



# Meeting With Your Members of Congress and Staff

## **Medicare Physician Payment**

The Medicare Modernization Act allowed for 1.5 percent increases for physicians and other health professionals in 2004 and 2005, reversing scheduled reductions that would otherwise have occurred. Once these increases expire, providers face further cuts, according to CMS, which now projects payment updates of minus 5 percent annually each year from 2006 through 2012. These reductions will adversely affect geriatricians and other members of the interdisciplinary team who bill Medicare directly and could cause Medicare patients to lose access to their providers. To avoid further reductions, Congress will need to consider a more permanent fix to the “sustainable growth rate” formula, which has generated negative updates every year since 2001, and implement a positive update for FY 2006.

Under the SGR formula, physician fees and those of other health professionals paid under the fee schedule are linked to the growth in our nation’s economy. There are many factors responsible for the increased use of physician services that are beyond physicians’ control, however, such as the cost of physician-administered drugs, which are included in the formula, and the cost increases that are due to decisions by CMS and Congress to expand Medicare benefits, since the costs of those benefits can trigger cuts under the SGR. Spending on prescription drugs, for example, is increasing far more rapidly than spending on physician/practitioner services, and inclusion of drug spending in the SGR increasingly distorts the calculation of actual spending that counts toward the SGR target.

Members of both parties agree that the SGR formula is hurting providers and beneficiaries and must be revised or replaced by a methodology that reflects the true costs of providing medical services. Because the payment updates generated by the SGR do not keep pace with inflation, providers are becoming more reluctant to treat Medicare beneficiaries. Members of Congress have also requested CMS to make administrative adjustments that would lead to more accurate calculations of both the SGR target and spending that counts toward that target. Proposed adjustments include removing spending for physician-administered drugs from the SGR.

## **Action Requested**

Given the likelihood that Congress will need to enact a stopgap bill next year to address the projected fee cuts in FY 2006, explain to congressional staff why further reductions in the update must be prevented.

In particular, be prepared to:

- Explain why further cuts are especially devastating to geriatric health professionals whose caseloads consist primarily of Medicare patients.
- Point out steps you and your colleagues have taken or are likely to be forced to take in response to further payment reductions (e.g., limiting the number of Medicare patients you see, reducing number of staff). Emphasize that your practice costs (staff salaries, equipment, space, liability insurance) are going up while reimbursement is declining.
- Note that cutting reimbursement to geriatricians creates further disincentives for physicians to enter the specialty, by exacerbating the current limitations of the Medicare fee schedule. The fee schedule does not adequately compensate you **now** for your services because of the time and complexity involved in treating the elderly.
- Emphasize that improved reimbursement would help attract more geriatric providers into the field and address the growing shortage. There are 7,500 certified geriatricians in the United States, while the current elderly population merits 14,000 such physicians. By 2030, some 36,000 geriatricians will be needed, as the baby boomer population ages.