

United States Senate

WASHINGTON, DC 20510

July 17, 2006

The Honorable William H. Frist, M.D.
Senate Majority Leader
United States Senate
Washington, DC 20510

The Honorable Harry Reid
Senate Minority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Frist and Minority Leader Reid:

If Congress does not act soon, the Medicare sustainable growth rate (SGR) formula will cut payment to physicians and health-care professionals by about 5 percent, effective January 1, 2007. When added to further sharp cuts projected through 2015, Medicare's reimbursement of these providers will shrink under this flawed formula by a total of 37 percent.

The undersigned Members respectfully urge you to ensure that these impending cuts are addressed before Congress adjourns in October. At a minimum, we must provide physicians with a positive Medicare payment update for 2007.

Physicians are the foundation of the American health-care system. A stable payment structure for physician services is critical. The average 2006 Medicare rates for paying physicians are about the same as they were in 2001. If the 2007 cut is imposed, then the aggregate payment rates since 2001 will have fallen 20 percent below the government's conservative measure of inflation for medical practice costs.

These projected cuts will destabilize the Medicare program and put at risk all patients' access to health care. The congressionally-created Council on Graduate Medical Education is predicting a shortage of 85,000 physicians by 2020. Multi-year cuts in Medicare will likely exacerbate this shortage.

In addition, according to a 2006 American Medical Association survey, if payment cuts go into effect in 2007:

- 45 percent of physicians plan to decrease the number of new Medicare patients they accept;
- 50 percent of physicians plan to defer the purchase of information technology;
- 37 percent of physicians who treat patients living in rural communities will discontinue rural outreach services; and
- 43 percent of physicians will decrease the number of new TRICARE patients they accept, as TRICARE ties its physician payment rates to Medicare's rates.

To preserve Medicare beneficiaries' access to care, we must act soon to avert these cuts to physician payments. We ask that you work on an expedited basis with the Committee on Finance and the undersigned to address this critical issue. Thank you for attention to this urgent matter.

Sincerely,

Tom Kyrle

Rebbie Stebenow

Paul Hiri

George Allen

05 / 1 / 2011

John L. Sauer

Frank

Samuel H. P. ...

Phonk R. Lankenberg

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