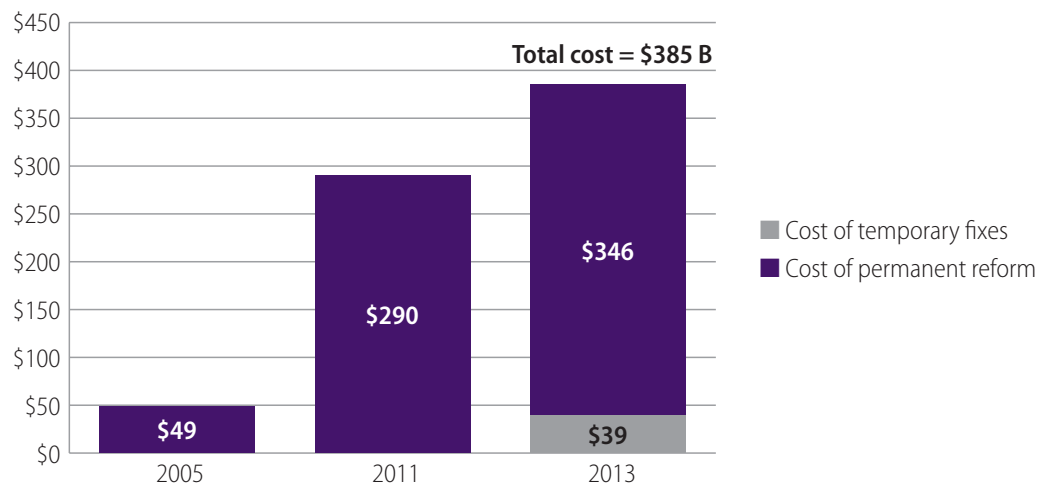


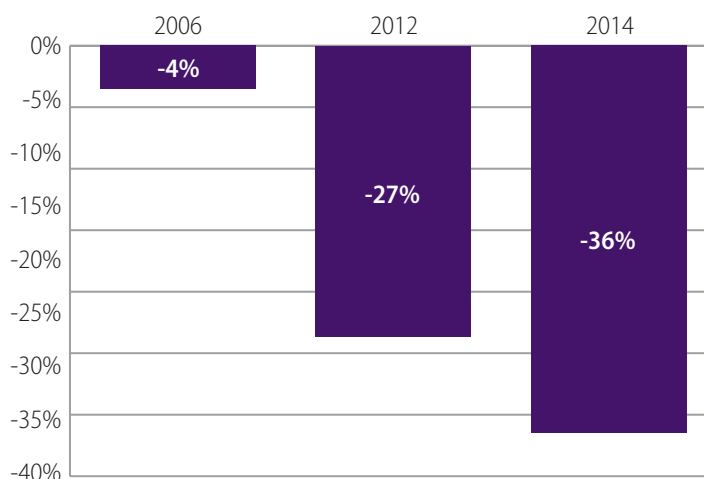


Temporary Medicare physician pay patches increase costs of permanent reform, depth of cuts

- In 2005, the Congressional Budget Office (CBO) scored the cost of repealing the Medicare physician payment formula at \$49 billion. By 2011, it had risen to \$290 billion.
- A two-year patch will cost \$39 billion and increase the score for repeal to \$346 billion, thus **raising the total Congress will spend addressing the payment formula by almost \$100 billion.**



- In addition, each temporary patch leads to a steeper “cliff” in the following year.
- In 2005, physicians were facing a 4 percent cut the following year, but physicians now face a 27 percent cliff once the current patch expires.
- **A 22-month patch would lead to a 36 percent cliff in 2014.**



Charts prepared by AMA Economic and Health Policy Research based on CBO cost estimates from Nov. 2011.