AMA AMERICAN MEDICAL ASSOCIATION

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November 16, 2009

The Honorable Henry Waxman
U.S. House of Representatives
2204 Rayburn House Office Building
Washington, DC 20515

Dear Representative Waxman:

On behalf of the American Medical Association and AARP, we strongly urge you to vote for passage of H.R. 3961, the 'Medicare Physician Payment Reform Act of 2009," when it is considered on the House this week. This legislation would permanently repeal the flawed Sustainable Growth Rate (SGR) formula, avoid looming Medicare physician payment cuts, and establish a new payment formula that will provide Medicare patients with the security and stability they deserve.

Joint polling we recently conducted found that two-thirds of people over 50 years old are either very or somewhat concerned that the current health care system limits their ability to see the doctor of their choice. These fears have been compounded by the annual legislative struggle to avert Medicare physician payment cuts – temporary "band-aids" which have only served to increase the size of future cuts and raise the cost of permanent Medicare payment reform. The continuing threat of steep Medicare payment cuts jeopardizes seniors' access to care and physicians' confidence in the government's commitment to funding a strong and reliable Medicare program.

Physicians face an unprecedented 21.2 percent cut in Medicare payment rates in January 2010, with additional cuts in future years. H.R. 3961 would repeal the SGR formula and establish a new physician payment system. We believe repealing the flawed SGR formula is essential to provide a solid foundation for broader health system reforms.

Seven times in the last seven years, Congress has passed legislation to over ride the SGR formula. In essence, Congress has been operating with an artificial budget baseline for Medicare physician spending which it has repeatedly decided is inappropriate from both policy and service delivery perspectives. President Obama recognized this in his 2010 budget, which assumed that future physician payment cuts would not take effect.

Those who are concerned about deficit spending must recognize that the past practice of "temporary band-aids" on the SGR problem has only served to increase both the size of future cuts and the cost of subsequent interventions. That is neither responsible budget policy nor in keeping with our obligations to provide access, choice and high-quality care to Medicare patients and military families enrolled in the TRICARE program.

As the nation's largest organizations representing physicians and older Americans, we urge you to support passage of H.R. 3961. A resolution of this issue as part of our efforts to enact comprehensive health care reform legislation this year is imperative.

Sincerely,

Michael D. Maves, MD, MBA
Executive Vice President
American Medical Association

A. Barry Rand
Chief Executive Officer
AARP