December 7, 2012

The Honorable Paul Ryan
U.S. Representative WI District #1
1233 Longworth HOB
Washington, DC 20515

Dear Representative Ryan,

The Wisconsin Medical Society recognizes that the nation needs to take action to ensure long-term fiscal stability. That is why we have proposed that Medicare and other payers move toward a health care system that pays for care based on value. The Society has in fact been an early and ardent proponent of paying for value, as that is the only way we are going to lessen the burden of health care costs for the federal government and the patients we care for.

As Congress works to ensure that the nation is on sound fiscal ground moving forward, we respectfully encourage Congress to consider the benefits of several key items. Indeed, there are many items that make fiscal sense to continue, and are of the highest importance to the physicians and patients of Wisconsin. With that, the Society also believes that we can’t defend the status quo and Congress must use this opportunity to move payment and delivery of health care services to a value-based system.

The Society would like to highlight the importance of the Physician GPCI “Work Floor”, Graduate Medical Education, and the opportunity the fiscal cliff provides for a permanent fix to the Sustainable Growth Rate by implementing a transition and glide path toward paying for value.

Physician GPCI work Floor
The Society strongly encourages legislation that would extend the floor on the geographic adjustment to the work portion of Medicare payments for physician services (the “work floor”). The existing work floor is set to expire on December 31, 2012. Since 2003, Congress has enacted and renewed a “floor” that would prevent a downward adjustment to Medicare reimbursement for areas with a negative work adjustment (those areas where the relative cost of physician work falls below the national average). Unless Congress acts to preserve the work floor, the expiring legislation could have a negative impact on the healthcare services provided to Medicare recipients in Wisconsin.

The Medicare Payment Advisory Board (MedPAC), the Institute of Medicine, and other independent research entities have acknowledged that the geographic adjustment for physician work is developed using data that does not accurately account for differences in physician work across geographic areas. In
fact, the flawed data used by Medicare has had the opposite policy effect of what is actually happening in the market. For this reason in particular, we urge you to continue to extend the work floor in the interim until Medicare introduces a plan to use data that accurately reflects physician work market realities.

**Graduate Medical Education**

Congress must use a practical approach to Graduate Medical Education funding. For nearly 15 years there has been a freeze in the number of slots funded by Medicare. This freeze ostensibly has had the real impact of a cut as Medicare funding and available GME slots have not kept up with population growth or the growth of costs to train residents. The GME freeze is having real consequences and it is well documented that there is a shortage of physicians. The physician shortage is expected to grow by a staggering amount of more than 130,000 by 2025.

The Society believes Congress must ensure Medicare beneficiary access to health care services and physicians by preserving existing Medicare financing for Graduate Medical Education (GME). Cuts now, when universal access to health insurance is set to begin in 2014, and at a time when each day thousands of more seniors are becoming eligible for Medicare would have disastrous consequences for access to care.

**Opportunity the Fiscal Cliff Discussions Provide for a Permanent Sustainable Growth Rate (SGR) Fix** The Society believes the SGR must be permanently fixed but recognizes that this is one part of the solution. The Society has been a proponent of using new payment models that enable and empower physicians to lead delivery reform that improves the quality of care, and lowers the growth rate of costs. The SGR formula and the yearly impending cut, which is scheduled to be 26.5 percent this coming year, is an obstacle to productive reform and real change. First and foremost, Congress must provide stable payments to physicians. Then, in combination with the SGR repeal, Congress must promote a transition plan that promotes value-based payment models and includes physician-led models of care. This new model must be a glide path that moves us away from the yearly SGR cliff and transitions us to a value-based system.

The Society urges Congress to continue the long-term investments and funding for programs that are essential to achieving our nation’s goal to reform the Medicare payment and delivery system. We also urge Congress to take this opportunity the fiscal cliff discussions provide to fix the SGR by using a transition plan to help move us to a system that pays for value.

Sincerely,

William R. Abrams, JD  
Chief Executive Officer  
Wisconsin Medical Society