

Impacts of Medicare physician payment cuts in Montana

- The Medicare Improvements for patients and Providers Act of 2008 (MIPPA) replaced scheduled double-digit Medicare cuts with a 1.1% increase for 2009. However, on January 1, 2010, Montana physicians face an across-the-board cut of 21%, producing a loss of \$40 million for the care of elderly and disabled patients. **On average, each Montana physician is facing a Medicare cut of \$13,000 next year.**
- This 21% cut will grow to about 40% in cumulative cuts by 2016 unless Congress acts soon to replace the flawed payment update formula and reform Medicare's physician payment system. Otherwise, by 2016 the state's physicians will lose \$500 million for the care of elderly and disabled patients.
- 7,257 employees, 143,666 Medicare patients and 32,825 TRICARE patients in Montana will be affected by these cuts.
- Compared to the rest of the country, Montana, at 15 percent, has an above-average proportion of Medicare patients and, at 15 practicing physicians per 1,000 beneficiaries, Montana has a below-average ratio of physicians to Medicare beneficiaries, even before the cuts take effect.
- 50 percent of Montana's practicing physicians are over 50, an age at which surveys have shown many physicians consider reducing their patient care activities.
- MIPPA also extended a temporary increase in Medicare geographic adjustments for certain areas which will expire at the end of 2009. In 2010, therefore, Montana physicians face cuts of an additional 2.8% on top of the 21% cuts across the country.

