



Michael D. Maves, MD, MBA, Executive Vice President, CEO

June 18, 2007

The Honorable Charles E. Schumer
United States Senate
313 Hart Senate Office Building
Washington, DC 20510

Dear Senator Schumer:

Expanding health care coverage for the uninsured and fixing the Medicare physician payment system to reflect increases in practice costs are top priorities for the American Medical Association (AMA). Reauthorizing SCHIP is a critical first step in expanding coverage for those without health insurance. **As the Finance Committee considers reauthorizing this important program, the AMA urges you to include provisions to replace the steep cuts facing Medicare physicians with positive updates that reflect increasing practice costs.** The Committee has a unique opportunity to develop a bipartisan legislative package that would both expand access to health insurance coverage for children and preserve seniors' access to care.

SCHIP provides a critical health insurance safety net for children from low-income families. SCHIP has been successful in significantly reducing the number of children without coverage since its creation in 1997. Unfortunately, there are still millions of children who are eligible for SCHIP but are not enrolled. The AMA supports intensifying outreach efforts to ensure that all eligible children become enrolled in the program. It is critical that SCHIP be reauthorized and sufficiently funded to cover and enroll all eligible children.

We believe that this is also the time for Congress to act to preserve access to care for the more than 40 million Medicare beneficiaries. Medicare physician payment rates are slated to be reduced by 10 percent in 2008, with cumulative cuts of about 40 percent over the next decade. Even before the projected 2008 cuts, current payment rates are below 2001 levels. With the cuts facing physicians, the outlook for patient access to care is troubling. A recent AMA survey of physicians found that 60 percent of physicians will be forced to limit the number of new Medicare patients they treat if next year's 10 percent cut occurs. This cut will also have a profound impact on rural areas – over half of physicians would have to discontinue rural outreach services, and over 40 percent of physicians would close satellite offices. Additionally, the survey found that if payments are cut as projected next year, more than two-thirds of physicians will defer the purchase of information technology, and more than half will be forced to reduce their practice staff.

The SCHIP reauthorization legislation is likely to be the most significant health care bill that the Finance Committee will consider this summer, and we hope that this program is reauthorized in a timely manner.

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We also believe that this is the best opportunity for the Medicare physician payment cuts to be addressed through regular order, and avoid what has become an annual, end-of-the-year scramble to stop the cuts and find the necessary offsets. Acting now will also provide Congress with time to consider additional reforms to create a pathway to eliminate the sustainable growth rate (SGR) formula and replace it with one that accurately reflects the cost of practicing medicine.

We urge you to develop a legislative package that reauthorizes SCHIP and includes provisions to stop the pending Medicare physician payment cuts, replacing them with at least two years of positive updates that keep pace with the growth in physician practice costs. We look forward to working with you to expand health coverage for children and to ensure seniors' continued access to care.

Sincerely,

A handwritten signature in black ink, reading "Mike Maves". The signature is written in a cursive, flowing style.

Michael D. Maves, MD, MBA