



## eVoice<sup>®</sup> Alert

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### AMA opposes SGR proposal

Based on conversations with policymakers, the AMA cannot support an emerging proposal to address the flawed Medicare physician payment formula. The result in five years would be steeper cuts for physician practices, making it much more difficult—if not impossible—to achieve the objective of permanently repealing the “sustainable growth rate” (SGR).

It is our understanding that a draft proposal developed by the U.S. House of Representatives and the U.S. Senate congressional leadership would provide for statutory updates of 2.2 percent for the remainder of 2010 and an additional 1 percent increase in 2011. Short-term positive updates are no doubt attractive. From 2012 through 2014, physician updates would be determined by two expenditure targets that were proposed by H.R. 3961. We believe updates during this period would likely produce modest increases for E&M services and no less than a freeze for other Medicare services. In 2015, physician payments would be scheduled to revert back to the current SGR formula with a projected cut of no more than 37 percent. While this cut would result in a 2015 conversion factor in line with that projected under current law, the update baseline will continue to fall during these five years as a result of the underlying SGR formula. By 2015, we believe that the price tag to permanently repeal the SGR, or even to extend the proposed 2012-2014 policy, could exceed \$500 billion.

The AMA fully appreciates the fiscal challenges confronting Congress and our nation today. The cost of permanently eliminating the currently scheduled Medicare cuts is approximately \$250 billion. For the last several years, Congress has chosen short-term remedies that have resulted in larger future physician payment cuts and made it much more expensive to scrap a formula that Democrats and Republicans have both said should be repealed. Five years ago, the price tag for repealing the SGR was \$49 billion.

Twice this year, Congress has allowed 30-day extensions to expire, creating turmoil for patients and physicians because a 21 percent cut became the operative policy. On June 1, the current extension will expire again.

Failure by Congress and the Obama Administration to properly solve this issue will intensify access problems for seniors and military families enrolled in the TRICARE program, and severely undermine implementation of recently enacted health system reform legislation. An existing physician shortage will be magnified and steeper cuts will prevent practice and delivery innovations.

Everyone in the health care community and Congress would like to see this problem go away. However, the AMA believes that greater long-term insolvency is too steep a price to pay for a temporary solution. We believe that policymakers must once again go back to the drawing board and make the tough decisions necessary to provide the funding to fulfill the obligations made to Medicare patients and military families, without steep cuts for medical services.

Contact your members of Congress. Urge them to pass legislation to avert a 21 percent cut on June 1 without increasing the cost of a permanent solution, and preserve access to medical services for Medicare patients and military families. We should not mortgage the future of the private practice of medicine. Growing the problem is not the solution!

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#### Feedback

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