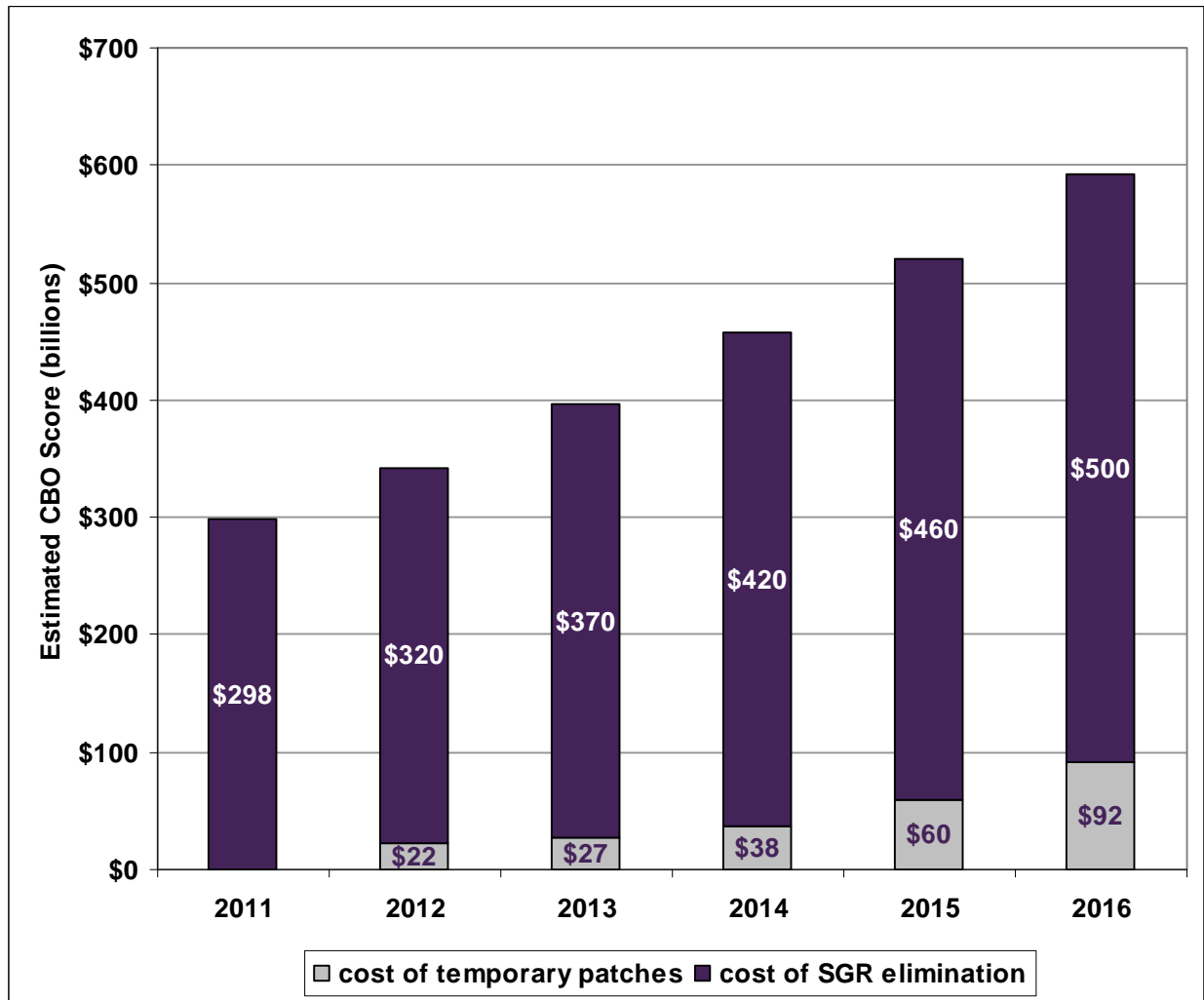


SGR reform: Delay means higher cost



Source: American Medical Association, Economic and Health Policy Research, June 2011, based on "Medicare's Payments to Physicians: The Budgetary Impact of Alternative Policies," Congressional Budget Office, June 14, 2011, and AMA Economic and Health Policy Research estimates.

The above chart shows how the cost of eliminating the Medicare SGR formula escalates rapidly with successive delays and temporary patches.

In Dec. 2009, CBO scored the cost of H.R. 3961, the "Medicare Physician Payment Reform Act," at \$210 billion from 2010-2019. By June 2011, 18 months later, the score for eliminating the formula has increased to nearly \$300 billion. The chart shows that further delaying a permanent SGR solution will further increase the score and make the formula's elimination that much more difficult. If Congress were to wait until 2016 to do away with the SGR, the combined score for providing temporary patches through 2016 and then eliminating the SGR is estimated to approach \$600 billion.

In addition, each temporary patch costs more than the previous one, and each year's "cliff" gets steeper. Last year, physicians were faced with an unprecedented 21 percent cut. Now, a 27 percent cut is scheduled for 2012. SGR cuts will continue to get steeper the longer Congress postpones a permanent solution.