



November 12, 2003

The Honorable William H. "Bill" Frist  
United States Senate  
416 Russell Senate Office Building  
Washington, DC 20510

Dear Majority Leader:

The American Medical Group Association (AMGA) sincerely appreciates your efforts to secure passage of Medicare prescription drug legislation which is currently being debated in conference. The AMGA and its member organizations, which include some of the largest, most prestigious integrated health care delivery systems caring for more than 50 million patients in 40 states, applaud the policy choices made by you and your colleagues in the conference that will benefit Medicare beneficiaries' access to timely, high-quality health care.

Specifically, we support your decision to include a 1.5% increase to the Medicare Physician Payment update for the years 2004 and 2005. As you know, the Centers for Medicare and Medicaid Services (CMS) published its Final Rule on November 7, 2003, that would cut the update by 4.5% in 2004. This is on top of a 5.4 % cut in 2002. Such cuts would have a drastic effect on Medicare beneficiaries' access to the physicians of their choice. However, as you are well aware, the formula for computing the update is seriously flawed, and we would like to work with you in the future to craft a better payment mechanism.

Further, we appreciate your efforts to alleviate the financial and administrative burdens that would have been imposed by a 20% co-payment for beneficiaries' Part B clinical diagnostic laboratory tests. Additionally, AMGA appreciates your endorsement of voluntary compliance efforts related to electronic-prescribing. Voluntary compliance provides needed relief to medical group practices and other provider venues that would otherwise be forced to redirect money used for patient care to installing e-prescribing software and systems. Similarly, AMGA and its members are pleased at the compromise tentatively reached regarding Medicare Part B drug reimbursements and adjustments to the Geographic Practice Cost Indices that will help rural medical group practices.

Thank you again for your efforts to protect beneficiaries' access to physician care while providing a prescription drug benefit and improving the Medicare program. AMGA understands that that this legislation confronts one of the country's most important domestic issues and AMGA and its members are pleased to offer our assistance to you as this process continues.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald W. Fisher", is written over a light blue horizontal line.

Donald W. Fisher, Ph.D.  
President and CEO