



Memo to: Presidents and Executive Directors  
State Medical Associations  
County Medical Societies  
National Medical Specialty Societies

From: J. James Rohack, MD, President  
Cecil B. Wilson, MD, President-elect  
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Subject: AMA Views on House Health Reform Legislation: H.R. 3200, the America's Affordable Health Choices Act of 2009

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The AMA Board of Trustees believes that physicians and patients are not well served by the status quo and is committed to advancing long overdue health system reforms.

At the 2009 AMA Annual Meeting, we outlined the following definitions of success for health system reform legislation:

- Expand affordable coverage
- Permanent repeal of the SGR
- Quality improvement vs. profiling
- Adequate physician payment
- Administrative simplification
- Medical liability reforms
- Empower physician practices with antitrust relief and breaking down existing silos

The AMA House of Delegates also adopted new policy to "support health system reform alternatives that are consistent with the principles of pluralism, freedom of choice, freedom of practice and universal access for patients."

Based on that guidance, the AMA Board of Trustees reviewed H.R. 3200, the "America's Affordable Health Choices Act of 2009." The AMA Board determined that H.R. 3200 was consistent with AMA policy in the following respects:

- According to the non-partisan Congressional Budget Office, it would provide health insurance coverage for nearly 97% of legal non-elderly U.S. residents.

- It includes essential health insurance market reforms such as eliminating coverage denials for pre-existing conditions.
- Medicaid eligibility would be expanded to all non-elderly adults and families up to 133% of the federal poverty level and payments for primary care services would be increased.
- A health insurance exchange would be established to provide choice of plans to uninsured, self-insured and small business employees.
- Coverage for preventive services would be improved.
- It erases the SGR debt and substitutes more favorable expenditure targets for Medicare physician updates.
- Medicare primary care payments would be increased, without offsetting cuts in reimbursement for other physician services.
- Workforce investments would be made to address primary care shortages.
- Efficiency bonus payments would be provided for physicians in low-cost localities.
- Administrative simplifications would be implemented to reduce costs and hassle factors for physicians and patients.

Further, H.R. 3200 provides substantial funding for the physician community at a time when other health care stakeholders are facing steep cuts. The Congressional Budget Office estimated that the bill includes more than \$230 billion in positive investments for physicians. The breakdown is as follows:

- \$228.5 billion to eliminate the accumulated SGR cuts
- \$1.6 billion for PQRI quality reporting changes (bonus payments only, no penalties for non-reporting)
- \$5 billion for the primary care bonus
- \$1.8 billion for the medical home pilot
- \$1.3 billion to extend the floor on Medicare's geographic adjustment for physician work

On the negative side of the ledger, H.R. 3200 would cut payments for imaging services by \$4.3 billion and generate projected savings of \$1 billion by banning new physician-owned hospitals and restricting those in current operation.

Although the bill as introduced does not include any medical liability reform, we are working with a member of the Energy and Commerce Committee on a possible amendment to pilot alternative reforms such as health courts and safe harbors for physicians who adhere to best practice guidelines.

We will also continue to work with advocates in the House for physician-owned hospitals to preserve physicians' rights and investments.

The Senate Health, Education, Labor, and Pensions (HELP) Committee completed its mark-up on legislation that addresses many key issues. However, that Committee does not have jurisdiction over Medicare, Medicaid or revenue authority. The Senate Finance Committee is expected to publicly release a different framework for health reform legislation very soon.

The Senate Finance Committee framework is expected to include some of the elements mentioned above but is also expected to differ in key aspects. Additional changes will be considered during Senate floor debate.

This underscores the point that we are in the early stages of developing health reform legislation. Working constructively with Members of Congress and the Obama Administration improves our position for the critical end game negotiations on health reform that will occur when congressional leaders and the Obama Administration reconcile the differences between the House and Senate bills. That, of course, is also when the outcome on key issues such as Medicare physician payment and the details of any public insurance option and financing will be determined.

Favorable action on H.R. 3200 is an important step among a number that will be needed to advance our health system reform objectives. The AMA will continue to aggressively work to improve legislation being considered in the House and Senate.

Your help is needed now. Please join us in urging members on the House Education and Labor, Energy and Commerce, and Ways and Means Committees to support H.R. 3200. We also need to engage the patient community.

For additional information go to <http://capwiz.com/ama/home/>. Patients may be directed to the AMA's Patients' Action Network, at <http://patientsactionnetwork.com/index.aspx>.