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## PRESSRELEASE

### **More Than Thirty Business, Consumer, and Labor Groups Ask Congress to Recognize and Reward High Quality and Efficient Physicians when Addressing Medicare Payments**

*HR Policy Association, Consumers Union, and the National Partnership for Women and Families among Organizations Pushing for Medicare SGR "Fix" to Include Move Toward Performance-Based Payments*

**Washington, DC**— A diverse group of business, consumer and labor organizations has asked Congress to move the Medicare program toward a performance-based reimbursement system as it considers adjustments to the payment formula for physicians. Improvements to Medicare affect not only the millions of beneficiaries who are directly served through the program, but also the nation's entire health care system. Health care purchasers and consumer groups agree that Medicare must do more to promote better quality, provide consumers useful information, and recognize and reward individual physicians who deliver high quality and efficient care.

Medicare's current Sustainable Growth Rate (SGR), the formula for physician reimbursement, too often rewards quantity, errors and unnecessary care. The Institute of Medicine and the Medicare Payment Advisory Commission (MedPAC) have documented the urgent need for improvement and they recommend reforming Medicare's payment system to create incentives for providers to deliver better care more efficiently.

"America's employers and the government recognize the importance of improving health outcomes and lowering costs to protect the health and welfare of our workforce and maintain competitiveness in a global market. Moving the Medicare payment system to one that rewards performance is consistent with these goals and a critical step toward ensuring patients are receiving the best clinical outcomes in an efficient manner," said Timothy Hughes, senior vice president, administration of Cox Enterprises, Inc., and HR Policy Association's health care public policy initiatives chairman.

"Consumers today have startlingly little quality information to select doctors, hospitals, and other providers. Individuals and families are forced to blindly choose a health care provider – a decision that could very well be a matter of life-or-death. Consumers need information to make informed decisions and Medicare should lead the way," said Debra Ness, president, the National Partnership for Women and Families.

"The current physician payment problem is triggered by a formula that tries to protect consumers from double digit inflation in the ordering of health services like CAT scans that benefit doctors' bottom lines," said Bill Vaughan, senior policy analyst for Consumers Union. "If Congress wants to override that formula to prevent pay cuts to doctors, it is essential consumers and taxpayers get something in return. That something should

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**[Letter to Congress](#)**

be the beginning of a system that will lead to reporting each doctor's quality of care and rewarding those who provide the best care."

Specifically, the letter to Congress asks Members to take the following steps to overhaul Medicare's payment system:

- Use 2007 to inaugurate reform by linking Medicare reimbursement to physician performance.
- Initially reward physicians for submitting and publicly releasing quality and efficiency scores; and then shift to rewarding physicians for outstanding performance and improvement.
- Assure linkage in 2007 of payment to performance, starting with the entire amount by which payments would otherwise have been reduced.
- Increase funds allocated to performance-based payment over time for participating physicians.
- Evolve measures to become more useful to consumers and purchasers over time.

Consumers Union is the independent, non-profit publisher of Consumer Reports. For more information, please visit [www.consumersunion.org](http://www.consumersunion.org).

HR Policy Association is a public policy organization representing chief human resource officers of more than 250 of the largest corporations in the United States. From nearly every major industry sector, HR Policy member companies have a combined market capitalization of more than \$8.2 trillion and employ more than 18 million employees worldwide. Through its public policy agenda and market reform initiatives, the Association seeks to address issues critically important to large employers, their employees, and the nation. For more information, please visit [www.hrpolicy.org](http://www.hrpolicy.org).

The National Partnership for Women & Families is a non-profit, non-partisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help Americans balance work and family responsibilities. For more information, visit [www.nationalpartnership.org](http://www.nationalpartnership.org).

Pacific Business Group on Health (PBGH) is one of the nation's top business coalitions focused on health care. Their large purchaser members spend billions of dollars annually to provide health care coverage to more than 3 million employees, retirees and dependents. PBGH is a respected voice in the state and national dialogue on how to improve the quality and effectiveness of health care while moderating costs. For additional information, visit [www.pbgh.org](http://www.pbgh.org).

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## Labor, Consumers, and Purchasers Unite to Support Sustainable Growth Rate (SGR) Payment Reform

November 21, 2006

Dear Senators Grassley, Baucus, Kennedy and Rockefeller & Representatives Thomas, Johnson, Rangel, Dingell, Stark and Waxman:

As representatives of consumers and purchasers of health care, we believe strongly that the system of payment for services provided by physicians is in need of a major overhaul. Rather than promoting better quality, coordination and efficiency of care, the current payment system too often rewards quantity, errors, rework and unnecessary care. Originally intended to control volume of physician services, Medicare's Sustainable Growth Rate (SGR) formula has proved insufficient in achieving even this limited objective.

As Congress debates both short-term and long-term changes to the Medicare reimbursement system, we urge that any relief or adjustments to the 2007 SGR payment formula must go hand-in-hand with measures that accelerate the move toward a performance-based reimbursement system. This system should recognize and reward high quality and efficient performance by individual physicians and physician groups. It should also enable consumers and purchasers to compare the quality and efficiency of physicians. The urgent need to reform payment and market transparency is affirmed by the recent Institute of Medicine report, *Rewarding Provider Performance: Aligning Incentives in Medicare*, as well as options under discussion by MedPAC. Specific elements of the SGR adjustments should include:

- Use 2007 to inaugurate physician payment reform by linking Medicare reimbursement to physician performance.
- Initially reward physicians for agreeing to submit clinical data and publicly release quality and efficiency scores; and then shift to rewarding physicians for outstanding performance and improvement.
- Assure a meaningful and significant initial linkage in 2007 of payment to performance, starting with the entire amount by which payments would otherwise have been reduced under the SGR formula.
- Increase the portion of funds allocated to performance-based payment over time to reach a substantial portion of Medicare payments to participating physicians.
- Evolve performance measures to become more useful to consumers and purchasers of care as performance measurement becomes more sophisticated.

While initially it may be more feasible to weight all measures equally within a specialty and assure equal percent bonus payments for all medical specialties, we believe that CMS should be authorized to over time allocate more monetary weight to measures and specialties offering more leverage on comprehensive affordability and quality, such as care coordination measures and primary care.

We believe that the sooner we take steps toward highly performance-sensitive physician payment reform, the sooner Americans will reap the benefits of higher quality and more efficient health care. We appreciate your consideration of our suggestions.

Sincerely,

AFL-CIO  
American Benefits Council  
Bridges to Excellence  
Carlson Companies  
Center for Medical Consumers  
Childbirth Connection  
Community Health Foundation of Western & Central New York  
Consumers Advancing Patient Safety  
Consumers' CHECKBOOK/Center for the Study of Services  
Consumers Union  
Corporate Health Care Coalition  
Employers' Coalition on Health  
Employer Health Care Alliance Cooperative  
ERISA Industry Committee  
General Electric  
General Motors Corporation  
HealthCare 21 Business Coalition  
Health Policy Corporation of Iowa  
Hotel Employees and Restaurant Employees International Union Welfare Fund  
HR Policy Association  
Iowa Health Buyers Alliance (IHBA)  
MidAtlantic Business Group  
Motorola  
National Business Coalition on Health  
National Partnership for Women and Families  
National Retail Federation  
Nevada Health Care Coalition  
New Jersey Health Care Quality Institute  
New York Business Group on Health  
Oregon Coalition of Health Care Purchasers  
Pacific Business Group on Health  
Service Employees International Union  
Society for Human Resource Management  
St. Louis Area Business Health Coalition  
The Leapfrog Group  
Xerox

cc: Members of Senate Finance Committee  
Members of House Energy & Commerce Committee  
Members of House Ways & Means Subcommittee on Health  
Leslie Norwalk, CMS Acting Administrator  
Herb Kuhn, Director, CMS  
Michael T. Rapp, MD, JD, FACEP, Director, CMS  
Barry Straube, MD, Director & Chief Clinical Officer, CMS  
Julie Goon, Special Assistant to the President for Economic Policy  
Al Hubbard, Chair of National Economic Council  
Carolyn Clancy, MD, Director, AHRQ