



H.R. 3961, the “Medicare Physician Payment Reform Act of 2009” Summary of Major Provisions

The Medicare physician payment formula (called the sustainable growth rate, or SGR) is fatally flawed and has been producing steep cuts that require Congress to intervene repeatedly at the 11th hour. This has jeopardized seniors’ access to care because physicians cannot plan for the long-term or invest in critical innovations that would improve quality of care for patients. In less than two months, Medicare physician payments are scheduled to be reduced by more than 21%.

H.R. 3961, the “Medicare Physician Payment Reform Act of 2009,” proposes to reform the Medicare physician payment formula, and would:

- Repeal the SGR and provide an MEI (Medicare Economic Index) update for 2010 instead of a 21.2% Medicare physician payment cut.
- Eliminate all SGR debt accumulated after years of temporary, unfunded fixes.
- For 2011 and subsequent years, establish updates based on two new targets with significantly higher utilization growth allowances than the SGR. The new targets would apply to:
 - E&M and preventive services, which would be based on GDP +2.
 - All other services, which would be based on GDP +1.
 - These service categories would apply without regard to the specialty of the physician providing the service.
- Re-set the new targets after five years to help reduce the likelihood of accumulated debt and future steep cuts under the new targets.