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MEDICARE fact sheet



MARCH 2013

REQUEST

Congress should act now to permanently repeal and replace the Medicare Sustainable Growth Rate Factor (SGR).

IMPACT OF BUDGET SEQUESTRATION

Sequestration will apply a two percent payment cut to Medicare physician reimbursement starting April 1, 2013.

BACKGROUND

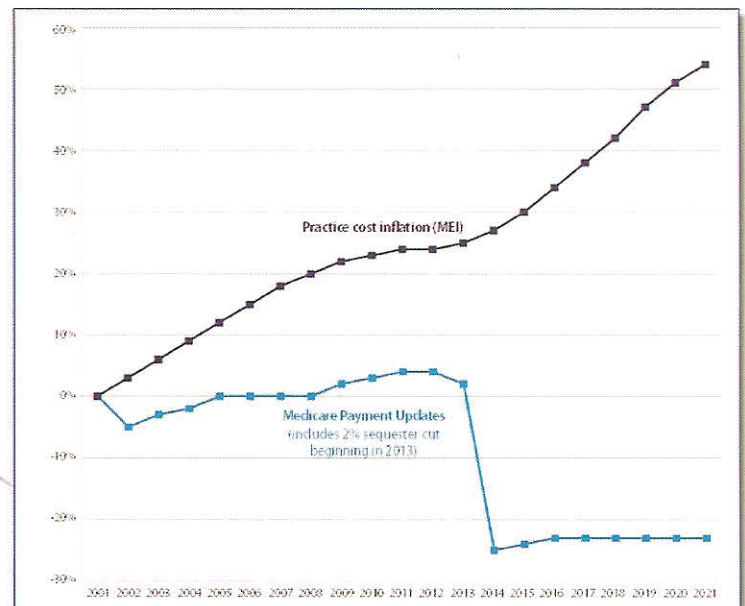
In 2002, the sustainable growth rate factor resulted in a 5 percent cut in Medicare reimbursements to physicians and other Part B Medicare providers. Since 2002, Congress has enacted 15 different laws to prevent further SGR drive cuts.

REASONS WHY CONGRESS SHOULD ACT NOW TO PERMANENTLY FIX THE SGR FORMULA

The costs of temporary fixes keeps growing – In 2007 the Congressional Budget Office estimate for replacing the SGR driven cuts with a 1-year freeze was \$3 billion over 10 years. In 2013, the CBO estimate for a 1-year freeze was \$25 billion over ten years. If Congress does not act now, the cost of even a 1-year fix will become prohibitively expensive.

The cost of a permanent fix got significantly cheaper – In February, the Congressional Budget Office issued a revised cost estimate for a 10-year freeze on SGR payment of \$138 billion over 10-years. The previous CBO estimate for a 10-year freeze was \$243.7 billion. This represents a savings of over \$100 billion. Congress should act quickly to take advantage of the significantly lowered cost estimate to permanently replace SGR.

Medicare payments to physicians needs to reflect practice costs – Without Congressional intervention, physicians will be facing a nearly 30 percent cut in Medicare reimbursement – further compounded by the current sequestration cuts in provider payment. Even with temporary SGR patches, Medicare payments to physicians have not reflected practice costs. From 2001 to 2012, the Medicare physician payments have increased an average of 0.29 percent. Over that same time period, the cost of practicing medicine has increased over 25 percent. The gap between physician costs and Medicare payments is not sustainable.



Source: 2012 Medicare Trustees Report except 2013-14, which is derived from the 2013 Medicare physician payment schedule final rule as adjust by the American Taxpayer Relief Act of 2012.

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