



Monterey County Medical Society

700 Empey Way, San Jose, CA 95128
(831) 455-1008 FAX (408) 289-1064

May 14, 2013

The Honorable Dave Camp
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Fred Upton
Chairman
Committee on Energy Commerce
United States House of Representatives
Washington, D.C. 20515

RE: SGR Repeal and Reform Proposal: Medicare Payment Locality Update

Dear Chairmen Camp and Chairman Upton:

Monterey County Medical Society is writing to urge you to include an update of the California Medicare payment localities in the Medicare SGR reform legislation. The outdated Medicare payment localities have created serious access to care problems in Monterey County. Because Medicare has failed to update the physician payment localities, physicians in our county are underpaid by 4% each year. Physicians have foregone \$3,772,556 in Medicare payment over the years. In fact, Medicare still designates Monterey County as rural! Monterey County has a population of almost 500,00 people, with 126.5 persons per square mile (according to the U.S. Census Bureau's 2012 estimates). This payment policy has created significant access to care problems in our county.

We support the CALIFORNIA PILOT PROPOSAL being forwarded by Congressmen Darrell Issa (R-San Diego) and Sam Farr (D-Santa Cruz/Monterey) and supported by the California Medical Association. The proposal would update the payment regions to Metropolitan Statistical Areas (MSAs) as recommended by the IOM, GAO and MedPAC. Medicare pays and organizes hospitals according to MSAs. And the MSAs are updated annually. It would hold the rural counties harmless from cuts for five years. The hold is funded with California Medicaid savings in Alameda County so it does not impact the federal budget or any other state. After five years, the localities would revert back to the current locality configuration to avoid cuts to the rural physicians. At that time, Congress can assess the California pilot and reform the geographic payment system as step two in the overall Medicare SGR payment reform effort.

Thank you for your interest in this important issue. This proposal will help to address the significant access to care problems that seniors are facing in California.

Sincerely,

William C. Parrish
CEO
Monterey County Medical Society

Cc: California Congressional Delegation
Senate Finance Committee
Marilyn Tavenner, CMS Acting Administrator