



October 16, 2009

The Honorable Harry Reid
United States Senate
Hart Senate Office Building
Washington, DC 20510

Dear Senator Reid:

On behalf of the American Medical Association and AARP, we strongly urge you to vote for consideration and passage of S. 1776 – legislation to permanently repeal the flawed Sustainable Growth Rate (SGR) formula, avoid looming Medicare physician payment cuts, and to provide Medicare patients with the security and stability they deserve.

Joint polling we recently conducted found that two-thirds of people over 50 years old are either very or somewhat concerned that the current health care system limits their ability to see the doctor of their choice. These fears have been compounded by the annual legislative struggle to avert Medicare physician payment cuts – temporary “band-aids” which have only served to increase the size of future cuts. The continuing threat of steep Medicare payment cuts jeopardizes seniors’ access to care and physicians’ confidence in the government’s commitment to funding a strong and reliable Medicare program.

Physicians face an unprecedented 21.5 percent cut in Medicare payment rates in January 2010, with additional cuts in future years. S. 1776 would repeal the SGR formula and establish a zero update for ten years. Erasing the SGR debt wipes the slate clean and sets the stage for additional Medicare physician payment reforms. We believe repealing the flawed SGR formula is essential to achieving true delivery system reform in the future.

Seven times in the last seven years, Congress has passed legislation to over-ride the SGR formula. In essence, Congress has been operating with an artificial budget baseline for Medicare physician spending which it has repeatedly decided is inappropriate from both policy and service delivery perspectives. It’s time for Congress to adopt a real baseline. Those who are concerned about waiving budget requirements should recognize that the past practice of “temporary band-aids” on the SGR problem has only served to increase both the size of future cuts and the cost of subsequent interventions. That is neither responsible budget policy nor in keeping with our obligations to provide access, choice and quality care to Medicare patients and military families enrolled in the TRICARE program.

As the nation’s largest organizations representing physicians and older Americans, we urge you to vote for cloture, to waive the budget point of order and support final passage of S. 1776.

Sincerely,

Michael D. Maves, MD, MBA
Executive Vice President
American Medical Association

A. Barry Rand
Chief Executive Officer
AARP