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October 12, 2011

The Honorable Dave Camp
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Camp:

On behalf of the American Medical Association (AMA), I wish to express our strong support for H.R. 674. We also extend our appreciation for your leadership in advancing this important legislation through the Ways & Means Committee this week.

H.R. 674 would repeal the three percent withhold provision that was enacted under section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA). Under section 511, federal, state and local government entities are required to withhold three percent of all payments made for services or property, including payments under the Medicare program.

The AMA strongly opposes section 511 and we support its repeal. This requirement will be extraordinarily costly and administratively burdensome to implement, and government agencies, physicians, and other health providers will all bear the brunt of these costs and administrative burdens, which will far outweigh any possible benefit of the withholding requirement.

In addition, withholding three percent of Medicare payments for services furnished by physician practices will create a difficult cash flow problem for the 95 percent of physicians that qualify as "small entities," based on Small Business Administration standards. This will be extremely detrimental to Medicare beneficiaries and the physicians who treat them, especially since the withhold comes on top of drastic cuts (nearly 30 percent) in Medicare physician payment rates scheduled to take effect on January 1, 2012, with cuts potentially continuing in future years. Physicians cannot absorb the pending cuts in Medicare physician payment rates, and the resultant pending access crisis for Medicare beneficiaries will only be made worse if physicians face serious cash flow interruptions due to the three percent withhold, on top of steep cuts in payment rates.

The Honorable Dave Camp

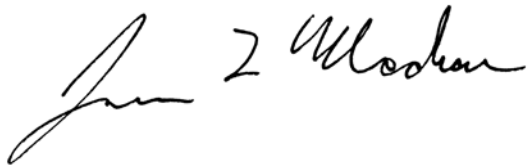
October 12, 2011

Page 2

In repealing the three percent withhold provision altogether, H.R. 674 will help Medicare beneficiaries maintain access to care, while assisting government agencies, physicians and other health care providers avoid substantial implementation costs that will outweigh the benefits.

We are grateful for your leadership in addressing this critical matter and look forward to continuing to work with you to repeal the three percent withhold provision under section 511.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim L Madara". The signature is written in a cursive, flowing style.

James L. Madara, MD