

June 27, 2011

The President  
The White House  
1600 Pennsylvania Ave., NW  
Washington, DC 20500

Dear Mr. President:

The undersigned organizations strongly urge you to repeal the Medicare Sustainable Growth Rate (SGR) formula and permanently reform the Medicare physician payment system as part of any final agreement between Congress and the Administration on authorizing an increase in the debt ceiling.

Any serious proposal to confront the fiscal challenges facing our nation, and the Medicare program in particular, must address the massive funding deficit caused by the repeated failure to replace the SGR. Though this deficit has been kept “off the books” through budgetary gimmickry, it currently represents \$300 billion in unaccounted for Medicare spending and poses a serious threat to the continued access to physicians and other providers for Medicare beneficiaries.

Since 2002, the SGR formula has annually called for reductions in Medicare reimbursements. Payments were cut by 5 percent in 2002. Congress has intervened on 12 separate occasions since then to prevent additional cuts from being imposed. Five separate bills were passed to stop a 22 percent cut in 2010 alone.

The current formula calls for cuts of 29.5 percent on January 1, 2012 for physician services in order to begin to close this massive gap in funding. There is unanimous agreement that cuts of this magnitude would result in serious disruptions for the nation’s elderly and disabled populations and cannot be allowed to occur.

Bypassing this issue or passing another short-term fix simply drives up the cost of a long-term solution. Had Congress acted as recently as 2005, the ten-year cost of preventing future cuts would have been \$48 billion. Today, it is estimated that averting currently scheduled cuts would cost nearly \$300 billion over the next ten years. If Congress continues to follow the past practice of employing budget gimmicks to push cuts into the future, the cost will exceed \$500 billion in only a few short years.

Furthermore, a credible budget agreement can not include a Medicare budget baseline that assumes draconian physician payment cuts of almost \$300 billion. The final report released by the National Commission on Fiscal Responsibility and Reform on December 1, 2010 included funding to permanently reform the SGR while also achieving nearly \$4 trillion in overall deficit reductions. While we do not support all of the specific elements of that report, the basic framework provides a good starting point and demonstrates that significant deficit reduction and the elimination of the SGR are compatible. Before more savings are taken out of Medicare for

other purposes, Congress should ensure that the necessary funding is provided, in a credible and fiscally responsible manner, to ensure beneficiaries' continued access to physicians.

An agreement on the debt ceiling legislation provides the best—and perhaps only—opportunity to ensure stability in Medicare payments, ensure continued beneficiary access to care, and address the SGR deficit in a fiscally responsible manner.

Many of our organizations have put forth concrete options for replacing the Medicare physician payment system, promoting quality, and increasing efficiencies in the Medicare program. However, none of these are possible under the Sustainable Growth Rate. We stand ready to work with you to achieve these goals.

Sincerely,

American Academy of Allergy, Asthma and Immunology  
American Academy of Dermatology Association  
American Academy of Family Physicians  
American Academy of Home Care Physicians  
American Academy of Neurology  
American Academy of Ophthalmology  
American Academy of Otolaryngology – Head and Neck Surgery  
American Academy of Pain Medicine  
American Academy of Physical Medicine and Rehabilitation  
American Association of Clinical Endocrinologists  
American Association of Clinical Urologists  
American Association of Orthopaedic Surgeons  
American College of Allergy, Asthma and Immunology  
American College of Cardiology  
American College of Emergency Physicians  
American College of Gastroenterology  
American College of Occupational and Environmental Medicine  
American College of Osteopathic Internists  
American College of Osteopathic Surgeons  
American College of Physicians  
American College of Radiation Oncology  
American College of Radiology  
American College of Rheumatology  
American College of Surgeons  
American Congress of Obstetricians and Gynecologists  
American Gastroenterological Association  
American Geriatrics Society  
American Medical Association  
American Osteopathic Academy of Orthopedics  
American Osteopathic Association  
American Psychiatric Association  
American Rhinologic Society  
American Society for Clinical Pathology

American Society for Gastroenterological Endoscopy  
 American Society for Radiation Oncology  
 American Society for Reproductive Medicine  
 American Society for Surgery of the Hand  
 American Society of Addiction Medicine  
 American Society of Breast Surgeons  
 American Society of Cataract and Refractive Surgery  
 American Society of Clinical Oncology  
 American Society of Hematology  
 American Society of Nuclear Cardiology  
 American Society of Pediatric Nephrology  
 American Society of Plastic Surgeons  
 American Society of Transplant Surgeons  
 American Urogynecologic Society  
 American Urological Association  
 College of American Pathologists  
 Heart Rhythm Society  
 Infectious Diseases Society of America  
 Joint Council of Allergy, Asthma and Immunology  
 Medical Group Management Association  
 National Medical Association  
 North American Spine Society  
 Renal Physicians Association  
 Society for Cardiovascular Angiography and Interventions  
 Society for Vascular Surgery  
 Society of Gynecologic Oncologists  
 Society of Hospital Medicine  
 Society of Nuclear Medicine  
 The Endocrine Society  
 The Society of Thoracic Surgeons

Medical Association of the State of Alabama  
 Alaska State Medical Association  
 Arizona Medical Association  
 Arkansas Medical Society  
 California Medical Association  
 Colorado Medical Society  
 Connecticut State Medical Society  
 Medical Society of Delaware  
 Medical Society of the District of Columbia  
 Florida Medical Association Inc  
 Medical Association of Georgia  
 Hawaii Medical Association  
 Idaho Medical Association  
 Illinois State Medical Society  
 Indiana State Medical Association

Iowa Medical Society  
Kansas Medical Society  
Kentucky Medical Association  
Maine Medical Association  
MedChi, The Maryland State Medical Society  
Massachusetts Medical Society  
Michigan State Medical Society  
Minnesota Medical Association  
Mississippi State Medical Association  
Missouri State Medical Association  
Montana Medical Association  
Nebraska Medical Association  
Nevada State Medical Association  
New Hampshire Medical Society  
Medical Society of New Jersey  
New Mexico Medical Society  
Medical Society of the State of New York  
North Carolina Medical Society  
North Dakota Medical Association  
Ohio State Medical Association  
Oklahoma State Medical Association  
Oregon Medical Association  
Pennsylvania Medical Society  
Rhode Island Medical Society  
South Carolina Medical Association  
South Dakota State Medical Association  
Tennessee Medical Association  
Texas Medical Association  
Utah Medical Association  
Vermont Medical Society  
Medical Society of Virginia  
Washington State Medical Association  
West Virginia State Medical Association  
Wisconsin Medical Society  
Wyoming Medical Society