

December 10, 2013

The Honorable Max Baucus
Chairman
Senate Finance Committee
United States Senate
Washington, DC 20510

The Honorable Dave Camp
Chairman
House Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Orrin G. Hatch
Ranking Member
Senate Finance Committee
United States Senate
Washington, DC 20510

The Honorable Sandy M. Levin
Ranking Member
House Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

Dear Leaders of the Senate Finance and House Ways and Means Committees:

On behalf of the undersigned physician membership organizations with a combined membership of over 351,000 physicians and medical student members, we write to express our support for and urge your committees to approve, the bipartisan, bicameral *SGR Repeal and Medicare Beneficiary Access Improvement Act of 2013* to repeal Medicare's Sustainable Growth Rate (SGR) and reform physician payments that will be considered by the Senate Finance Committee and, most likely, the Ways and Means committees on Thursday. It is a critical step to enacting a permanent solution to the annual challenge of the deeply flawed SGR.

We applaud the Senate Finance Committee and Ways and Means Committee chairs and ranking members for developing a bill that would achieve many of our top priorities for physician payment reform. We appreciate your responsiveness to our suggestions for making improvements on the earlier draft that was sent to us and others for comment. Specifically, we are pleased that the bill:

- Repeals the SGR and all future scheduled cuts from it.
- Provides multiple pathways for physicians to earn positive updates for participating in quality improvement, clinical practice improvement, meaningful use of electronic health records, and for effective management of resources, in a new single Value-Based Payment (VBP) program that will replace the current three separate Medicare reporting programs (Medicare PQRS, Meaningful Use, and Medicare Value Modifier programs). We are pleased that the existing penalties for those programs that would be imposed starting in 2016 will be eliminated. We are also pleased that the revised bill being marked up on Thursday references a variety of different programs and activities that would qualify for VBP incentives. We also are encouraged that the bill would require a GAO study of harmonizing measures used by Medicare and private payers, which could greatly reduce administrative burdens on physicians.

- Creates strong incentives for Patient-Centered Medical Homes (PCMHs), which would receive the highest performance score for the clinical practice improvement activities. PCMHs would also be eligible to bill and be reimbursed for complex chronic care management. PCMHs could also earn bonus payments as an Alternative Payment Model (APM). These provisions recognize that the PCMH model has been shown to improve quality and lower costs in the many programs where it has been offered to patients throughout the country.
- Provides funding for smaller practices to help them successfully participate in the VBP program or APMs. We are especially pleased that the current draft bill substantially increases funding for smaller practices, and makes smaller practices that are not in rural or health professional shortage areas eligible for the funding.
- Provides funding for measure development, doubling the amount of funding that currently is available.

Again, we support the bicameral, bipartisan draft legislation yet, like other physician membership organizations, we still believe that after a decade of updates that have not kept pace with inflation, positive updates for at least some portion of the period of stability are needed. We fervently hope that the final SGR-repeal bill sent to the President for his signature will include positive baseline updates, which is a feature of the bipartisan bill passed by the Energy and Commerce Committee, as well as the other key policy priorities summarized above. We will continue to advocate for such an outcome.

We urge your committees to approve this bicameral, bipartisan bill when it is marked up in your committees on Thursday in order to allow the process to continue moving forward.

American Academy of Family Physicians

American College of Physicians

American Osteopathic Association

CC: Members of the House Ways and Means Committee
Members of the Senate Finance Committee