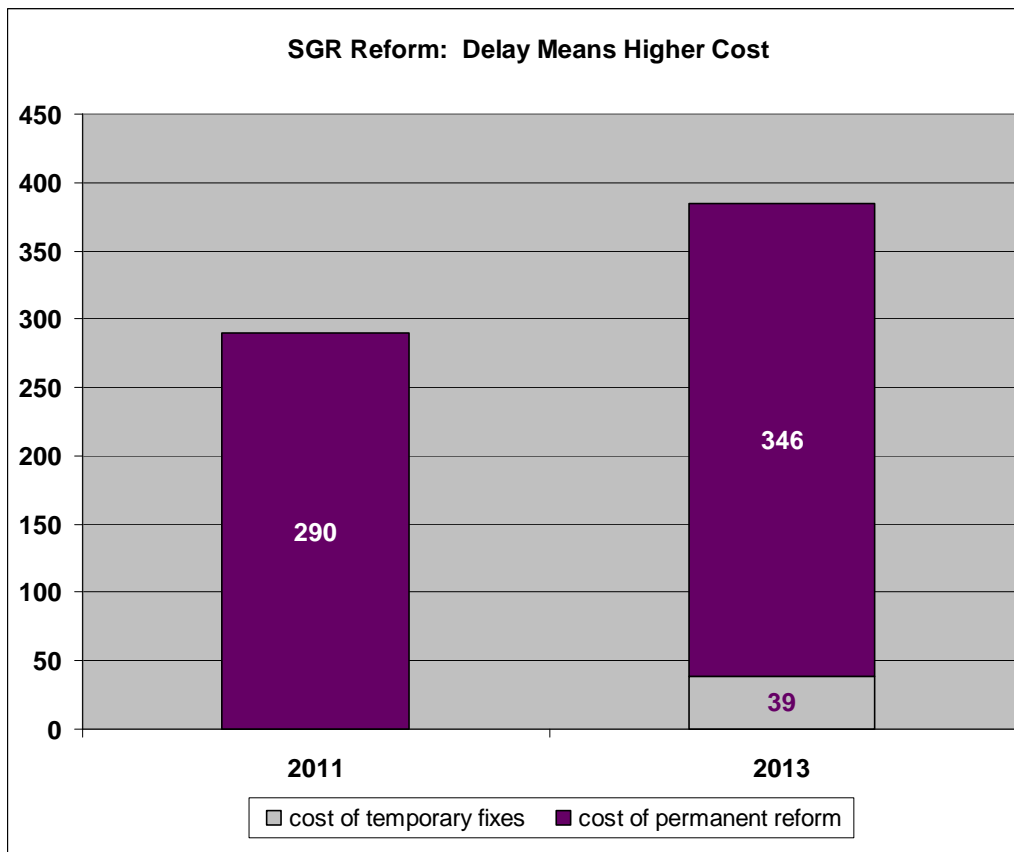




Implications of a Two-Year Medicare Physician Payment Freeze Using Cliff Financing

Currently, physicians are facing a Medicare physician payment cut under the SGR of 27.4%. Freezing Medicare payments to physicians for two years will cost \$38.6 billion over 10 years. Temporary patches using “cliff financing” will increase the size of future cuts and the future cost of repeal of the SGR.

	<u>Today</u>	<u>2013</u>
Size of next cut:	-27.4% (in 2012)	36% (in 2014)
Cost of SGR Repeal	\$290 billion	\$346 billion
Cost of SGR Repeal <u>plus</u> cost of temporary patches	\$290 billion	\$385 billion



Conclusions: Enacting a two-year Medicare physician payment freeze using cliff financing will (1) increase the size of the next cut by almost 9 percent and (2) increase the total amount that Congress will spend on the SGR in temporary patches and repealing it by \$95 billion.