

# ACP

AMERICAN COLLEGE OF PHYSICIANS  
INTERNAL MEDICINE | *Doctors for Adults*

July 17, 2007

The Honorable Max Baucus  
Chair, Senate Finance Committee  
United States Senate  
Dirksen Building- Room SD 219  
Washington, DC 20510

The Honorable Charles Grassley  
Ranking Minority Member, Senate Finance Committee  
United States Senate  
Dirksen Building - Room SD 219  
Washington, DC 20510

Dear Senators Baucus and Grassley,

On behalf of the American College of Physicians (ACP), representing 124,000 internal medicine physicians and medical students, I am writing to express our views on reauthorization of the State Children's Health Insurance Program (SCHIP). ACP commends you for working in a bipartisan fashion to reauthorize SCHIP. We believe that the final authorizing legislation should include:

- **Expanded eligibility and funding to cover all currently eligible children and to provide coverage to more children from lower income families.** We are concerned that the current funding levels in the bill are insufficient and note that they are substantially lower than the budget resolution approved by Congress on May 7.
- **A federal grant program to support states that redesign their Medicaid and SCHIP programs around the Patient-Centered Medical Home (PCMH).** The PCMH provides patients with care coordinated by a primary care physician. The potential of this model to improve care and lower costs is supported by the experience of states, like North Carolina, that already are implementing it, and by numerous studies on the beneficial impact of care coordinated by primary care physicians.
- **Higher taxes on tobacco, as your bill would do.** Studies conclusively show that increases in the prices of tobacco products reduce the numbers of individuals, particularly adolescents, who start and become addicted to smoking; reduce consumption of harmful tobacco products by smokers; and make it more likely that smokers will quit. Given the fact that smoking is the number one cause of preventable deaths in the United States and a huge contributor to the growing numbers of patients with chronic diseases covered by the federal government, funds from higher tobacco taxes should be applied to the SCHIP reauthorization and to the Medicare physician payment provisions discussed below.
- **Provisions to replace Medicare physician fee cuts.** The current bill would allow a 9.9% Medicare physician payment cut to go into effect in 2008, followed by annual cuts of at least 5% in subsequent years. **The Senate Finance Committee should report legislation to mandate at least two years of stable, predictable and positive updates, reflecting increases in physicians' practice costs.** If such provisions are not included in the SCHIP bill marked up this week, they should be added later with your support. In addition to such positive updates for all physicians, ACP supports providing additional incentives for physicians who report voluntarily on evidence-based quality measures.
- **Provisions to level the playing field between Medicare Advantage and fee-for-service (FFS) and apply the savings to SCHIP and halting Medicare physician payment cuts.** Paying Medicare Advantage plans more for the same patient than what would be paid under FFS contributes to higher expenditures, higher budget deficits, and Medicare insolvency.

Thank you for considering our views.



Joel S. Levine, MD, FACP  
Chair, Board of Regents