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The Best Medicine *for* America.

June 9, 2011

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Mr. Jacob J. Lew  
Director  
The Office of Management and Budget  
725 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20503

Dear Director Lew:

On behalf of the American Medical Group Association (AMGA), I want to thank you for your continued efforts to ensure that the regulations implementing Accountable Care Organizations (ACOs) remain flexible, effective, and efficient. We believe ACOs have the potential to transform the delivery system from a volume-based, fragmented system to one that focuses on care coordination, technology, team-based care, and improved outcomes. We look forward to continuing to strengthen the concept through the regulatory process.

AMGA represents approximately 390 medical groups employing more than 117,000 physicians. AMGA's members are the physician providers for more than 110 million patients, and are among the largest and most prestigious medical groups in the country, including the Mayo Foundation, the Cleveland Clinic, Weill Cornell Physician Organization and the Henry Ford Health System.

We write today, however, to express our serious concerns related to the amount of savings OMB may "book" from the Centers for Medicare and Medicaid Services' (CMS) Proposed Rule on ACOs during the mid-session review. Including the \$510 million median figure in updated budget projections would severely handicap the ability of CMS to consider and implement changes to the proposed rule that would create a viable ACO program. Locking in this figure will significantly impede the effort to incent care coordination, EMR adoption and improved outcomes.

As OMB goes through its mid-session review, we respectfully request that OMB "book" the \$170 million dollar figure that represents the 90<sup>th</sup> percentile of government savings. This figure provides CMS and the provider community with greater flexibility to develop a final regulatory framework that will be attractive to initial ACO participants. This is critical given the average start up and first year operating costs will average \$1,755,251 dollars for each ACO.

ACOs have the potential to reform the healthcare delivery system, while slowing the growth in Medicare expenditures. The ACO framework was patterned after the Physician Group Practice demonstration that resulted in marked quality improvements while saving over \$78.1 million over the first four years of the program.

Jacob J. Lew

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In its March 2011 report to Congress, MedPAC expressed an interest in exempting providers who furnish accountable care from the SGR target as a way to encourage increased provider accountability and reward physicians who restrain unnecessary volume growth. We believe it is critical that policymakers encourage the development of ACOs and offer providers and patients an opportunity to inject value and accountability into the delivery system.

Thank you very much for your time and consideration. If you have any questions or would like additional information, please feel free to contact me or Chet Speed, at (703) 838-0033 ext. 364 or by email at [cspeed@amga.org](mailto:cspeed@amga.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Donald W. Fisher". The signature is fluid and cursive, with a large initial "D" and "W".

Donald W. Fisher, PhD, CAE  
President and CEO  
American Medical Group Association

cc: Donald M. Berwick, M.D., M.P.P., Administrator, Centers for Medicare and Medicaid Services  
Keith J. Fontenot, Associate Director for Health Programs, Office of Management and Budget  
Thomas M. Reilly, Executive Office of the President, Office of Management and Budget