



Talking Points

February 2008

Medicare Payment

Congressional action is needed to preserve seniors' access to physicians. Current Medicare physician payment rates are scheduled to be cut 10.6 percent on July 1, 2008, and an additional 5 percent on January 1, 2009. Legislation must be passed to replace the cuts with payment updates that cover practice cost increases.

Senior citizens and people with disabilities who rely on the Medicare program for their health care needs are counting on Congress to act in time to prevent a crisis:

- ◆ In an AMA survey of almost 9,000 physicians, more than half said they could not meet their current payroll with a 10 percent Medicare pay cut and would be forced to reduce their staff.
- ◆ Even more – 60 percent – said they would have to limit the number of new Medicare patients they treat if the pay cuts are not stopped.
- ◆ The Medicare Payment Advisory Commission reports that 30 percent of Medicare patients looking for a new primary care physician already have trouble finding one.
- ◆ Two-thirds of physicians say the steep cuts will also prevent them from investing in health information technology that can be used to improve the quality of care.

Today's Medicare physician payment rates (before the July 2008 cut) are on average the same as in 2001, while practice costs have risen 20 percent since then. The widening gap between payment rates and the cost of care will make it extremely difficult for physicians to stay involved with the Medicare program ... just as millions of baby boomers are about to become eligible.

Impacts of Medicare Physician Payment Cuts in Georgia

- ◆ Georgia physicians will lose \$330 million for the care of elderly and disabled patients over the 18 months from July 2008 through December 2009 due to a 10.6 percent cut in Medicare payments in July 2008 and an additional 5 percent cut in 2009. On average, each Georgia physician faces a Medicare cut of \$17,000 over this 18-month period. In addition, the state's physicians will lose \$6.4 billion for the care of elderly and disabled patients by 2016 due to nearly a decade of cuts for this important medical care.
- ◆ 83,686 employees, 969,070 Medicare patients and 428,854 TRICARE patients in Georgia will be affected by these cuts.
- ◆ Compared to the rest of the country, Georgia, at 207 practicing physicians per 100,000 population, has a below-average physician-to-population ratio, even before the cuts take effect.
- ◆ 39 percent of Georgia's practicing physicians are over 50, an age at which surveys have shown many physicians consider reducing their patient care activities.
- ◆ In July 2008, physicians in the "Rest of Georgia" Medicare payment area face cuts of an additional 1.2 percent on top of the 10.6 percent cuts across the country. The 2003 Medicare law provided a temporary increase in geographic payment adjustments for certain states. This increase also will expire on June 30, 2008 under current law.

Congress has promised America's current and future seniors health care benefits through Medicare. Lawmakers must keep their promises by acting soon to enact legislation that will:

- stop the pay cuts for 18 months;
- extend the positive 2008 update through the rest of the year;
- provide a positive 2009 update that covers the increase in the cost of care, and;
- begin to pave the way for permanent replacement of the physician update formula.

**Keep the promise to seniors.
Stop Medicare physician pay cuts.**