.

In addition, as you know, Medicare payments to rural physicians are less than what their counterparts are paid in more densely populated areas even though studies have shown that it costs as much and even more to provide medical services in rural areas. We do not believe that reducing physician payments in areas where physicians, and the professional staff they employ are in scant supply is good public policy. We strongly support efforts to phase-in a floor of 1.000 for the Medicare physician work adjuster, thereby raising all localities with a work adjuster below 1.000 to 1.000. We also support your efforts to develop better information by which to address this problem.

We believe that immediate changes are needed to assure the adequacy of Medicare payment for physician services. Marshfield Clinic recently completed an internal analysis demonstrating that the Clinic presently recovers only 68.5% of its Medicare allowable costs in providing Medicare Part B services. Further payment reductions anticipated under current law will exacerbate an already untenable situation for the Clinic. Consequently we support your efforts to improve reimbursement for physicians as one small step in the larger scheme of necessary modernizations of the Medicare program and urge you to continue your efforts to bring about comprehensive Medicare reform.

Sincerely,

  
Frederic Wesbrook, M.D.  
President

  
Reed E. Hall  
Executive Director

CC: Wisconsin Delegation