

## What is Medicare?

Medicare is a government health insurance program that covers seniors, the disabled, and patients with chronic renal failure. It is the largest single health insurance payer in the United States.

## What is the Sustainable Growth Rate?

The Sustainable Growth Rate (SGR) is part of the formula that Medicare uses to set physician payment rates. It is tied to the Gross Domestic Product and not to inflation or cost-of-practice increases, and was intended to be a budgetary restraint on Medicare's total expenditures.

## Why should we care?

Cuts to Medicare physician reimbursement rates affect millions of Medicare and non-Medicare patients, including:

- TRICARE patients – Jeopardizing millions of military personnel and their families' access to care.
- Medicaid patients – In some states, Medicaid links payments to Medicare, risking access to care for America's poorest and most vulnerable.
- Privately insured patients – Many private insurers link reimbursement to Medicare.

## The Medicare payment crisis

- H.R. 6331, the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), passed with wide bipartisan majorities.
- MIPPA replaced a scheduled 10.6% cut with a 0.5% update extension through the end of 2008. For 2009, it replaced an additional 5% cut with a 1.1% update.
- The 18-month window buys Congress time to work with physicians on a long-term solution.

## The AMA solution

Urge Congress to repeal the current, flawed SGR formula and create a solution that will:

- Examine all factors affecting physician practice costs.
- Include regional CMS evaluation of inputs to the MEI, and their accurate reflection of current medical practice.
- Design payment reforms to improve coordination of care and accountability in Medicare.
- Encourage healthy lifestyle choices that assist in long-term and costly disease prevention.
- Address the budget neutrality restriction that permanently removes funding from the physician payment "pool."

- Level the playing field between Medicare Advantage plans and traditional fee-for-service Medicare to achieve fair competition and equitable treatment of Medicare beneficiaries.

## More information

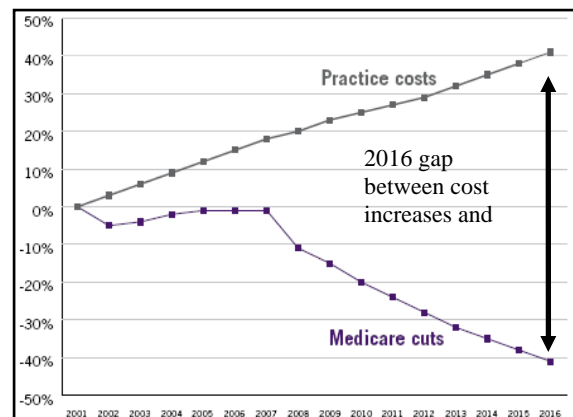
Please visit the following resources for more information:

- CMS: [www.cms.hhs.gov](http://www.cms.hhs.gov)
- MedPac: [www.medpac.gov](http://www.medpac.gov)
- AMA Medicare physician payment action kit: [www.ama-assn.org/go/medicarepaymentkit](http://www.ama-assn.org/go/medicarepaymentkit)

## What can you do?

*Together we are Stronger!* There are many ways you can get involved:

- Join and be an active member of the AMA Medical Student Section
- Write your Members of Congress: [www.capwiz.com/ama](http://www.capwiz.com/ama)
- Join AMPAC and attend AMA Lobby Day in Washington, D.C.
- Participate in grassroots advocacy and stay informed about legislative issues you care about.



Physician cost data is based on the Medicare Economic Index (MEI), a conservative measure of practice cost growth maintained by CMS. Medicare cuts are from the 2008 Medicare Trustees report. Prepared by the AMA Division of Economic and Health Policy Research, August 2008.

## Contact us

- AMA-MSS Committee on Legislation and Advocacy: [www.ama-assn.org/go/cola](http://www.ama-assn.org/go/cola)
- Government Relations Advocacy Fellow: [patrick.woodard@ama-assn.org](mailto:patrick.woodard@ama-assn.org)