



American Society for

Clinical Pathology®

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# Fix the SGR

Without Congressional action, Medicare physician reimbursement rates will be reduced by 21 percent on January 1, 2010 and an additional 6 percent annually for several years thereafter. The Congressional Budget Office estimates that by 2014, the cumulative reduction in reimbursement rates caused by the SGR will be approximately 40 percent.<sup>i</sup>

It is critical that Congress take action to replace next year's cut with a positive update based on actual practice costs increases. An AMA survey revealed that 60 percent of physicians reported that they would have to limit the number of new Medicare patients they treat if payment rates are cut.

The Medicare physician payment update formula is producing disastrous effects. In addition to generating the pending steep pay cuts, the formula:

- Has kept average 2008 Medicare physician reimbursement rates about the same as they were in 2001.
- Prevents physicians from making needed investments in staff and health information technology to support quality measurement
- Punishes physicians for participating in initiatives that encourage greater use of preventing care in order to reduce hospitalizations
- Has led to a severe shortfalls in Medicare's budget for physician services that have driven Congress to enact short-term interventions with funding methods that have increased the duration of cuts, as well as the cost of a long-term solution;
- Hurts access to care for America's military families, as payment rates in the Department of Defense' TRICARE program are tied to Medicare rates.

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<sup>i</sup> Elmendorf, Douglas W. Correspondence from the Congressional Budget Office to House Budget Committee Chairman John M. Spratt. March 27, 2009