June 11, 2012

Marilyn Tavenner  
Acting Administrator and Chief Operating Officer  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Room 445-G, Hubert H. Humphrey Building  
200 Independence Avenue, SW  
Washington, DC  20201

Re: Medicaid Program; Payments for Services Furnished by Certain Primary Care Physicians and Charges for Vaccine Administration Under the Vaccines for Children Program, published in the May 11, 2012, issue of the Federal Register.

Dear Acting Administrator Tavenner:

On behalf of the American Medical Group Association (AMGA), thank you for the opportunity to comment on the proposed rule (CMS-2370-P) to implement a provision in the Affordable Care Act (ACA) that will raise Medicaid payments for certain primary care services to what Medicare pays for the same services in 2013 and 2014.

As you may know, AMGA represents multi-specialty medical groups and other organized systems of care, including some of the nation’s largest, most prestigious integrated health care delivery systems. AMGA represents 415 medical groups that employ nearly 125,000 physicians who treat approximately 130 million patients in 49 states. A sizable number of these patients are Medicaid beneficiaries.

AMGA has long taken the position that primary care is an important underpinning of our healthcare delivery system. Unfortunately, the shortage of primary care physicians is partially due to the current payment system. Under fee-for-service payment mechanisms, primary care physicians are reimbursed for services based on the volume of care they deliver, rather than for care coordination, preventive care, and the use of protocols that promote high-quality patient-centered care. AMGA supports efforts to develop a stable payment structure for physician services. That structure should take into account physician practice costs and, at the same time, reward physicians based on quality of care, rather than quantity of care.

We appreciate the thoughtful approach that the Centers for Medicare and Medicaid Services (CMS) has taken in drafting the proposed rule and support efforts to improve access to primary
care services for Medicaid beneficiaries. We also appreciate CMS’ interest in ensuring that all physicians who are eligible for the payment differential are accurately identified.

Many AMGA member groups have salaried physicians on staff. In addition, some AMGA member groups have contracts with managed care plans, or operate their own health insurance organizations. As such, with respect to the above-referenced regulation, AMGA member groups seek clarification from CMS regarding how a managed care organization (MCO) would demonstrate that it is incorporating the payment increase into the payment system in instances when a medical group is contracting with a MCO. We would also like to see greater clarification as to what the medical group’s obligation is to ensure that the payment increase flows to primary care physicians, and what kind of documentation is required. We urge CMS to provide greater clarity around these issues in the final rule, with the understanding that payment rates to primary care physicians are often determined by a complex formula that takes into account a number of factors, including physician productivity, issues related to quality, and patient satisfaction.

Thank you for your time and for your consideration of our comments. Should you or your staff wish to gain a better understanding of the complexities of physician compensation models and how payments flow to primary care physicians, AMGA and its members stand ready to serve as a resource. Moving forward, please do not hesitate to contact me or Karen Ferguson of my staff at kferguson@amga.org with any questions or concerns.

Sincerely,

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