

Impacts of Medicare physician payment cuts in Pennsylvania

- 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, Pennsylvania physicians face an across-the-board cut of 21%, producing a loss of \$560 million for the care of elderly and disabled patients. **On average, each Pennsylvania physician is facing a Medicare cut of \$15,000 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 \$8.6 billion for the care of elderly and disabled patients.
- 142,006 employees, 2,005,670 Medicare patients and 161,653 TRICARE patients in Pennsylvania will be affected by these cuts.
- Compared to the rest of the country, Pennsylvania, at 16 percent, has an above-average proportion of Medicare patients.
- 41 percent of Pennsylvania'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, physicians in the "Rest of Pennsylvania" Medicare payment area face cuts of an additional 0.4% on top of the 21% cuts across the country.

