

**Statement of Geraldine T. O'Shea, DO**  
**Submitted on Behalf of the American Osteopathic Association**

**Presented to the**  
**House Energy & Commerce Committee**  
**Subcommittee on Health**  
**Hearing on "A Permanent Solution to the SGR: The Time Is Now"**  
**January 22, 2015**

## Summary

Medicare physician payment reform should reflect a long-term, holistic approach, and is an opportunity to move beyond a short-term solution to a problem that directly impacts the health and well-being of our nation's most vulnerable citizens.

### **The Burden of SGR:**

- The current Medicare physician payment system has a detrimental impact on all physicians, and is a barrier to the provision of high-quality care for our nation's seniors.
- Reforming the Medicare physician payment system before the current patch expires on March 31 should no longer be an "*if*," but must be a "*when*."
- We must consider the Medicare system as a whole – physicians, other professionals and providers, and most importantly seniors.

**Reaching a Solution:** The legislation agreed to by the previous Congress and the physician community would replace the current system with one that ultimately rewards physicians for providing high-quality care for the millions of seniors covered under the Medicare program.

**Work Remains:** Whether targeted, unpaid, OCO, or a combination of any of these offset approaches, we urge Congress to consider the potential impact to the *entire* health care system that a particular offset approach might have, creating a ripple effect beyond one portion of the system—just as the osteopathic physician considers the whole person in determining how an illness or issue might be impacting a patient. Our nation's seniors and their loved ones, and the providers who care for them must remain top of mind. Recent Congressional discussions on other health care priorities have included strong consideration of unpaid legislative solutions, and we therefore submit that these considerations should also be extended to payment reform.

**Statement of Geraldine T. O'Shea, DO on Behalf of the American Osteopathic Association**

Chairman Pitts, Ranking Member Green, and Members of the Subcommittee, on behalf of the American Osteopathic Association (AOA) and the more than 110,000 osteopathic physicians and osteopathic medical students we represent, thank you for the opportunity to testify today on the importance of permanently reforming the Medicare physician payment system. My name is Geraldine O'Shea, DO, and I am a board certified osteopathic internist from Jackson, California.

I have been a practicing osteopathic physician for 22 years, and have experienced dramatic changes in the practice and delivery of health care in the United States. One thing has remained the same – the sanctity of the patient-physician relationship. As an osteopathic physician, I am trained to take a holistic approach to caring for my patients. My testimony today regarding Medicare physician payment will also reflect a long-term, holistic approach, and the opportunity to move beyond a short-term solution to a problem that directly impacts the health and well-being of our nation's most vulnerable citizens.

I am currently the medical director of Foothills Women's Medical Center in Jackson, California, in the foothills of the Sierras. My practice is comprised of women's health, primary, and hospital care delivery where each day I have the opportunity to see and treat patients. I am the current president of the American Association of Osteopathic Examiners; the board comprised of all osteopathic physicians who are members of state medical boards.

I also serve on the Board of Trustees of the AOA, a professional membership association that exists to promote public health; encourage scientific research; serve as the primary certifying body for doctors of osteopathic medicine (DOs); be the accrediting agency for osteopathic medical schools;

maintain a CMS-approved registry for quality reporting; and accredit hospitals and other health care facilities.

My charge here today is not only to represent osteopathic physicians and osteopathic medical students, and our MD colleagues, but also to advocate for the patients we have the privilege to serve as physicians in this great nation.

In my 26 years as an AOA member, I have been able to interact and work with my colleagues as the practice and business of medicine has transformed. I directly witnessed this in my previous capacity as chair of the AOA committees that oversee scientific affairs and public health, federal health programs, and women's health issues.

Today, I will share with you my personal experience of the detrimental impact the current Medicare physician payment system has on all physicians, and how it is a barrier to the provision of high-quality care for our nation's seniors.

### **Background on the Osteopathic Profession**

Osteopathic physicians – like MDs – are fully licensed to prescribe medicine and practice in all specialty areas, including surgery. DOs are trained to consider the health of the whole person and use their hands to help diagnose and treat their patients. DOs are one of the fastest growing segments of health care professionals in the United States. Currently, more than one in four medical students in the United States are training to become osteopathic physicians. There are currently 30 colleges of osteopathic medicine accredited to deliver instruction at 42 teaching locations in 28 states.

Our academic and training model places an emphasis on preparing osteopathic medical students for careers in physician specialties such as family medicine, internal medicine, obstetrics/gynecology, general surgery, and emergency medicine. Our academic curricula, along with a community-based training model, are the primary reasons the profession has enjoyed great success in producing primary care physicians and community-based specialists.

Today, over 60 percent of practicing DOs specialize in such primary care fields as family medicine, general internal medicine, and pediatrics. The profession continues to believe that the most effective health care system is built on a strong foundation of community-based primary care.

The profession also has a long-standing history of training physicians who practice in rural and other underserved areas. Many of our colleges are located in geographic regions with acute physician shortages, such as western Washington, Arizona, and Central Appalachia where we have four colleges of osteopathic medicine. This commitment to establishing colleges and training opportunities in areas of need is key to meeting the health care needs of underserved communities.

This reflects the osteopathic medical profession's strong dedication to both primary care and rural service to meet the needs of the American public through our specialty and geographic distribution.

### **The Burden of SGR**

As the title of the hearing denotes, the time for a permanent solution is indeed now. The osteopathic medical profession stands ready to work with Congress to achieve this goal. Repealing

the sustainable growth rate (SGR) and reforming the Medicare physician payment system before the current patch expires on March 31 should no longer be an "*if*," but must be a "*when*."

Elderly patients for too long have been impacted by the current broken payment model. Congress has heard our calls year upon year to reform the system, but has only been successful delivering annual, or sometimes even monthly, fixes which do not address the problem. Physicians have been appreciative of Congress' work to prevent drastic cuts to our Medicare payment rates. However, preventing cuts is only one step to ensure that Medicare patients have access to physicians when and where they need us.

Physicians do not want to leave the Medicare program, but payment rates that have not kept pace with the cost to practice medicine are making it nearly impossible for many of us to continue. We do not want to leave our patients, our seniors, your constituents, with fewer options for medical care; we were trained to heal, after all.

I believe we can all agree that it is time we look past the short-term solution, and delve into the long-term solution through a holistic approach. As we look at this issue through that lens, we must consider the Medicare system as a whole – physicians, other professionals and providers, and most importantly seniors. The impact of inaction today or a continuation of only treating the short-term problem could have negative repercussions for the health of Medicare, and we must keep that in mind throughout today's discussion.

## **Reaching a Solution**

After more than a dozen years of repeated uncertainty over looming cuts to Medicare physician payment, and seventeen costly patches that merely postponed this uncertainty only to revisit it once again, the opportunity to permanently reform the system and repeal the SGR formula once and for all is now.

We were very encouraged by the bicameral, bipartisan policy framework that was developed last year by all three committees of jurisdiction in Congress, including your own, and embraced by Republicans and Democrats alike. Your work provided a solid foundation for permanently repealing the SGR and advancing physician payment reform. We greatly appreciated that the Committees incorporated input from the physician community at every step of the way, and gained the overwhelming support of the house of medicine.

This unprecedented collaborative effort demonstrates the near-universal recognition across stakeholders of how critical it is for this problem to finally be addressed. The legislation would replace the current system with one that ultimately rewards physicians for providing high-quality care for the millions of seniors covered under the Medicare program. The current system is untenable as it drives unnecessary treatments, tests, and/or medications resulting in increased morbidity and mortality – driving up the costs of care. Quality of care will ultimately improve when payment incentives increase and are aligned with health care quality.

The AOA continues to strongly support this legislative package, as it stabilizes physician payments while transitioning from fee-for-service into a system that not only incentivizes the delivery of high-quality patient care, but also works to align the current quality reporting programs to ease the

administrative burden placed upon physicians. This means we will spend less time with paperwork and more time with our patients, where we are needed the most. This is not a short-term solution; this is a holistic approach that will benefit patients, physicians, and the Medicare program as a whole.

## **Work Remains**

The reason we are all here today is because the work is not complete. We understand that enacting this legislation into law may cost an estimated \$144 billion to offset its implementation over 10 years. We cannot forget that over the past decade Congress has already spent much more than that—over \$170 billion—on short-term SGR patches. \$170 billion spent and we are still in the same system with the same perverse incentives, and still jeopardizing access to care for our seniors.

There have been various proposals advanced and discussed over the years by lawmakers and advocates on how to specifically pay for, or even not pay for, a permanent fix to the SGR.

Some of these proposals would have a significant and direct impact on a particular stakeholder group. However, just as the osteopathic physician considers the whole person in determining how an illness or issue might be impacting a patient, we urge Congress to consider the potential impact to the *entire* health care system that a particular offset approach might have, creating a ripple effect beyond just the portion of the system it is initially thought to impact.

Another long-considered approach that would have minimal impact is use of the Overseas Contingency Operations (OCO) funding that remains from the war efforts abroad. From an accounting standpoint, the very framework of the SGR is viewed as a budget gimmick. By using OCO funds to offset the cost of SGR repeal, Congress would be correcting assumptions of higher

spending (OCO funds) and expected savings (SGR payment cuts to doctors) that will never take place—thereby producing a more accurate budget.

In simpler terms, the budget baseline is based upon the assumption that the OCO funds will be spent over the next several years, and the scheduled double-digit SGR payment cuts will go into effect annually – both of which are likely false. False OCO spending and false SGR savings negate one another.

As well, still others have advocated for an approach in which the cost of the legislation would not be offset. Recent Congressional discussions on other health care priorities have included strong consideration of unpaid legislative solutions, and we therefore submit that these considerations should also be extended to the SGR.

## **Next Steps**

Ultimately, it is not for us as physicians to say which approach Congress should take in offsetting a permanent solution to a reformed Medicare physician payment system. Whether offsets are targeted, unpaid, use OCO, or are a combination of any of these approaches, we urge Congress to consider the impact it could have on all stakeholders of the health care system—our nation’s seniors and their loved ones, and the providers who care for them must remain top of mind.

Further jeopardizing their access to care within the Medicare program cannot be an option – permanently reforming the physician payment system is one barrier to access that we are working to remove in this process, after all. The AOA, as a physician association, also advocates for the

patients we serve, including enhancing their access to care and protecting the sacred patient-physician relationship, which is vital to the delivery of quality health care.

While we recognize the political reality that makes these discussions on an approach to offsetting the legislation difficult, as leaders of Congress we implore you to aggressively pursue and reach agreement on a solution before time runs out. Continuing to enact yet another patch this March would be poor fiscal policy – the equivalent to only paying the monthly minimum on a credit card bill and not addressing the underlying debt.

## **Conclusion**

On behalf of the American Osteopathic Association, the 110,000 osteopathic physicians and osteopathic medical students we serve, and all physicians who care for older Americans every day through the Medicare program, I urge Congress to continue the tremendous bipartisan spirit that has been a part of this effort to date. Together, we can approach this issue holistically and finally heal the underlying ailment.

Thank you for the opportunity to provide testimony before this Subcommittee, and for your interest in permanently resolving this issue. Osteopathic physicians and our physician colleagues across the country look to you to complete the work that has already begun, and look forward to other additional health care discussions before this Committee once this issue is resolved.