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November 30, 2017

The Honorable Kevin Brady  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Richard Neal  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
1139E Longworth House Office Building  
Washington, DC 20515

Dear Chairman Brady and Ranking Member Neal:

On behalf of the physician and medical student members of the American Medical Association, I am writing to express our opposition to your recently announced proposal to make further cuts to the Medicare program under Section 1848(c)(2)(o) of the Social Security Act related to adjustments for misvalued services.

In 2014, Congress passed the “Protecting Access to Medicare Act” (PAMA) despite strong opposition from the physician community. As part of that bill, the Secretary of the Department of Health and Human Services (HHS) was required to work with the physician community to identify services that were deemed to be misvalued, with any identified excess valuation being redistributed over the fee schedule and any amount not identified below a targeted amount to be cut from the fee schedule. However, the physician community had already been working with HHS for eight years prior to the passage of PAMA to identify misvalued services and reallocate that spending within the fee schedule. By the time PAMA was enacted, billions of dollars had already been reallocated and the components of the fee schedule most likely to produce significant reallocation had already been reviewed. By not recognizing these ongoing efforts, the targets set by PAMA were unrealistic given the significant reallocation that had already occurred, essentially guaranteeing billions in Medicare cuts that were used to offset other policies.

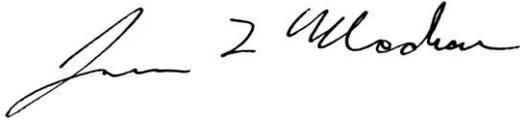
Congress then doubled down on this policy later in the year when the start date was moved up by a year, the time period over which possible reallocations were to be identified was shortened, and the target for year one was doubled in order to pay for other non-Medicare related provisions of P.L. 113-295.

The Committee now proposes to reinstate a fourth year of Medicare cuts under this policy. As part of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), Congress provided statutory updates to physician payment rates of 0.5 percent per year from July of 2015 through 2019. The application of the misvalued code policy over this period has eroded even these modest increases at the same time that physicians are required to make significant investments in their practices to meet Congressional mandates adopted as part of MACRA. Going forward, physicians also face a congressionally mandated five-year payment freeze after only having received a fraction of the modest increases originally promised from 2015-2019. In all, total payment changes for the entire 10 year period of 2015-2024 will be barely one-percent.

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Physicians cannot continue to absorb mandate after mandate on one hand while Congress continues to make payment cuts on the other. It is for these reasons that we must oppose efforts to make further Medicare cuts in this area.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Madara". The signature is written in a cursive style with a large initial "J" and a stylized "M".

James L. Madara, MD