

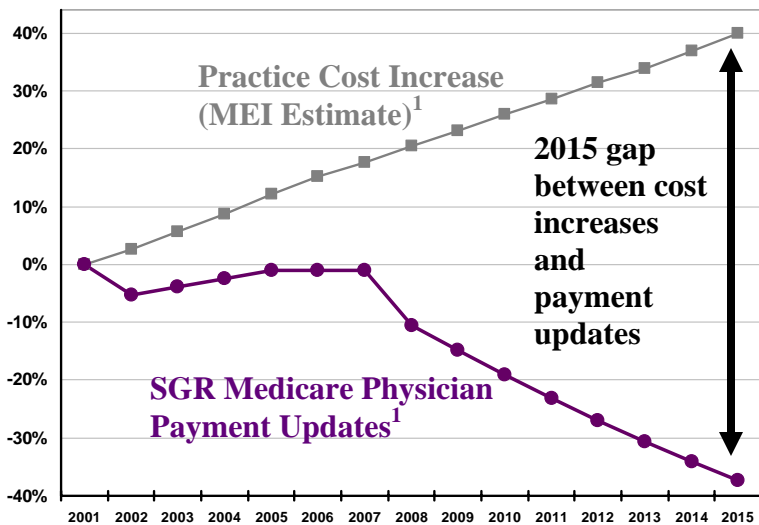


# Issue Brief: The SGR Crisis

## WHAT FUTURE DOCTORS NEED TO KNOW ABOUT MEDICARE PAYMENT REFORM

### The Medicare Payment Crisis

- *On January 1, 2008, Medicare will cut physician reimbursement by approximately 10%. By 2015, cuts will total approximately 40%, while practice costs increase 20%*
- *The Medicare Payment Advisory Commission, also known as MedPAC, has found that increasing numbers of Medicare beneficiaries report “big problems” finding new primary care and specialist physicians. The Commission is concerned that Medicare pay cuts will worsen patient access problems*



<sup>1</sup> – Physician cost data is from the MEI, a conservative index of practice cost growth maintained by the Centers for Medicare & Medicaid Services. Medicare physician payment updates are from the 2006 Medicare Trustees report, with adjustments for 2008 to reflect the Congressional Budget Office analysis of the “Tax Relief and Health Care Act of 2006.”

### What is Medicare?

Medicare is the government’s health insurance program, which covers seniors, the disabled and chronic renal failure patients.

### What is the SGR?

The **Sustainable Growth Rate** is part of the formula that Medicare uses to set physician payment rates. It is tied to the Gross Domestic Product and not to physician practice cost inflation. Due to this, Congress has had to override SGR-mandated cuts every year since 2003 to ensure Medicare patients have access to care.

### Why should we care?

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

- **TRICARE patients** – TRICARE payments are linked to Medicare payments, 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 AMA Solution

Urge Congress to repeal the current, flawed Medicare physician payment update formula and replace it with updates that keep pace with increases in medical practice costs.

### For More, 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:  
Peter Ragusa, [peter.ragusa@ama-assn.org](mailto:peter.ragusa@ama-assn.org)

### What Can You Do?

- **Write your Members of Congress! To do so, go here: <http://capwiz.com/ama>**
- *Join and be an active member of the AMA-MSS!!*
- *Join AMPAC and attend the AMA Student, Resident and Fellow Lobby Day at the US Capitol – and participate in grassroots advocacy!*