



December 14, 2005

The Honorable Pete Stark
U.S. House of Representatives
239 Cannon HOB
Washington, D.C. 20515

Dear Congressman Stark:

The California Medical Association sincerely appreciates the legislation that you plan to introduce this week to address the crucial Medicare physician payment problems. As you know, we are facing serious access to care problems in California.. We especially want to thank you for your plan to stop the 4.4% Medicare payment cuts that are slated for January 1, 2006 and replace them with a 1.5% payment update for two years. We also support the repeal of the 45% trigger that currently limits Medicare's general revenue support.

Regarding the volume control study, we recognize that inappropriate utilization and spending in the Medicare program needs to be controlled. And the CMA is willing to be proactive in helping you address these issues. We support your efforts to conduct a focused study and craft solutions that truly target the problems. As you know, the Medicare volume control measures applied in the past were blunt instruments that penalized all physicians for the actions of the outliers. Better data will help us work with you and CMS to develop more accurate tools.

However, we are concerned that the study, as outlined, does not recognize all factors related to physician service volume. Therefore, we would like to work with you to develop a program that builds on successful models that appropriately manage care. As you know, California has some of the most sophisticated managed care systems in the country and therefore, we have the experience to help you build appropriate control mechanisms.

We also believe that the study should recognize other factors impacting volume growth that are beyond a physicians' control, such as the increasing numbers of seniors on the program, the growing prevalence of chronic diseases, the expansion of covered benefits and technological advances that have revolutionized the practice of medicine and the quality of life for California's seniors. Moreover, any study should account for the shift in care from hospitals to physician's offices that will ultimately help the solvency of the Medicare program.

And finally, as you know, reforming the Medicare geographic payment locality designations is a major priority of the CMA. We would hope that any Medicare physician payment legislation would address these incredible payment discrepancies. In California, we have 10 counties whose geographic costs exceed their locality payments by 5-10%. Medicare payments must keep pace with these increasing geographic-related practice costs. We have estimated that national reform would only cost \$115 million. You have been extremely supportive of our efforts to address this geographic locality issue and we look forward to working with you to fix it.

The CMA is grateful to you for your leadership on these important Medicare payment issues and your willingness to thoughtfully seek long-term solutions. We look forward to continue working with you. Our contact is Elizabeth McNeil, Director Federal Issues, 415-882-3376; emcneil@cmanet.org.

Sincerely,



Michael Sexton, MD
President



Jack Lewin, MD
EVP/CEO

cc: Alameda/Contra Costa Medical Society