



1422 Duke Street, Alexandria, VA 22314

June 8, 2004

The Honorable Max S. Baucus
511 Hart Senate Office Building
United States Senate
Washington, DC 20510

Dear Senator Baucus:

On behalf of the American Medical Group Association (AMGA) membership, I thank you for your May 27th letter to CMS Administrator Mark McClellan, M.D., Ph.D., urging administrative revisions to the Medicare physician update formula and the Sustainable Growth Rate (SGR) that will help ensure continued beneficiary access to needed medical care. As your letter indicates, the physician payment update is becoming increasingly inadequate to cover physicians' costs. Unless a remedy is instituted soon, the situation will adversely impact seniors' ability to access timely, quality care as fewer physicians will accept new Medicare patients.

The AMGA represents some of the nation's largest, most prestigious integrated healthcare delivery systems and Independent Physician Associations (IPAs) caring for more than 50 million patients in 42 states. These AMGA-member group practices have, on average, 272 physicians and 13 satellite locations in both urban and rural locations. Our member medical group practices and IPAs have strong community roots and, through their highly coordinated care systems, provide superior care to Medicare beneficiaries with multiple chronic conditions.

However, many physicians are reconsidering their Medicare participation because of the severely inadequate payment level. We appreciate your communication to Dr. McClellan of the serious future potential problem if the decreases in physician payment levels persist.

We are hopeful that, with your support, CMS will take administrative action to revise and adjust the update formula and the SGR to provide equitable payment levels, as requested in your letter and those sent by other Senators and Representatives. We were also pleased to note that you agreed with your Congressional colleagues' prior letters to McClellan on the likelihood of possible Congressional action on this issue as well.

Your assertive stance on this problem is appreciated, and we look forward to working with you on this and other important healthcare issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald W. Fisher".

Donald W. Fisher, Ph.D
President and CEO