



Issue Brief: Medicare Physician Reimbursement

A New System is Essential to the Future of Health Care

Request

The Alliance of Specialty Medicine urges Congress to act immediately to replace the flawed Medicare physician payment system known as the sustainable growth rate (SGR) formula.

Snapshot of the issue

After Congress stepped in with a series of short-term fixes that preempted cuts, the flawed SGR formula triggered a massive cut to physician reimbursement – 21 percent, which went into effect on June 1, 2010.

The SGR formula will continue slashing physician payments by more than 40 percent over the next decade, despite the fact that Medicare reimbursement rates are already well below market rates. Deep cuts jeopardize the viability of many physicians' businesses and imperil Medicare beneficiaries' access to specialty care.

The bottom line

- The 100,000 physicians represented by the Alliance call for the 21 percent cut to be overturned, but strongly oppose another short-term band-aid.
- Medicare's SGR formula needs to be replaced with a stable mechanism for updating Medicare fees to continue to ensure Medicare beneficiary access to high quality care and also to allow Medicare and the health care system to move forward with important system delivery reform.

Background

While many members of Congress acknowledged the need to replace the SGR during the health care debate, ultimately the decision to avoid tackling the issue reflected concerns about budget deficits. While the Alliance certainly understands and appreciates concerns about government spending, we are more concerned about failing to take steps necessary to protect and strengthen the Medicare program for our nation's seniors.

As Congress debates a short-term fix that will hit the pause button to avoid the 21 percent cut, there is simply no discussion about a solution that will permanently solve the problem and provide much needed and deserved stability for our nation's seniors who rely on Medicare. As a result, more and more doctors will be unable to continue seeing Medicare patients unless Congress replaces the current Medicare payment system with one that truly recognizes medical progress and the advancement of specialized medicine.

The Alliance of Specialty Medicine is an organization of national medical societies, based in Washington, DC, which represents specialty physicians in the United States. This non-partisan group is dedicated to the development of sound federal health care policy that fosters patient access to the highest quality specialty care. Member organizations include: American Academy of Facial Plastic and Reconstructive Surgery; American Association of Neurological Surgeons; American Association of Orthopaedic Surgeons; American Gastroenterological Association; American Society of Cataract & Refractive Surgery; American Urological Association; Coalition of State Rheumatology Organizations; Congress of Neurological Surgeons; Heart Rhythm Society; National Association of Spine Specialists; and Society for Cardiovascular Angiography and Interventions. For more information, please visit www.specialtydocs.org.