AMA
AMERICAN MEDICAL ASSOCIATION

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The Honorable Joseph R. Pitts
Chairman
House Committee on Energy and Commerce
Subcommittee on Health
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Gene Green
Ranking Member
House Committee on Energy and Commerce
Subcommittee on Health
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Pitts and Representative Green:

On behalf of the physician and medical student members of the American Medical Association (AMA), I appreciate the opportunity to provide responses to additional questions related to the Energy and Commerce Committee Subcommittee on Health's January 22, 2015 hearing entitled, "A Permanent Solution to the SGR: The Time is Now." The AMA commends the Subcommittee for taking this important step to move forward with a legislative solution to repeal the Sustainable Growth Rate (SGR) formula and replace it with payment reforms that enhance and support patient care. The widespread support for enacting permanent SGR repeal that was displayed and voiced by both Subcommittee members and witnesses represents an unprecedented milestone in this decades-long effort. We truly appreciate the crucial role that the Energy and Commerce Committee and the Subcommittee on Health have played in recognizing the serious challenge that the SGR poses for the future of the Medicare program, bringing together these diverse interests and views, and helping to build a consensus to resolve this problem.

<u>The Honorable Joseph R. Pitts</u>

1. **The President's FY 2015 budget to Congress included a proposal that "would introduce a Part B premium surcharge for new beneficiaries who purchase Medigap policies with particularly low cost-sharing requirements, starting in 2018. Other Medigap plans that meet minimum cost-sharing requirements would be exempt from the requirement. The surcharge would be equivalent to approximately 15 percent of the average Medigap premium (or about 30 percent of the Part B premium)." What is your organization's position on this policy?**

We have no specific policy on the proposed premium surcharge. However, the AMA has been supportive of efforts to address the adverse consequences of first-dollar coverage under Medigap plans.

2. **Senator Lieberman, during the hearing the day prior to your testimony, said there is "nothing historically radical" about offsetting the SGR fix. He testified that "SGR reform will not make it into reality without an offset." Your organization has lobbied**

Congress for over a decade on the need to repeal SGR without offsets. Clearly, this approach has been unsuccessful. Is your organization ready to acknowledge that the best pathway for success through the House for SGR reform is a bill that includes offsets?

The AMA has consistently deferred to Congress on the question of whether SGR repeal requires offsets. It is not correct to say that our "organization has lobbied Congress for over a decade on the need to repeal SGR without offsets." The AMA is not wedded to any specific pathway for SGR repeal other than our strongly held view that any agreement must have the necessary bipartisan support to become law.

3. Other provider organizations have presented this Committee with offsets to consider for SGR. I noticed your testimony does not include offsets. Is the AMA willing to help us out—on your organization's number one legislative priority—by suggesting offsets that we might consider?

The AMA has a broad range of policies that support a variety of Medicare reforms. A number of these reforms could potentially be used as offsets. However, only those that are capable of being passed by both Houses of Congress and signed by the President will help us achieve our mutual goal of replacing the SGR and only Congress is in a position to determine what offsets meet this criterion.

4. As you know, for us to be successful in getting SGR reform passed into law, we need willing partners in the Senate—and at the other end of Pennsylvania Avenue in the White House. Please outline in detail what your organization has been doing since January 1, 2015 to support a permanent SGR fix with bipartisan offsets, including actions such as:

- **Publicly endorsing specific, concrete bipartisan offsets**
- **Meeting with White House officials on the need to repeal SGR this year and pay for it with bipartisan offsets**
- **Meeting with House Democrats on the need to repeal SGR this year and pay for it with bipartisan offsets**
- **Meeting with Senate on the need to repeal SGR this year and pay for it with bipartisan offsets**
- **Meeting with Senate Democratic leadership on the need to repeal SGR this year and pay for it with bipartisan offsets**
- **Designing or implementing public advocacy efforts to inform consumers and seniors of on [sic] the need to repeal SGR this year and pay for it with bipartisan offsets**

Since January 1, 2015, we have engaged in each of the activities that you have listed. Furthermore, on February 23-25, 2015, we held our annual AMA National Advocacy Congress in Washington, DC. We brought together hundreds of physicians from around the U.S. to have in-person meetings with their Representatives and Senators, and SGR repeal was their top issue of discussion. On March 6, 2015, over

175 medical students included SGR repeal in their discussions with Members on Capitol Hill, in conjunction with AMA Medical Student Advocacy Day. The AMA's strong support for the bipartisan, bicameral legislation reported by this Committee has been featured on the public AMA website (www.ama-assn.org) and the webpage entitled, "FixMedicareNow" (http://fixmedicarenow.org/physicians/) which is dedicated to SGR repeal, includes resources for patients, physicians, and policymakers, and provides a portal for patients and physicians to directly contact their Members of Congress and share their stories.

The Honorable Eliot Engel

I have been hearing from the physician community in New York for years about their growing frustration at the constant threat of significant reimbursement cuts. They frequently mention that the cost of running their practice is increasing each year and they are trying to properly treat patients with increasingly complicated medical conditions; all the while, facing double digit reimbursement cuts. It just isn't right.

a. Can you elaborate on why it is urgent for physicians and patient access to care that Congress reform the Medicare reimbursement system now and how another patch would be detrimental to our Medicare program?

Medicare reimbursement for physicians' services will be cut by 21.2 percent, starting April 1, 2015, unless Congress intervenes. Since 2003, Congress has spent $169.5 billion on 17 separate temporary SGR patches. If Congress is unable to enact permanent SGR repeal, additional millions of federal dollars will have to be spent on temporary patches that do not solve the underlying problem. It will cost $13.2 billion to avert SGR cuts for just nine months, and $32 billion—one-sixth of the cost of permanent repeal—to avert SGR cuts 21 months to the end of the 114th Session of Congress. Even the Congressional Budget Office agrees that patches have cost Medicare more over time than if Congress had acted quickly to repeal the SGR. It has never made sense to waste money over and over again on temporary patches that could be used to solve the problem once and for all. These funds would be better spent modernizing and improving the Medicare program rather than preserving a policy that everyone agrees is a failure.

As an oncologist, I know that physicians cannot continue running their small businesses, physician practices, without the stability of their largest payer, Medicare. An unstable Medicare physician payment system is a serious impediment for physicians, preventing them from investing in innovation or transitioning to new payment and delivery models that can make Medicare services more effective and more efficient, thereby saving Medicare dollars while improving care.

The Honorable Ben Ray Lujan

1. The current Sustainable Growth Rate (SGR) Medicare payment system is unsustainable and needs to be fixed. In New Mexico, I continue to hear from providers and seniors about their frustration with SGR and the uncertainty that it creates. We cannot continue to patch this broken

system, and we've been talking about a permanent fix for years. We need to deal with this now, and I support the bipartisan/bicameral SGR structural reform that was crafted last Congress that is supported by both provider and beneficiary groups.

a. In New Mexico there is a shortage of primary care physicians. Can you speak to how delivery system reform is connected to SGR repeal? How do you see the move away from fee for service impacting doctors' participation in Medicare?

Enacting SGR reform would allow physicians to work toward new systems. The policy developed in the last session of Congress through a bipartisan, bicameral process (and reported by this Committee by a vote of 51 to 0) represents not only an end to the SGR but significant Medicare payment reforms that have the potential to increase value, reduce overall spending, and improve care for our nation's seniors and the disabled. H.R. 4015/S. 2000 would create a new Merit-Based Incentive Payment System (MIPS). We believe that the MIPS program offers important improvements over current quality incentive programs and represents an important step forward in helping physicians to successfully navigate the challenges posed by these multiple programs. It would streamline key features of these programs into one single, more workable and practical program, thereby reducing regulatory burden while offering physicians, for the first time, a real opportunity to earn rewards for providing higher quality care. The bill also provides incentives for physicians to participate in new payment and delivery models that provide more coordinated care, improve health outcomes, and slow the growth of Medicare spending.

Physicians in New Mexico simply cannot afford to take on unlimited numbers of Medicare patients, because they are already providing so many services that are not eligible for payment. If physicians could count on Medicare as a stable funding source, they would feel more secure in starting practices, and could therefore extend into the rural areas lacking big hospital systems. They could also join existing primary care accountable care organizations (ACOs) and other new delivery models.

For example, my practice in New Mexico used grant funding from the Center for Medicare and Medicaid Innovation (CMMI) to create a physician-directed team to deliver better care and help cancer patients who are experiencing side effects of their chemotherapy. The practice was able to dramatically reduce the rate at which patients go to an emergency room or are hospitalized for complications, saving Medicare far more than what we received in grant funding. Those services will end when the grant runs out, because standard Medicare payments do not cover them. It is a painful reality that these types of services that benefit patients and lower health care spending cannot be provided because they are not compensated.

b. Given all we know about the impact of primary care on quality, patient satisfaction, and costs, what more do you believe we should do to promote and support our primary care physicians?

The best thing we can do for primary care is to enact permanent SGR repeal and reform. In addition, like all physician specialties, primary care physicians would benefit greatly if they could receive relief from the penalty tsunami and duplicative reporting and administrative requirements of the various Medicare

quality reporting programs (Physician Quality Reporting System, Meaningful Use, and the Value-Based Payment Modifier), as well as from across-the-board cuts under the sequester.

Conclusion

The AMA appreciates the opportunity to provide additional comments on this critical health policy matter. We look forward to working with the Subcommittee and Congress to repeal the flawed SGR formula. Should you have any questions regarding this letter, please contact Aiken Hackett, Assistant Director, Congressional Affairs, at aiken.hackett@ama-assn.org or 202-789-7432.

Sincerely,

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