

**Joint Recommendations to Senate Finance Committee**  
**American Academy of Family Physicians**  
**American College of Physicians**  
**American Osteopathic Association**  
**May 6, 2009**

Our three organizations represent the vast majority of physicians who provide primary care to Medicare patients and other adults. We greatly appreciate Senator Baucus' and Senator Grassley' leadership and commitment to payment reform to support value of primary care. The following recommendations are provided in the spirit of helping to ensure that the package accomplishes our shared goals of transforming the health care system based on patient-centered primary care.

We very much appreciate that the options paper calls for improved payments for primary care, but our review of the evidence on the impact of earning differentials on specialty choice, and our discussions with our own physician and medical student members, tells us that a 5% increase in payments for evaluation and management codes provided by primary care physicians, although well-intended, will not be effective in influencing more physicians to choose primary care or to sustain those currently in practice. In addition, we agree that new models of payment to support primary care physicians' roles in care coordination and prevention should be accelerated. Accordingly, we propose the following for further discussion:

1. Predictable and stable Medicare payment updates should be established by law for at least five years. This is especially important since any increased payments for primary care above a "baseline" must be built upon a positive baseline, rather than being applied to the across-the-board cuts as the SGR would require.
2. Payment policy and workforce policies should be expressly linked: legislation should state that payment reform must have as a specific goal to increase the numbers and mix of primary care physicians and be sufficient to achieve it.
3. Accordingly, Congress should direct the Secretary to make Medicare Fee Schedule (MFS) payments for primary care competitive in the market with other specialties, to be accomplished in no less than within five years.
  - a. The Secretary should conduct a market and price sensitivity analysis to determine the amount of increases required over five years to achieve measurable increases in the numbers and proportions of physicians in primary care.
  - b. The Secretary would be required to implement annual increases in payments for primary care to achieve such market competitiveness in no greater than five years, as described below, and as informed by such market and price sensitivity analysis.
4. As the market analysis is being conducted, Congress should require that Medicare mandate a substantial primary care payment increase in 2010 as a powerful signal of its intent to transform health care around patient-centered primary care.
  - a. Total Medicare payments for services provided by primary care physicians should be increased by no less than 10 percent on January 1, 2010, which would then be followed by further annual increases in 2011-14 as informed by the market analysis. (If the 2010 increase instead is applied only to E/M services, then payments for such E/M services provided by primary care physicians would need to be increased by approximately 22 percent to achieve the same net gain in total payments).
  - b. Criteria for determining who should qualify for the increases in 2010, and subsequent years as described below, should be designed to be inclusive of physicians who truly are providing primary care, as evidenced by their specialty (family medicine, general internal medicine, general pediatrics, and geriatrics), types of services or other factors.
5. Congress should direct the Secretary to make additional incremental increases in payments to such primary care physicians in years 2011, 12, 13 and 14, until market competitiveness is achieved.

- a. As a starting point, we propose that the legislation require that total Medicare Fee Schedule payments to primary care physicians be increased, in years 2011, 12, 13 and 14, by 5 percent each year.
  - b. The Secretary should be required to report annually, with input from the Medicare Payment Advisory Commission, to the committees of jurisdiction on the effectiveness of the payment increases for primary care, combined with other policies, in increasing the numbers of physicians choosing primary care.
  - c. These scheduled incremental payment increases could then be adjusted each year by the Secretary based on the initial market analysis and the actual effectiveness of the payment increases in increasing the numbers and proportions of primary care physicians.
6. The above primary care payment increases should be cumulative and permanent.
7. The Secretary should be directed to make other improvements in the MFS, including changes to ensure the appropriateness and accuracy of RVUs including a better process for identifying mis-valued services, ensuring that there is sufficient input from primary care physicians in the process of providing advice on RVUs, and changing the utilization assumptions for advanced imaging. Any “savings” from these changes should go back into the funding pool.
8. We support the concept of creating a new center within HHS to fund pilots to support models to improve coordination of care outside of the restrictive CMS demonstration authority and then accelerate the adoption of the most effective ones. We recommend that the Patient-Centered Medical Home be identified in statute as among the models that should be funded and supported through this new center, which would allow for more rapid pilot testing and adoption than under the current Medicare demonstration project authority.
9. We support the concept of creating a care management fee for proven interventions for patients with chronic diseases, but recommend that this policy be broadened to include other proven interventions that can reduce hospital admissions as well as re-admissions, instead of being limited to transitions of care from the hospital. We offer our assistance in identifying the types of care management services that should be reimbursable and how these services would be valued.
10. Congress should mandate coverage and care coordination payments to physicians for comprehensive geriatric assessments.
11. Congress should direct that all federal agencies require that health plans which contract with the federal government (included CHAMPUS and those offered to federal employees) implement changes in payment policies to support patient-centered primary care.
12. We support the goals of reforming Graduate Medical Education (GME) to increase the total training capacity, increase the numbers of trainees in primary care residency programs, and increase funding for more training in ambulatory-based primary care practices, and offer our assistance on the most effective approaches to accomplish these objectives.
13. We believe that increased payments for primary care should be funded in a way that takes into account the overwhelming evidence that producing more primary care physicians will lead to overall costs savings, mostly from Medicare Part A, rather than simply redistributing payments from other physicians.

We look forward to continuing to work with Senators Baucus and Grassley and the Senate Finance Committee to further develop these and other reforms to transform health care around patient-centered primary care.