



Michael D. Maves, MD, MBA, Executive Vice President, CEO

August 2, 2006

The Honorable John Dingell
Ranking Member
Committee on Energy and Commerce
United States House of Representatives
2328 Rayburn House Office Building
Washington, DC 20515

Dear Representative Dingell:

On behalf of the members of the American Medical Association (AMA), I am writing to express our appreciation for your introduction of legislation providing a temporary reprieve from the Medicare physician payment crisis. Importantly, your legislation recognizes that physician payments must keep up with the costs of caring for Medicare beneficiaries.

As you know, the current Medicare physician payment formula, the sustainable growth rate, will result in reductions in physician payments of about five percent beginning on January 1, 2007, and 37 percent over the next nine years. According to the Centers for Medicare and Medicaid Services, Medicare currently only covers two-thirds of physicians' direct costs of providing services for beneficiaries. This current deficit coupled with cuts of this magnitude will clearly lead to an access crisis for Medicare patients.

The AMA appreciates the fact that Members of Congress, as demonstrated at a recent hearing by the Committee on Energy and Commerce's Subcommittee on Health, recognize that the current system does not serve the needs of Medicare beneficiaries or provide for the sustainability of the program. We look forward to working with you and all Members of Congress to achieve a long-term solution to this crisis.

Sincerely,

A handwritten signature in black ink that reads "Mike Maves". The signature is written in a cursive, slightly slanted style.

Michael D. Maves, MD, MBA