

# Stop the Medicare Meltdown

Repeal the SGR, fix the sequester, remove the penalties, and stop adding administrative cost.

Since the turn of the century, nothing has so regularly and completely vexed and frustrated physicians more than the annual showdown with Congress to stop double-digit cuts to Medicare payments for physicians.

Medicare patients and military families are never out of danger. Year after year, the specter of congressional action or inaction threatens to jeopardize health care services for Medicare patients. And, because TRICARE rates for military families are based on Medicare, they're in danger, too.

This is because federal law requires Medicare payments to physicians to be modified annually using the Sustainable Growth Rate (SGR) formula. Due to flaws in how the formula was designed, the corresponding result has mandated physician rate cuts every year over the past 13 years. Only short-term congressional fixes have stopped the cuts.

In 2014, Congress came closer than ever to passing legislation that would have repealed the SGR. The bill had strong bipartisan support and addressed many of the policy issues surrounding Medicare, but in the end Congress lacked the necessary willpower to cover the costs of the legislation. Instead, Congress voted for the 17th time to put another patch on the problem. Physicians now face the threat of another major payment cut on April 1, 2015.

This cut is on top of a 2-percent sequestration cut that began in 2013 as required by the Budget Control Act of 2011. And to make matters worse, physicians are facing multiple small cuts that will whittle away their payments over the next several years due to new Affordable Care Act requirements.

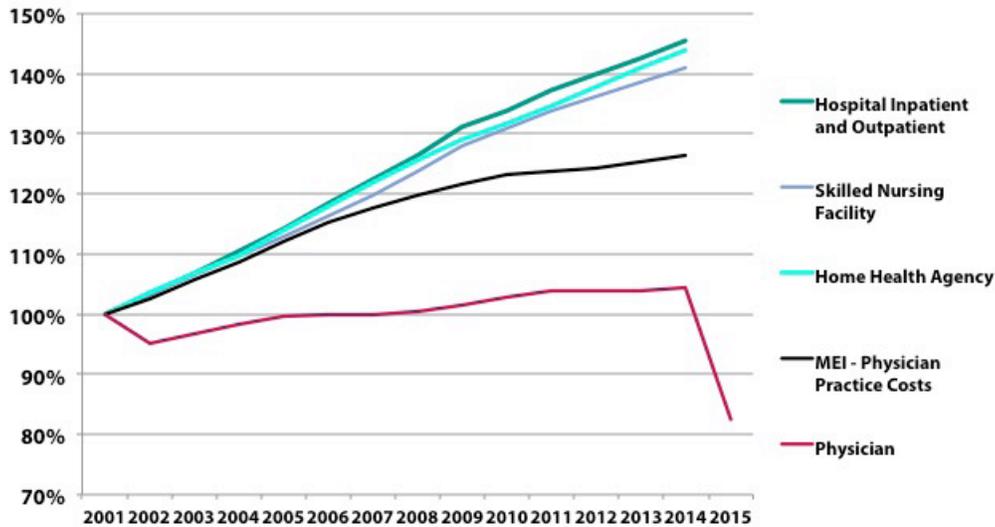
Compounding this, most commercial insurers pay physicians based on a percentage of the Medicare rate. Since Medicare payments have been essentially unchanged over the past 13 years, this double hit has meant a flat-lining of physician payment rates and now threatens the viability of many physician practices. It makes investment in new clinical equipment and health information technology increasingly more difficult and challenging.

This decade-long and continued uncertainty is forcing some physicians to make the difficult decision to either opt out of Medicare, limit the

- Repeal the broken SGR formula. Enact a rational Medicare physician payment system that works and is backed by a fair, stable funding formula.
- Fix the broken SGR formula before giving additional payment increases to any other provider in Medicare.
- Develop a comprehensive list of viable payors to cover the cost of the SGR repeal.
- Accompany increases in compliance or reporting burdens with payment increases, not penalties.
- Revise Medicare's value-based purchasing program so it accounts for patients who do not comply with orders or recommendations for testing and treatment; also do not penalize physicians for providing services to chronically ill or disadvantaged patients; both cost and quality measures need to be risk-adjusted to account for the effects of poverty, poor educational attainment, and cultural differences.
- Direct payers to use standardized measures and transparent methodology, as well as processes for reporting of quality measures data by physicians.
- Ensure criteria used to measure physicians' performance are evidence-based, fair and accurate, and truly evaluate quality and efficient care, not just cost.
- Repeal the Independent Payment Advisory Board (IPAB). Decisions about changes to the health care system should not be left to an unelected and unaccountable IPAB.
- Pass the Medicare Patient Empowerment Act to give physicians the ability to contract directly for any and all Medicare services, particularly those not covered currently.

**Border Health Caucus**  
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## Comparative Fee Updates for Medicare Providers Percent Change From 2001



number of patients they treat, or retire early. A TMA survey indicates that 50 percent of Texas physicians are considering opting out of the Medicare program altogether.

Medicare patients today often can't get in to see their physicians as quickly as needed. This forces Medicare patients to put off care until they are sicker, or they end up using the hospital's emergency department. Sending Medicare patients to the emergency room is counterproductive to the goal set by Congress and the White House to keep health care costs down by encouraging all Americans to have a "medical home."

We all recognize the value that hospitals, nursing homes, home health services, durable medical equipment, and other health care providers give to Medicare patients. However, over the past decade, they all have received

annual payment increases, while physicians have not (see chart).

Medicare patients should feel anything but secure about the future of their health care. Physicians are key to delivering health care services and are the foundation of the Medicare program. Without a robust network of physicians to care for the millions of patients dependent on Medicare, the program will not work.

Congress must repeal the flawed SGR formula at once and replace it with a rational Medicare physician payment system that works and is backed by a fair, stable funding formula. They should create a bipartisan subcommittee to develop a comprehensive list of viable pay-fors to cover the cost.

