

Member Connect[®] Survey: Physicians' reactions to the Medicare physician payment cuts

Highlights

Beginning July 1, 2008, the government will cut Medicare payments to physicians by 10.6 percent. With forecast cuts every year for almost a decade, physician payment rates will be slashed by about 40 percent, while practice costs are expected to increase by 20 percent.

This survey of 8,955 physicians, conducted in 2007, examines how the cuts will affect physician practices—and seniors' access to physician care. Based on our survey findings, the American Medical Association (AMA) is deeply concerned that without congressional action, seniors will face reduced access to care.

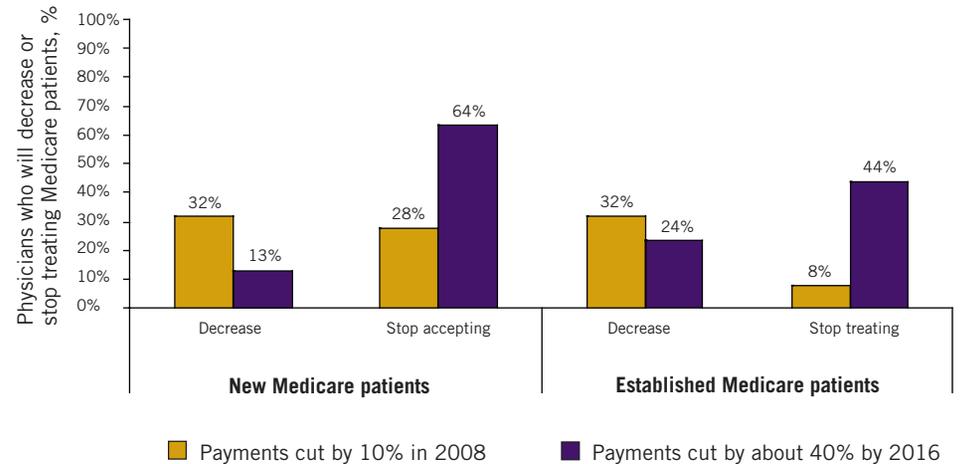
Impact on access to care

Physicians were asked if they would limit the number of new and established Medicare patients they treat if Medicare cut payments 10 percent in 2008 and about 40 percent by 2016.

If Medicare payment rates are cut by 10 percent in 2008, 60 percent of physician respondents plan to limit the number of new Medicare patients they treat. If Medicare payment rates are cut by about 40 percent by 2016, 77 percent of physician respondents plan to limit the number of new Medicare patients they treat.

If Medicare payment rates are cut by 10 percent in 2008, 40 percent of physician respondents plan to limit the number of established Medicare patients they treat. If Medicare payment rates are cut by about 40 percent by 2016, 68 percent of physician respondents plan to limit the number of established Medicare patients they treat.

Potential changes to practice if Medicare payments are cut



Physician practice changes

Physicians were asked whether they plan to make any changes to their practice if Medicare payment rates are cut by 10 percent in 2008, or cut by about 40 percent by 2016.

If payment rates are cut by 10 percent in 2008, more than two-thirds of physicians will defer investments in their practice, including the purchase of new equipment and the purchase of information technology. Furthermore, if payment rates are cut by about 40 percent by 2016, about eight in 10 physicians report that they will forgo these investments. These findings are particularly troubling, as the government is advocating for increased use of information technology, such as electronic medical records, but its policies on Medicare physician payment are preventing physicians from making these critical investments in patient care.

If payments are cut 10 percent in 2008, physicians will make many other troubling practice changes. More than half of physicians report that they cannot meet their payroll and will have to reduce their practice staff, and 14 percent will get out of patient care altogether. The numbers jump to 77 percent (staff reduction) and 59 percent (stop providing care) if the 40 percent cut occurs. Those physicians who continue to practice medicine will make other difficult choices. For example, 36 percent of physicians will reduce their workload or hours. Two-thirds will refer complex cases and/or discontinue certain services. Two out of five will shift services to hospitals and/or close satellite offices. The cuts will have an especially negative impact on vulnerable seniors, as more than half of physicians will discontinue nursing home visits. In addition, 57 percent of those physicians whose practices serve rural populations will discontinue rural outreach.

Potential changes to practice if Medicare payment rates are cut

	Percentage of physicians who plan to make changes to practice	
	Payments cut by 10% in 2008	Payments cut by about 40% by 2016
Defer purchase of new medical equipment	72	84
Defer purchase of information technology	67	78
Begin referring complex cases	67	80
Discontinue nursing home visits	58	72
Stop providing certain services	65	85
Discontinue rural outreach	57	72
Reduce staff	54	77
Close satellite office	41	60
Shift services to hospital	40	55
Reduce workload/hours	36	68
Stop providing patient care	14	59

Views on Medicare Advantage plan subsidy

Medicare Advantage plans are now paid a subsidy that on average is 12 percent more than if the same beneficiary were treated in fee-for-service Medicare. Physicians were told that plans that use the additional funds to reduce out-of-pocket costs or provide supplemental benefits for their enrollees would probably discontinue these benefits if the subsidies were eliminated. When physician respondents were asked their views about the Medicare Advantage subsidy after being given this information, only 17 percent said the Medicare Advantage subsidy should continue. Most of the remaining respondents said the subsidy would be better spent on preventing physician pay cuts and/or helping all low-income patients with their out-of-pocket costs, not just those in Medicare Advantage plans.

In April/May 2007, the American Medical Association (AMA) conducted a Member Connect[®] Survey of both member and nonmember physicians to determine their responses to the Medicare payment cuts. The survey was conducted online.

A total of 8,955 physicians completed the survey.

