



Physicians Caring for Texans

April 10, 2008

The Honorable Michael C. Burgess
1224 Longworth House Office Building
Washington, DC, 20515-0001

Dear Representative Burgess:

On behalf of the more than 43,000 members of the Texas Medical Association, I am writing to ask that you oppose the recently announced plans by the Centers for Medicare & Medicaid Services (CMS) to award Medicare Advantage plans a 3.6-percent increase. Instead, we ask that you use that money to make sure our senior citizens and Texans with disabilities can find a physician when they need one.

It's not that we're opposed to the Medicare Advantage plans. We simply have a hard time understanding why CMS is proposing payment increases for Medicare Advantage plans when they already are being paid at 15 to 50 percent above the market rate.

To boot, physician payments basically have been stagnant for the past seven years; if not for the proactive work of Congress, physician payments would have been reduced by more than 30 percent. It is blatantly unfair for the federal government to unduly enrich the health plans simply for brokering or repackaging existing medical services. Whether that care is provided through the Medicare Advantage plan or through traditional Medicare, the actual payment rates to physicians should be the same.

Compounding the effect, when Congress zeroes out Medicare rates, it also freezes commercial payment rates because most plans base their contracted rates on Medicare.

The bottom line is always the bottom line. As Medicare squeezes (and the commercial plans slip in for the second-hand squeeze), physician practices must make very difficult business choices. We are forced to place limits on new Medicare patients, and we reduce the amount of charity care we can provide. Even so, more than 70 percent of Texas physicians tell us they will not displace their current Medicare patients.

We understand and appreciate that Congress fully intends to take action before the 10.6-percent reduction in physicians' Medicare payments takes effect on July 1. However, we believe that Congress should not allow CMS to authorize any payment updates until a rational physician payment system is designed that reflects the actual costs for physicians of providing medically necessary health services to our patients. If this means that existing Medicare funding sources must be reallocated from existing providers and

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payers, particularly those receiving “automatic” updates, so be it. This is the fairest way to ensure that all Medicare patients can continue to obtain care from their local providers, and in particular, from their personal physicians.

Sincerely,

A handwritten signature in black ink that reads "William W. Hinchey MD". The signature is written in a cursive style and is positioned above a light gray rectangular box.

William W. Hinchey, MD
President, Texas Medical Association

WWH:sl

cc: Michael O. Leavitt, Secretary, U.S. Health and Human Services
Kerry N. Weems, Acting Administrator, Centers for Medicare & Medicaid Services
Richard Deem, Senior Vice President, Advocacy, American Medical Association