

July 29, 2003

William F. Sweetnam, Jr., Benefits Tax Counsel  
Office of Benefits Tax Counsel  
Department of the Treasury  
1500 Pennsylvania Ave., NW  
Washington, DC 20220

Dear Mr. Sweetnam:

On behalf of all of us attending the meeting, I wish to express our sincere appreciation for the time you spent in meeting with us on Thursday, July 17<sup>th</sup>, regarding pension contribution benchmarks.

The discussion, and your candor, will help direct AMGA in developing guidance for members and planning future efforts to address this matter. Additionally, I am confident that our member representatives from Ochsner Clinic, Mayo and Cleveland Clinic found the meeting advantageous.

The American Medical Group Association (AMGA) represents medical group practices, including some of the largest, most prestigious practices in the country. AMGA-member medical group practices deliver health care to more than 50 million patients in 40 states. With the average AMGA member group having 272 physicians and 13 satellite locations, you can appreciate that the defined-benefit pension issue is of significant concern to a considerable number of our members.

As we discussed, this issue of pension contributions is particularly perilous for group practices because the prices paid for their services are, for the most part, set by government. Moreover, the necessity of redirecting large amounts of funds from needed capital improvements to meet artificially inflated and unexpected pension contributions jeopardizes their primary mission: to serve the health care needs of their community.

We look forward to working with you in the near future when you address regulatory reform or further statutory proposals on this issue. To that end, we are organizing a task force of affected large medical group practices that could assist you by providing any data, modeling, or other information to ensure the best possible remedy is attained. We welcome the opportunity to engage in a productive collaboration with you.

Again, we appreciate your availability and interest.

Sincerely,

Donald W. Fisher, Ph.D  
President and CEO