

March 8, 2010

The Honorable Kay Hagan
521 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Hagan:

The North Carolina Medical Society (NCMS) commends the United States Senate for continuing to make health system reform a priority of the 111th Congress. Established in 1849, the NCMS represents more than 11,500 physicians and physician assistants across the state.

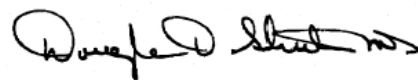
The NCMS supports national health system reform that will provide adequate access for patients, a sustainable healthcare workforce, and support improved quality and administrative effectiveness while managing costs. However, North Carolina physicians remain concerned about many areas of reform that must be addressed as Congress continues the debate.

- **A permanent repeal of Medicare's flawed physician payment formula.** A permanent Sustainable Growth Rate (SGR) fix will allow physicians to plan quality initiatives and health information technology improvements that are fundamental to improved care and chronic disease management. A predictable payment system will also help sustain the healthcare workforce and guarantee Medicare and TRICARE beneficiaries' provider access.
- **Meaningful medical liability reform.** The inclusion of incentives for states to enact meaningful tort reform will reduce defensive medicine costs and create savings that will offset increasing health insurance premiums. The Congressional Budget Office recently confirmed that enacting comprehensive tort reforms will save the federal government \$54 billion over 10 years.
- **Physicians and patients should have the right to privately contract without penalties.** This will assure that health care decisions are made by patients and their physicians, not by insurance companies or government officials. Today, physicians who have opted out of Medicare to privately contract with a patient are prohibited from submitting Medicare claims for any patient for two years. This rule acts as a barrier to patients who seek flexibility and choice.
- **Increased provider reimbursement to offset Medicaid expansion.** At last month's bipartisan meeting on health reform, the concern was raised that Medicaid reimbursement is inadequate in many states, and that if Medicaid is expanded to 133% of the Federal Poverty Level and covers all individuals under age 65, Congress should consider increasing provider reimbursement. The NCMS supports this proposal.

- **Medicare bonus payments for primary care and the expansion of primary care residency positions.** These payments should not be made at the expense of Medicare reimbursements or residency slot reductions for other medical specialties.
- **Elimination of penalties for physicians who do not successfully participate in the Physician Quality Reporting Initiative (PQRI).** This program is fraught with administrative and technical difficulties that must be corrected before the PQRI is expanded. It is inappropriate to impose penalties for unsuccessful program participation, when measures for success, in many instances, remain undefined.
- **Elimination of the proposed Medicare Independent Payment Advisory Board (IPAB).** This appointed body would be authorized to mandate payment cuts for physicians without Congressional approval and require two separate expenditure targets for providers to meet, adding to the administrative complexity of the current healthcare delivery system.
- **Accountable Care Organizations and payment-bundling pilot programs.** ACOs and the implementation of similar pay-for-performance programs must be physician-driven. Any payment-bundling initiative, including bundled incentive payments, must include safeguards to ensure physicians have equal say in the distribution of available funds.
- **Prevent barriers against new physician-owned hospitals.** Physician-owned hospitals have achieved the highest quality scores in some markets and have been shown to provide more community benefits through uncompensated care and taxes than not-for-profit competitors. Limiting the viability of physician-owned hospitals will reduce access to high-quality health care and have a destructive effect on the economy in communities these hospitals serve.

The problems plaguing our health care system are very real, and many are hurting patients as well as physicians. The NCMS supports common sense reforms that ensure patient access to quality health care and preserve the integrity of the patient-physician relationship, encouraging patient and physician choice. The North Carolina Medical Society stands ready to assist you and Senators on both sides of the aisle to create a national health care system that focuses on high-quality, cost-effective care that will improve the health of our nation.

Sincerely,



Douglas D. Sheets, MD
President

cc: NCMS Board of Directors
NC Congressional Delegation
Robert W. Seligson, Executive Vice President, CEO