

December 18, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Hatch, Ranking Member Wyden, Chairman Brady and Ranking Member Neal:

The undersigned physician organizations are writing to express our opposition to further Medicare cuts by the extension of misvalued code adjustments beyond 2018. This misguided policy has already eliminated much of the minimal statutory updates Congress enacted as part of the Medicare Access and CHIP Reauthorization Act (MACRA) in 2015. Further application of these policies will result in Medicare physician payment rates at or below pre-MACRA levels.

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 target to be cut from the fee schedule. By not recognizing the efforts of the physician community to reallocate relative values that had been underway for eight years by the time PAMA was adopted, the targets were unrealistic, essentially guaranteeing billions in Medicare cuts that were used to offset other policies. Congress compounded this challenge in subsequent legislation that moved the start date up by a year, shortened the time period over which possible reallocations were to be identified, and doubled the target for the first year in order to pay for other non-Medicare related legislation.

It is our understanding that you are now considering extension of these policies for an additional two years. When Congress enacted MACRA, updates of 0.5% were adopted for each year through 2019 followed by five years of 0% updates. To date, the application of the misvalued code policy has resulted in a total payment increase of 0.7% from 2015-2018, less than half of what was called for under MACRA. To extend this policy another year will result in a further erosion of the MACRA updates for 2019. Extension of this policy for two years will require additional cuts in 2020 when MACRA provides for an update of 0% - *meaning actual payment rates will go down for the second time since this flawed policy was adopted.*

As physicians work to implement new payment methodologies created by MACRA, we urge you not to compound the challenges by making additional Medicare cuts.

Sincerely,
American Academy of Family Physicians
American College of Physicians
American College of Surgeons
American Medical Association

CC: Majority Leader Mitch McConnell
Democratic Leader Charles Schumer
Speaker Paul Ryan
Democratic Leader Nancy Pelosi