

FOR IMMEDIATE RELEASE  
November 16, 2011

CONTACT: Tali Israeli 202-225-6111

## **SCHWARTZ SENDS SUPER COMMITTEE PROPOSAL TO REFORM MEDICARE PHYSICIAN PAYMENT FORMULA**

*Washington, D.C.—U.S. Rep. Allyson Schwartz sent the following letter today to the Joint Select Committee on Deficit Reduction requesting consideration of a proposal that repeals the flawed Sustainable Growth Rate (SGR) formula and sets out a clear path toward comprehensive reforms of Medicare payment and delivery systems.*

*Below is the text of the letter and a list of health care organizations that have expressed support for the Congresswoman's efforts on this issue.*

November 16, 2011

Honorable Patty Murray  
U.S. Senate  
Washington, DC 20510

Honorable Max Baucus  
U.S. Senate  
Washington, DC 20510

Honorable John Kerry  
U.S. Senate  
Washington, DC 20510

Honorable John Kyl  
U.S. Senate  
Washington, DC 20510

Honorable Rob Portman  
U.S. Senate  
Washington, DC 20510

Honorable Patrick Toomey  
U.S. Senate  
Washington, DC 20510

Honorable Jeb Hensarling  
U.S. House of Representatives  
Washington, DC 20515

Honorable Dave Camp  
U.S. House of Representatives  
Washington, DC 20515

Honorable Fred Upton  
U.S. House of Representatives  
Washington, DC 20515

Honorable James Clyburn  
U.S. House of Representatives  
Washington, DC 20515

Honorable Chris Van Hollen  
U.S. House of Representatives  
Washington, DC 20515

Honorable Xavier Becerra  
U.S. House of Representatives  
Washington, DC 20515

Dear Colleagues:

Last month, I sent a letter to members of the Joint Select Committee on Deficit Reduction – signed by 117 Members of Congress – urging you to include a long-term solution to the broken Medicare physician payment system as an integral component of your deficit reduction proposal. As the Committee concludes its deliberations, I respectfully request your consideration of the *Medicare Physician Payment Innovation Act* proposal, which repeals the flawed Sustainable Growth Rate (SGR) formula and sets out a clear path toward comprehensive reforms of Medicare payment and delivery systems.

As you know, on January 1, 2012, physicians face a scheduled reduction in Medicare payments of more than 27 percent. We owe it to seniors across the country to end this perennial threat to Medicare beneficiaries' access to medical services once and for all. The *Medicare Physician Payment Innovation Act* proposal ensures patient access to physicians while promoting efficiency, quality and value in health care delivery by:

- Permanently repealing the Sustainable Growth Rate;
- Stabilizing the current payment system and providing positive payment updates for primary and specialty providers;
- Instituting measures to ensure access to primary care;
- Aggressively testing and evaluating new payment and delivery models;
- Identifying best practices and developing a menu of delivery model options;
- Establishing a transition period for practice transformation;
- Rewarding providers for high-quality, high-value care;
- Ensuring long-term stability in the Medicare physician payment system; and
- Containing the rising growth in health care costs through delivery system reform

The SGR has created uncertainty and instability in the health care system and the federal budget for over a decade. True deficit reduction cannot be achieved without measures to address the Medicare program's \$300 billion debt that has resulted from this failed policy.

Through this process, Congress has an historic opportunity to implement sound fiscal policy in the Medicare program in the context of broad fiscal reforms. I urge you to seize this opportunity and incorporate the broad reforms to the Medicare physician payment system contained in the *Medicare Physician Payment Innovation Act* proposal in your forthcoming recommendations.

Sincerely,

Allyson Y. Schwartz

Member of Congress

- C: The Honorable John Boehner, Speaker, House of Representatives  
The Honorable Harry Reid, Majority Leader, United States Senate  
The Honorable Mitch McConnell, Republican Leader, United States Senate  
The Honorable Eric Cantor, Majority Leader, House of Representatives  
The Honorable Nancy Pelosi, Democrat Leader, House of Representatives  
The Honorable Kevin McCarthy, Republican Whip, House of Representatives  
The Honorable Steny Hoyer, Democrat Whip, House of Representatives

## **Quotes in Support of Congresswoman Schwartz's Efforts on Medicare Physician Payment Reform**

"The 132,000 internal medicine physician and medical student members of the American College of Physicians applaud Rep. Schwartz for her bill to repeal the flawed Medicare SGR formula, prevent devastating cuts while stabilizing payments to all physicians for the next five years, increase payments for undervalued services by internists and other primary care physicians, and create incentives for physicians to transition to new payment models aligned with value to patients, such as Patient Centered Medical Homes," said **Virginia L. Hood, MBBS, MPH, FACP President of the American College of Physicians**. "We urge Congress to act in a bipartisan fashion to enact legislation based on this framework, and by doing so, put an end to the cycle of annual Medicare SGR cuts to doctors and their patients, once and for all."

"On behalf of the American Osteopathic Association (AOA) and the more than 78,000 osteopathic physicians we represent, we applaud Representative Allyson Schwartz for her willingness to advance policies that will preserve access to quality and timely health care for our nation's seniors and her continued leadership on the important issues of Medicare physician payment and delivery system reform," said **Martin S. Levine, DO, President of the American Osteopathic Association**. "Congresswoman Schwartz's framework is important because it not only eliminates the SGR, but it establishes incentives for physicians to transition their practices and care settings to more coordinated and integrated models, thus improving the quality of care that patients receive. The three step approach outlined in this framework is an appropriate manner in which to address the decade-old problems associated with the SGR. We call on Congress to act in a bipartisan manner to repeal the SGR. The framework proposed by Congresswoman Schwartz should serve as the foundation of this effort."

"The American Academy of Family Physicians greatly appreciates the leadership of Rep. Allyson Schwartz in finding a way to address the unsustainable and inequitable formula that determines how physicians are paid by Medicare," said **Dr. Glen Stream, President of the American Academy of Family Physicians**. "The AAFP congratulates Rep. Schwartz for her legislative proposal that would create a ten-year path to stability in payments and would help the complex health care delivery system better recognize the value of primary care. Only by stabilizing the Medicare physician payment system can we ensure that elderly and disabled patients will have access to the care they need, when they need it. Rep. Schwartz's proposal is a strong step forward to health care that will be better coordinated and more patient-centered. We urge Congress to pass this legislation that would prevent the looming 27-percent reduction in physician payments by Medicare."

"ACOG is happy to applaud Rep. Schwartz's attention to this pressing issue and the creative and positive approach it takes utilizing numerous meaningful ideas," said **Dr. Hal C. Lawrence, Executive Vice President of the American College of Obstetricians**

**and Gynecologists.** “We would urge serious consideration and further development of this framework.”

“The Society of Hospital Medicine, representing the nation’s 34,000 hospitalists, commends Representative Allyson Schwartz for the development of a legislative framework which would lead to the repeal of the flawed Sustainable Growth Rate (SGR) payment formula,” said **Larry Wellikson, MD, SFHM, CEO of the Society of Hospital Medicine.** “Representative Schwartz’s framework not only provides a fair mechanism to repeal the SGR formula, but also establishes a promising roadmap for replacing the current Medicare physician payment system. Under this proposal, the fee-for-service payment system and its inherent inefficiencies will ultimately be replaced with a more cost effective system that promotes quality and value through coordinated patient care. Furthermore, this framework does not force all physicians into a one size fits all solution, allowing for broader support, innovation and a high probability of success. This proposal has great promise for reigning in health care spending, an ever increasing contributor to our deficit growth. We therefore support efforts to include Rep. Schwartz’s proposal in any deficit reduction plan that is developed by the Joint Select Committee.”

“The Association of American Medical Colleges (AAMC) has long supported Medicare physician payment reform and elimination of the problematic Sustainable Growth Rate (SGR) formula,” stated **Dr. Atul Grover, Chief Public Policy Officer for the Association of American Medical Colleges.** “This framework is a good first step and creates a stable payment system with predictable physician payment updates as we test and transition to new reimbursement models, rather than simply providing a short-term patch financed with Medicare funds currently supporting other critical health care expenditures, including those that support the nation’s teaching hospitals. Thank you for your leadership in working to address this long-standing problem and the AAMC looks forward to working with you and Congressional leaders to address this important issue.”

“Future cuts in payments are likely to discourage promising candidates from pursuing careers in geriatrics and may also exacerbate the loss of practicing geriatricians who are responsible for furnishing and directing care for our nation's growing number of frail, older patients with multiple and complex conditions,” said **Barbara Resnick, PhD, CRNP, President of the American Geriatrics Society.** “Of concern, Medicare payments fail to keep up with inflation or cover many of the services -- such as care coordination - that are integral to providing high quality care to older adults. We need innovative models that incent and provide coordinated, patient-centered care, which is most likely to result in savings or, at minimum, reduced growth. Congresswoman Schwartz, we praise your leadership on this issue and believe that this framework serves as a positive first step towards reforming our flawed payment system.”