



**American Society for  
Clinical Pathology®**

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# Fix the SGR

Without congressional action Medicare physician payment rates will be reduced 10.6 percent on July 1, 2008, and an additional 5 percent on January 1, 2009. The 2007 Medicare Trustees report predicts total cuts of about 40 percent by 2016. These cuts in Medicare physician payment rates are caused by the flawed Sustainable Growth Rate (SGR).

It is critical that Congress take action to replace the next 18 months of cuts with positive updates based on practice cost 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 payments are cut 10 percent in 2008.

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 payment 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 preventive care in order to reduce hospitalizations
- Has led to a severe shortfall in Medicare's budget for physician services that has 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's TRICARE program are tied to Medicare rates

Please support S. 2785, the Save Medicare Act of 2008, introduced by Senator Debbie Stabenow.