

Congress of the United States
House of Representatives
Washington, D.C. 20515

March 12, 2002

The Honorable Jim Nussle
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Nussle:

We are writing to strongly encourage the Committee on the Budget to include funds in the fiscal year 2003 Budget Resolution to fix the problems with the Medicare physician payment formula that have resulted in a 5.4 percent reduction in physician payments this year. This cut, which was the largest payment reduction in over a decade, may put at risk Medicare beneficiaries' access to critical health care services and place many health care professionals in a tenuous financial position. In addition, the payment cut may seriously impact physician payments in the private market as many private payers base their payment rates on the Medicare physician fee schedule.

The Committee on Energy and Commerce has been actively engaged on this issue during the 107th Congress. Last November, Chairman Bilirakis and Ranking Member Brown along with other members of the Committee introduced H.R. 3351, the *Medicare Physician Payment Fairness Act*, to provide immediate relief to physicians and health care professionals who are paid under the Medicare fee schedule and will experience the 5.4 percent cut this year. The bill would reduce the negative update for 2002 from -5.4 percent to -0.9 percent to help ensure that Medicare continues to provide high quality care to all beneficiaries. The bill enjoys the support of 323 Members of the U.S. House of Representatives, while the Senate companion, S. 1707, has the support of 71 Senators.

Last month, the Subcommittee on Health held a hearing where doctors, patient groups, nurses, and outpatient clinics told us that many Medicare providers will be forced to make difficult decisions regarding their practices because of the significant payment cut this year. In addition, the Centers for Medicare and Medicaid Services (CMS) forecasts negative updates to physician payments in 2003 and beyond.

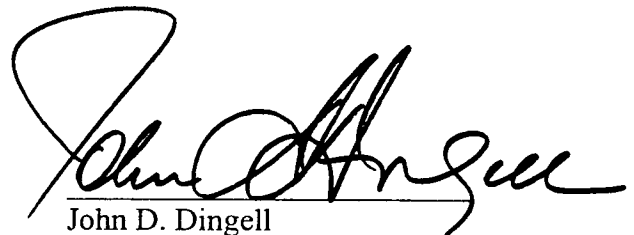
The Committee on Energy and Commerce is committed to taking action this year to overhaul Medicare's annual update formula for physician payments. We are examining various options to modify the current update system or replace it with a new system that will address the pending payment cuts and ensure greater year-to-year stability in reimbursement under the physician fee schedule.

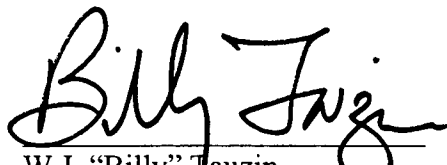
Any change, however, will require additional funds in 2003. Therefore, we strongly urge you and other Members of the Committee on the Budget to allocate specific funding in the fiscal year 2003 Budget Resolution to address this problem and not require that this funding be offset by cuts in mandatory health spending. The problem is simply too important to ignore.

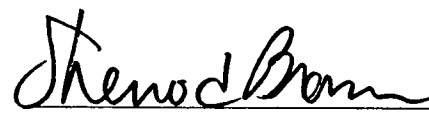
As you know, it is vital that we ensure the continued stability of the Medicare program by preserving access to and quality of health care services. Fixing the problem with the Medicare fee schedule is critical to accomplishing that goal. We appreciate your serious consideration of this request.


Sincerely,

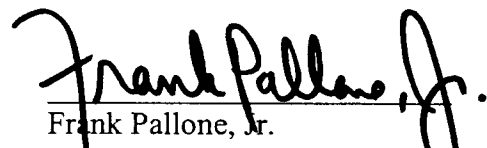

Steve Buyer

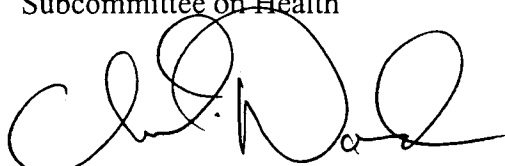

John D. Dingell
Ranking Member


W.J. "Billy" Tauzin
Chairman



Sherrod Brown
Ranking Member
Subcommittee on Health


Michael Bilirakis
Chairman
Subcommittee on Health

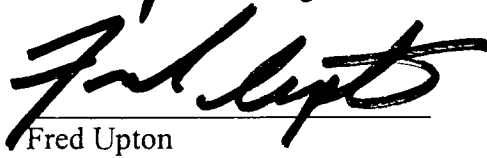

Frank Pallone, Jr.

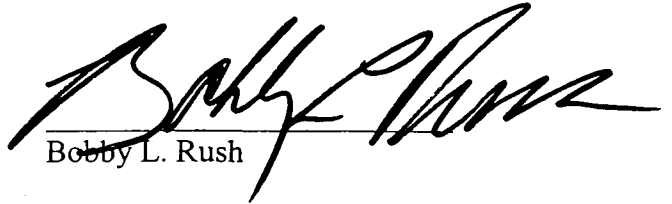

Charlie Norwood

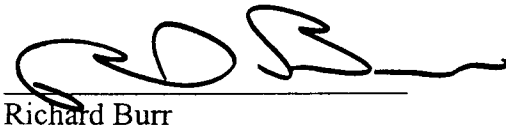

Anna G. Eshoo

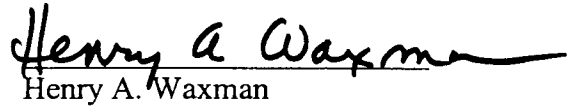

Charles W. "Chip" Pickering


Lois Capps


Fred Upton



Bobby L. Rush


Richard Burr

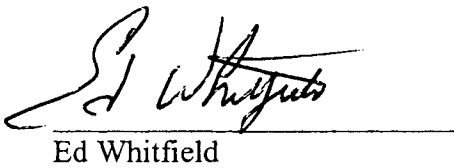

Henry A. Waxman


Robert L. Ehrlich, Jr.


Ted Strickland

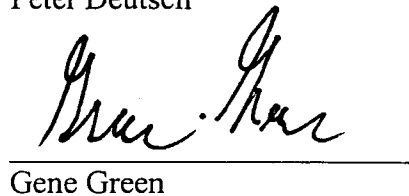

Barbara Cubin


Eliot L. Engel

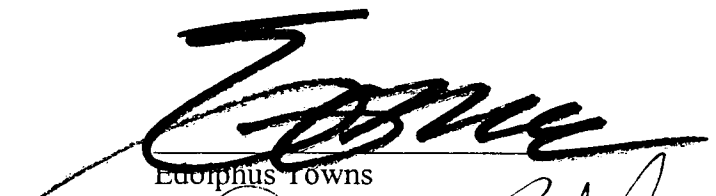

Ed Whitfield


Peter Deutsch

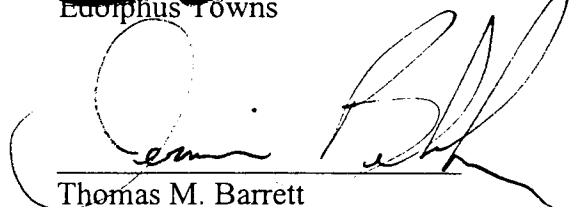

Ed Bryant

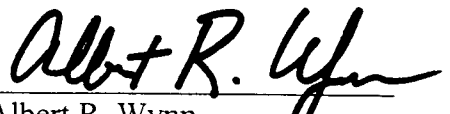

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