



August 5, 2005

The Honorable Nancy Johnson
Chairman, House Ways and Means Subcommittee on Health
1136 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Johnson:

The American Medical Group Association (AMGA) applauds your efforts in introducing H.R. 3617, the "Medicare Value-Based Purchasing for Physicians' Services Act of 2005." AMGA appreciates your continued leadership on critical health care issues and on improving the Medicare program.

AMGA is an association that represents medical groups, including some of the nation's largest, most prestigious integrated health care delivery systems. AMGA members' 65,000 physicians deliver health care to more than 50 million patients in 40 states, including 15 million capitated lives. AMGA members are involved with virtually every facet of the health care delivery system and employ many nationally recognized leaders in the healthcare field.

AMGA agrees with you that Medicare must begin to transform its antiquated volume-based payment system to one that aligns reimbursement with quality. As integrated systems of care, AMGA members are in the vanguard of implementing sophisticated information technologies and provide evidence-based, coordinated care and attain improved clinical outcomes. Thus, we believe medical groups are well positioned to take advantage of a quality-based payment system.

However, without reform of Medicare's current physician payment update mechanism, any performance-based payment system will be severely handicapped at its inception. AMGA commends your recognition of this fact by calling for the replacement of the Sustainable Growth Rate in the payment formula with payment updates based on medical practice costs.

As you may know, AMGA has convened a Results-Based Payment System Steering Committee that includes thirteen influential health care thought leaders who are tasked with the design of a new reimbursement system that links payment to quality results. We would be happy to share with you and your staff the work product originating from the Steering Committee's deliberations.

Again, thank you for your leadership in introducing this important legislation. We look forward to working with you and your staff as the bill continues through the legislative process. If we can provide you with any further assistance on this matter, please feel free to contact me or Chet Speed at 703 838-0033 ex. 364 or at csp@amga.org.

Sincerely,

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

Donald W. Fisher, Ph.D
President and CEO

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