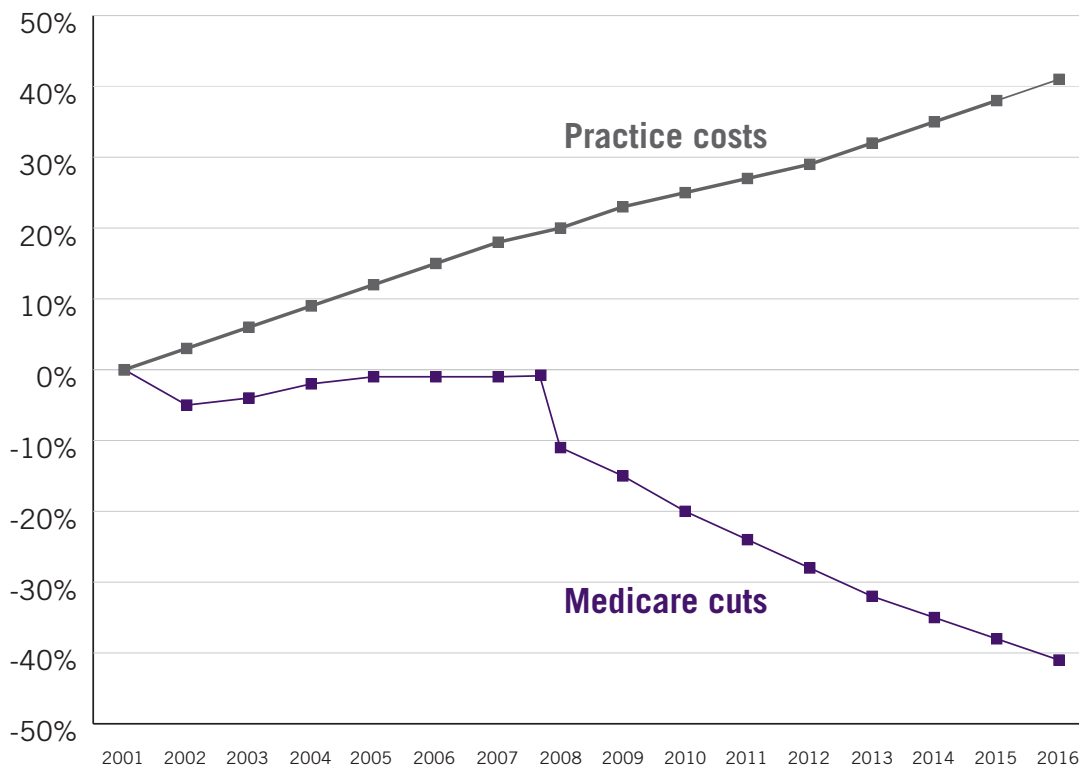


Future bleak for seniors, baby boomers: Medicare to cut payments as boomers enter the program.

Without congressional intervention, Medicare will slash physician payments about 40 percent over nine years beginning in July 2008, while practice costs increase 20 percent. These cuts come at a time when Medicare physician payment updates already lag far behind increases in the costs of caring for seniors. In 2011, the leading edge of the baby-boom generation will start enrolling in Medicare, with enrollment growing from 44 million in 2011 to 50 million by 2016.



Sources: Physician cost data is from the MEI, a conservative index of practice cost growth maintained by the Centers for Medicare & Medicaid Services. Medicare physician payment updates are from the 2007 Medicare Trustees report with 2008 adjustments to reflect Sec. 101 of P.L. 110-173.

Congress needs to: 1) replace looming Medicare physician payment cuts with 18 months of positive updates that reflect practice cost increases to ensure seniors' access to care; and 2) pave the way for permanent replacement of this formula.