

SGR sign-on letter

The undersigned organizations urge Congress to take action during the first week of its lame-duck session in November to once again avert a Medicare physician access crisis.

The Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (P.L. 111-192) stabilized Medicare physician payments only until November 30, 2010. After that, Medicare payments for physician services will be slashed by more than 23 percent. To make matters worse, an additional cut of 6.5 percent will follow on January 1, 2011. Physician practices simply cannot absorb cuts of this magnitude in a program as important as Medicare.

Further, Congress must break the cycle of forestalling a crisis in patient access to physician care for only a few months at a time, and take action on legislation to provide stability and predictability for the program at least through 2011.

Throughout 2010, Congress enacted short-term, stop-gap measures for durations as short as one month. On three occasions, Congress failed to act in time and Medicare payments were cut by more than 20 percent. The Centers for Medicare and Medicaid Services reacted by ordering carriers to hold payments until legislation was passed. Importantly, these steps did not protect physician practices from all the consequences of the repeated Congressional delays. On the contrary, payment uncertainties and delays were highly disruptive. Many practices were forced to seek loans to meet payroll expenses, lay off staff, or cancel capital improvements and investments in electronic health records and other technology. Furthermore, when payments resumed, many physicians experienced long delays in receiving retroactive adjustments. This is not the way to manage a program that seniors rely on; Congress must act to avoid a repeat of the disruptive cuts that occurred earlier this year.

The next payment reduction is scheduled to occur during the period when physicians may change their status from a Medicare participating physician who accepts Medicare's allowance as payment in full to a non-participating physician who may bill patients more than the Medicare allowance. Hundreds of thousands of physicians will be considering whether they can continue accepting Medicare rates at the same time that massive payment cuts are scheduled to take effect. We can anticipate that many physicians will be examining whether it makes any sense to continue their current relationship with Medicare given the severe disruptions of the past year.

All of our groups agree that the ultimate solution is to permanently replace the Sustainable Growth Rate (SGR) formula with a system that keeps pace with the cost of caring for our nation's seniors. Continuing the practice of enacting temporary patches serves no one well. Physicians are committed to taking the leadership in developing Medicare payment reforms to replace the SGR once and for all, and we are counting on Congress to make permanent reform a reality.

In the meantime, there is an imminent crisis. A statutory payment update that lasts at least through the end of 2011 will provide time for Congress and the physician community to develop a long term solution to ensure that seniors can count on finding physicians to care for them, and that physicians will not view Medicare as a threat to the viability of their practice.

We urge Congress to take this action during the first week of its lame-duck session, before these massive cuts take effect yet again.