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### **Medicare must change the way it values physician services to avert primary care collapse**

Medicare must change the way that it values and reimburses physician services to prevent a collapse of primary care medicine in the U.S., the president of the American College of Physicians (ACP) told the House Ways and Means Subcommittee on Health today. ACP President C. Anderson Hedberg, MD, FACP, made his comments while sharing ACP's views on the 2006 report of the Medicare Payment Advisory Commission

"The collapse will occur at a time when we need more primary care physicians to care for an aging population," noted Dr. Hedberg. "By 2030, one fifth of Americans will be over 65, with an increasing proportion over 85. In fact, the 85 and over population – which is most likely to require chronic care services for multiple conditions – will increase by 50 percent from 2000 to 2010."

ACP supports the Commission's recommendations for improving the way that Medicare values services, Dr. Hedberg told the subcommittee. The improvements could begin correcting inequities in payments to primary care, and therefore begin the reversal necessary to save primary care medicine.

Overpriced medical services tend to be ordered more frequently and may contribute to an increase in the total volume of services. Because the Sustainable Growth Rate (SGR) limits aggregate physician spending increases, the combination of mispriced relative values and volume means certain types of services are capturing a larger share of Medicare spending, which works to the detriment of services provided by primary care

physicians. Specialties that derive a substantial amount of income from misvalued services have higher lifetime earnings. This earnings gap is a major reason why medical students with high student debt do not choose careers in primary care.

"ACP appreciates Subcommittee Chairman Johnson's leadership in seeking repeal of the SGR," Dr. Hedberg said. "We call on Congress to enact an alternative to the SGR that separates physician fee updates from measures of per capita GDP (Gross Domestic Product), reflects increases in physician practice costs, and creates incentives for quality measurement and physician-guided care coordination."

Last July, ACP endorsed Chairman Johnson's Medicare Value Based Purchasing Act. "We urge the Subcommittee to act on legislation this year that would phase in pay-for-performance, as the bill proposes," declared Dr. Hedberg. "Performance-based payments should vary based on the work and commitment of resources required for individual physicians to report on the measures applicable to their specialty and practice."

Noting that ACP is pleased that the Commission is exploring ways to improve the care of patients with chronic diseases, Dr. Hedberg urged pilot testing of a new model for organizing and reimbursing care of patients with chronic diseases, called the advanced medical home model. The model is based on the premise that the best quality of care is provided not in episodic, illness-oriented, complaint-based care, but through patient centered, physician-guided, and longitudinal care that encompasses and values both the art and science of medicine.

In conclusion, Dr. Hedberg applauded the Commission for its concern about the reimbursement disparities that are contributing to the collapse of primary care. "ACP," he said, "supports the Commission's recommendations on improving the process for valuing services and its recommended fee schedule update for 2007."

"These are the immediate steps that must be taken in order to avert the collapse of U.S. primary care medicine," Dr. Hedberg emphasized. "As they are taken, they will lead to fundamental reforms that should support the value of the patient's relationship with a primary care physician, provide incentives for physicians to organize their practices to improve care coordination, and provide positive incentives for all physicians to report quality, cost of care, and patient experience measures."

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The American College of Physicians is the largest medical specialty organization and the second-largest physician group in the United States. ACP members include more than 119,000 internal medicine physicians (internists), related subspecialists, and medical students. Internists specialize in the prevention, detection and treatment of illness in adults.

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