



April 13, 2009

The President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

On behalf of the American Medical Association (AMA), we are writing to strongly support the eight principles for health system reform that you have set forth in your Administration's budget. The AMA believes that we must enact comprehensive health system reform that will cover the uninsured, improve our healthcare delivery system, and place affordable, high quality care within reach of all Americans. We appreciate the opportunities we were given to participate in the White House fiscal and health summits as well as the meeting with physician leaders, and we commend your Administration on its extensive outreach to the physician community on health care reform. The AMA looks forward to continuing to work with you and the Congress as you develop health system reform policies in keeping with these eight principles. We would like to take this opportunity to outline our views on how to accomplish these goals.

Principle One: Protect Families' Financial Health

The AMA strongly agrees that any reform plan must reduce the rate of growth in premiums and health care costs so that patients can access the care they need. No family should have to file for bankruptcy due to exorbitant health care costs. The AMA supports insurance market reforms, such as protecting insured individuals from losing coverage or being singled out for premium increases due to changes in health status.

Principle Two: Make Health Coverage Affordable

An examination of Medicare costs highlights the areas where we believe reforms can have the most impact in slowing the rate of growth in spending while simultaneously improving quality. Health care for just five percent of Medicare beneficiaries accounts for 43 percent of Medicare spending. The concentration of spending in patients with multiple chronic conditions shows where efforts should be focused to significantly improve the value that the nation gets for its health care dollars. Health care reforms should support efforts by physicians and other members of the health care team to better coordinate care and fill in the gaps in care that too often occur between hospitals and post-acute care providers. Access to better information through funding of comparative effectiveness research can also help bend the cost curve by supporting better decision-making by patients and physicians about diagnostic tests and treatment plans. The

The President
April 13, 2009
Page 2

recent American Recovery and Reinvestment Act (ARRA) is an important down payment in that regard and we thank you for your leadership on this issue.

Through its impact on defensive medicine, liability pressure is also a major contributor to rising health care costs. Innovative approaches to reform such as health courts, early disclosure and compensation programs, administrative determination of compensation, and standards for expert witness qualifications could help reduce these costs.

The AMA also supports policies to make insurance coverage more affordable. Insurance market reforms and improvements, such as use of modified community rating, guaranteed renewability, and fewer benefit mandates, are needed to ensure that health insurance markets work better and rates become more affordable. Health insurance coverage for high-risk patients should be subsidized through direct means such as high-risk pools, reinsurance and risk adjustment. Premium subsidies and assistance with cost-sharing should also be available for low-income individuals who need financial assistance in order to afford health coverage. The AMA believes that the regressive employee tax exclusion for employer-sponsored health insurance should be eliminated or capped so that subsidies can be provided to those who need financial assistance in order to afford coverage.

Principle Three: Aim for Universality

Covering the uninsured has been and continues to be a top priority for the AMA. The AMA has longstanding policy to expand health insurance coverage and choices to all Americans, regardless of income or health status, and build on the current employer-based system to promote individual choice and ownership of health insurance.

The safety net provided by existing publicly financed health insurance programs (Medicare, Medicaid, CHIP, TRICARE and the VA) must be maintained and strengthened. We congratulate you on the passage of the Children's Health Insurance Reauthorization Act, a key first step. The AMA also supports simplifying the categorical eligibility structure of the Medicaid program to provide eligibility for all individuals with incomes below the federal poverty level.

Principle Four: Provide Portability of Coverage and Principle Five: Guarantee Choice

The AMA agrees that insurance must be portable and that individuals must have a choice among insurance options that best suit their needs. These are guiding principles for the AMA's longstanding support for individually owned and selected health insurance. For those individuals who do not have access to or do not select employer-based insurance, the AMA supports establishing a health insurance purchasing exchange to increase choice, facilitate plan comparisons and streamline enrollment that will assist individuals in choosing coverage that best

suits their needs. Insurers should provide information about their policies and costs to empower patients, employers, and other purchasers and consumers to make more informed decisions about plan choice.

Principle Six: Invest in Prevention and Wellness

It is imperative that we invest in prevention and wellness to promote a healthy America. We will be unable to achieve the goals of improving quality of care and reducing the rate of growth in health care costs without such investments. Specifically, the AMA believes that insurance benefit designs should be aligned with current evidence on disease prevention. Public investments are needed in education, community projects and other initiatives that promote healthy choices.

Principle Seven: Improve Patient Safety and Quality

As leaders in the profession of medicine, the AMA shares with the Administration a sense of urgency and responsibility to meet the challenges that we face in creating a sustainable 21st century healthcare system. We are committed to creating a cultural transformation that better supports delivery of the highest quality care for individual patients and communities and which, among other strategies, will allow for a more appropriate allocation of finite resources. These two elements are extremely important, and we hold ourselves accountable to achieve them.

Health care delivery system reforms must empower physicians to improve health care quality and safety and make effective use of the nation's health care resources. The AMA believes that there are numerous reforms to the current delivery system that are necessary to provide physicians and patients the tools to enhance value in our system.

First, we must reduce fragmentation and improve care coordination with innovations like the medical home. New models such as accountable care organizations or incentive-based payments should be further developed and pilot tested before any widespread implementation. Further, through the development and use of care coordination measures, such as those being developed by the AMA-convened Physician Consortium for Performance Improvement®, we can begin to focus on those processes that produce better outcomes for patients and reduce fragmentation.

To encourage integration among physician practices we must remove legal barriers such as the existing antitrust laws. We propose antitrust reform that would allow groups of physicians who certify that they are collaborating around health information technology and quality improvement initiatives to jointly contract with payers. Antitrust reform is critical to ensuring that the many physicians who practice in groups of eight physicians or fewer are able to participate in vital quality improvement initiatives that are facilitated by clinical integration.

Ongoing physician efforts to develop and implement clinical practice guidelines that promote appropriate utilization should be supported. Comparative utilization data should be provided to physicians and medical societies to help them manage finite resources. Further, physicians need access to patient-identified data on their own patients so they can improve care. We appeal to CMS to partner with us on new ways to share data with physicians to improve care.

The AMA also supports the design of health information technology that provides relevant, actionable information to help physicians provide the best care, while providing the resources needed to employ these systems. The ARRA is a major leap forward by providing incentive payments for physicians who adopt HIT. We look forward to working with the Administration to ensure that physicians can adopt and sustain HIT systems and the quality improvement activities that they will enable.

Quality measurement programs must be truly focused on improving quality rather than solely designed for measurement or payment purposes. In the decade since the Institute of Medicine's groundbreaking report on patient safety and quality, we have moved beyond the "blame and shame" approach to try and foster development of whole systems that deliver safe, patient-centered, high-quality care. Programs that are simply designed to identify and penalize physicians whose results are below the top level of performance will not yield the system-wide improvements needed to assure high quality care for all.

Health care quality data and measures also need to assess health disparities. Incentive programs must be carefully designed with adequate risk adjustment to avoid unintentional adverse consequences for patients based on age, race and ethnicity, sexual orientation, severity of illness, diagnosis, or economic and cultural characteristics.

Principle Eight: Maintain Long-Term Fiscal Sustainability

The AMA has adopted many of the policies outlined above with the goal of improving care while ensuring long-term fiscal sustainability. In addition to these policies, the AMA believes that we must implement reforms of government insurance programs to ensure their sustainability. Access to coverage does not guarantee access to health care services. Payment systems for physicians and other healthcare providers must be stable and adequate for the nation to keep its promise of access to care for current and future generations of senior citizens. We appreciate that the Administration's budget framework acknowledges that the threat of annual physician pay cuts must be removed.

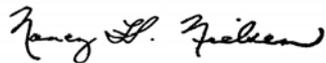
We must explore new payment models and delivery reforms to address growth in health care costs and improve quality. The Medicare silos need to be broken down so that our elderly and

The President
April 13, 2009
Page 5

disabled patients can benefit from an entire system of care that is organized around their health care needs rather than an arcane financing structure. Reforms should also provide appropriate incentives to patients by rationalizing cost-sharing.

In conclusion, the AMA looks forward to continuing to work with your Administration and the Congress as you develop health system reform policies in keeping with your eight principles. Thank you for your strong leadership in this important endeavor.

Sincerely,



Nancy H. Nielsen, MD, PhD
President



J. James Rohack, MD
President-elect