



AMERICAN OSTEOPATHIC ASSOCIATION

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May 20, 2010

The Honorable Harry Reid  
Majority Leader  
United States Senate  
S-221 The Capitol  
Washington, DC 20510

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
H-232 The Capitol  
Washington, DC 20515

Dear Majority Leader Reid and Speaker Pelosi:

On behalf of the 67,000 osteopathic physicians represented by the American Osteopathic Association (AOA), I want to thank you for your continued pursuit of legislative solutions to the Medicare physician payment formula. As you know, physicians and other health care providers participating in the Medicare program face a dramatic cut in payments of greater than 20 percent on June 1. This cut, and those prevented by Congress continually since 2002, are the result of a failed and severely flawed formula – the sustainable growth rate (SGR).

The ongoing uncertainty associated with Medicare payment rates for physicians is contributing significantly to limited access to care for millions of current and future Medicare beneficiaries and military families. The current and looming access to care issues were confirmed in a recent independent survey conducted on behalf of the AOA. When asked specifically what actions they would take if the pending 21.3 percent cut in Medicare payments was realized, 24 percent of respondents said they probably would not or definitely would not continue to see their current Medicare patients. Thirty-three percent were undecided as to whether or not they would continue to see their current Medicare patients and only 42 percent said they would definitely or probably continue seeing their current Medicare patients if the cut were to occur. When asked if they would accept new Medicare patients, only 30 percent of those currently accepting new Medicare patients said they would continue to do so if the cut were implemented. Thirty-two percent said they might continue to accept new Medicare patients in their practice and 37 percent said they probably would not or definitely would not accept new Medicare patients in their practice.

These numbers are startling and reflect the true impact of current payment policies. It is no longer a question of “if” physicians will limit or stop seeing Medicare beneficiaries; it is a matter of “when.” Your bill will not only prevent the implementation of the scheduled cut, but will provide positive payment updates for physicians in 2010 and 2011. Additionally, we are very supportive of provisions that will transition the Medicare physician payment formula towards a more predictable and appropriate payment methodology outlined in the “Medicare Physician Payment Reform Act” (H.R. 3961). This policy divides physician payments into two separate targets with one target providing increased payments for those services most commonly associated with primary care and preventive services. We applaud your decision to include provisions that place a floor on each of the new targets, thus ensuring that no physician services face cuts during the years 2012-2013.

The AOA continues to strongly support complete repeal of the SGR formula and we must express that we have significant concerns with a potential cut, or cliff, of greater than 30 percent in 2014. However, we are pleased that provisions were included that will allow the formula to determine the size of future reductions versus such cuts being established in statute. We look forward to working with you in the years ahead to identify and implement additional policies that will prevent the implementation of this cliff, lower the cost of a comprehensive SGR repeal, and implement a new payment formula that promotes quality health care through fair and equitable compensation for physicians.

We are confident that policies, such as those contained in the “American Jobs and closing Tax Loopholes Act” (H.R. 4213), will result in physicians continuing their participation in the Medicare program. According to the survey referenced above, when asked about their participation in the Medicare program if policies were enacted that provided annual increases in physician payments that more accurately reflect increases in practice costs, 94 percent of respondents stated that they would continue to see their current Medicare patients and 92 percent indicated they would continue to accept new Medicare patients in their practice. Additionally, about 33 percent of physicians who do not currently participate in the Medicare program, indicated they would start accepting new Medicare patients if the payment formula was reformed.

Again, the AOA and our members thank you for your leadership on this very important issue and we urge the immediate approval of H.R. 4213 by the House and Senate. We are optimistic that this policy will not only ensure continued access to care for Medicare beneficiaries and military families, but will promote the successful implementation of delivery system, health information technology, and other reforms included in the Affordable Care and American Recovery and Reinvestment Acts.

Sincerely,



Larry A. Wickless, DO  
President

C: The Honorable Richard Durbin, Majority Whip  
The Honorable Steny Hoyer, Majority Leader  
The Honorable Max Baucus, Chairman, Finance Committee  
The Honorable Carl Levin, Chairman, Ways and Means Committee  
The Honorable Henry Waxman, Chairman, Energy and Commerce Committee  
The Honorable Pete Stark, Chairman, Ways and Means Health Subcommittee  
The Honorable Frank Pallone, Chairman, Energy and Commerce Subcommittee