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CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA
RANKING MEMBER

ONE HUNDRED TWELFTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

March 28, 2011

Michael Mack, MD, President
Society of Thoracic Surgeons
633 N. Saint Clair Street, Suite 2320
Chicago, IL 60611

Dear Dr. Mack:

The current payment system for physician services in Medicare is a major threat to the integrity of the program and the ability of America's seniors to access quality health care. Enacted in 1997 as part of the Balanced Budget Act (BBA), the Sustainable Growth Rate (SGR) system threatens providers with a 29 percent payment reduction in 2012 and will cost \$300 billion to abandon.

In an attempt to preserve access to care for Medicare beneficiaries, Congress has found it necessary to override scheduled cuts to provider fees. This has been done annually since 2002 and several times in 2010. Obviously, these short-term "fixes" are not a solution to the problem and have only added to the physician insecurity and general instability in the health care system.

The House Energy and Commerce Committee is determined to achieve a permanent, sustainable solution to the Medicare physician payment problem this year. Toward that end, the Committee would welcome specific ideas and proposals from physician organizations and the provider community on how to reform the physician payment system and move to a system that reduces spending, pays providers fairly, and pays for services according to their value to the beneficiary. These ideas and suggestions should be in a form that can be translated into legislative proposals.

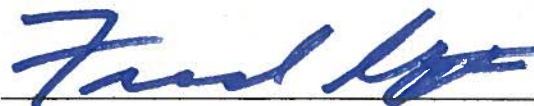
The problems preventing reform of the payment system are twofold: a budgetary hole of \$300 billion, and a lack of consensus among experts and stakeholders about what kind of payment system should replace the Medicare physician fee schedule. It is the latter question on which we invite your comment.

The Committee plans to hold a hearing on the issue in early May of this year. We would request that you submit ideas to the Committee by the end of April. Unless we begin the process

of developing a long-term solution, we will once again be faced with the unwanted choice of extending a fundamentally broken payment system or jeopardizing access to care for Medicare beneficiaries. We cannot let either happen.

The Committee appreciates your efforts in providing care to America's seniors and looks forward to working with you to resolve this complicated problem. Please submit your responses and suggestions to John O'Shea with the Majority staff and Tim Gronniger and Tiffany Guarascio with the Minority staff. If you have any questions, please contact Dr. O'Shea, Ryan Long, or Howard Cohen at (202) 225-2927.

Sincerely,



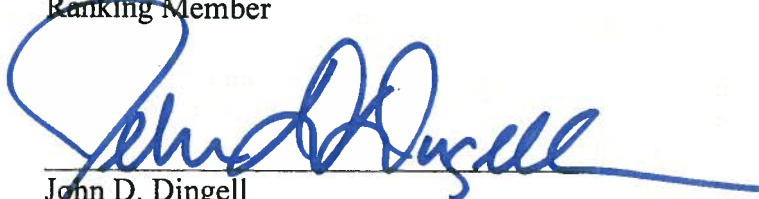
Fred Upton
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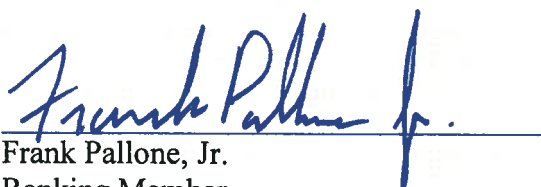
Joe Barton
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Subcommittee on Health



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Subcommittee on Health