



## A Coalition of 13 Medical Societies Representing 200,000 Specialty Physicians in the United States

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November 9, 2005

The Honorable Bill Thomas  
Chairman, Ways and Means Committee  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Thomas,

Over the past eight months, the Alliance of Specialty Medicine and its 13 member organizations have worked diligently to prepare physicians for pay-for-performance (aka value-based purchasing). We have clearly understood that pay-for-performance is coming, we must cooperate with the Centers for Medicare and Medicaid Services and other organizations in designing and implementing a pay-for-performance system and that relief from the scheduled Medicare payment cuts is contingent on these efforts.

Enclosed is a summary of actions the Alliance has taken over the past eight months to prepare for pay-for-performance. In addition, materials from each of the Alliance specialty organizations are enclosed. Many of the materials include letters and articles to physician members on pay-for-performance. In addition, as CMS Administrator Mark McClellan, MD, PhD, has acknowledged several times, many of the specialty organizations played a pivotal role in developing CMS' Voluntary Physician Reporting Program. All of the specialty groups have made tremendous progress in developing quality measures and preparing their physician members for this new payment system.

However, this is not to say that the Alliance and its members groups have not had concerns as well. Our concern has been on the *process* CMS has used to select quality measures and *specific language* in various pieces of legislation, not on the concept itself. Specifically, the Alliance has been adamant that quality measures should be developed by physicians, not bureaucrats; a P4P system should not be punitive, but should provide real incentives; and P4P and the SGR are not compatible systems. After seeing both the sustainable growth rate formula and the volume performance standard fail in the past decade, we strongly believe it is essential any new system is long-lasting, well thought out and effective. We are ready and willing to continue to work with Congress and CMS to develop this system.

In the upcoming budget conference, we would greatly appreciate any assistance you could lend in achieving the following three goals:

- 1) Preventing the physician payment cuts scheduled for January 1, 2006 and future years. In order to fully embrace pay-for-performance and health information technology, physicians must have a stable payment system.
- 2) Modifying the pay-for-performance language included in S. 1932, the "Deficit Reduction Omnibus Reconciliation Act of 2005." We do not believe this language will achieve pay-for-performance's goals of improving quality and efficiency. In particular, the language places cuts on top of cuts and requires bureaucrats in Baltimore develop quality measures instead of physicians. In addition, it infuses a system that mandates greater volume on top of one that penalizes physicians for volume increases.

We strongly believe that this language will have a devastating effect on pay-for-performance and will lead to its ultimate demise. We want a payment system that is long-lasting and works.

- 3) Increasing pilot-testing and demonstration projects for pay-for-performance. We believe more quality measures need to be developed and pilot-tested across a variety of specialties and practice settings. Unlike hospitals, a large cardiology practice in New York City has very little in common with a solo urology practice in Helena, Montana or a surgeon in Bakersfield, California. We believe increasing CMS' authority and budget to perform demonstration projects will shed light on what improves quality and what does not and where money can be saved.

We believe all of the issues listed above are consistent with the process that was followed before the hospital incentive payment program was implemented in 2003 – hospitals were not facing years of cuts; the program did not place cuts on top of cuts; the measures were agreed upon and vetted in advance; the infrastructure to report was in place and tested; and the entire project was pilot-tested through demonstration projects. We believe the same processes must be followed for the physician pay-for-performance to have the same success.

If you have any additional questions or need further information, please contact Nancey McCann, Chair of the Alliance's Medicare Workgroup at 703-591-2220 or [nmccann@ascrs.org](mailto:nmccann@ascrs.org) or Cherie McNett, Vice Chair at 443-413-9972 or [cmcnett@auanet.org](mailto:cmcnett@auanet.org).

Sincerely,  
American Academy of Dermatology Association  
American Association of Neurological Surgeons  
American Association of Orthopaedic Surgeons  
American College of Cardiology  
American College of Emergency Physicians  
American College of Obstetricians and Gynecologists  
American Gastroenterological Association  
American Society for Therapeutic Radiology and Oncology  
American Society of Cataract and Refractive Surgery  
American Urological Association  
Congress of Neurological Surgeons  
National Association of Spine Specialists  
The Society of Thoracic Surgeons