

Identical letter was sent to the Vice President; Senators: McConnell, Reid, Inouye, Baucus and Kyl; Representatives: Speaker Boehner, Pelosi, Cantor, Van Hollen, and Clyburn

June 27, 2011

The President
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. President:

The undersigned organizations strongly urge you to repeal the Medicare Sustainable Growth Rate (SGR) formula and permanently reform the Medicare physician payment system as part of any final agreement between Congress and the Administration on authorizing an increase in the debt ceiling.

Any serious proposal to confront the fiscal challenges facing our nation, and the Medicare program in particular, must address the massive funding deficit caused by the repeated failure to replace the SGR. Though this deficit has been kept “off the books” through budgetary gimmickry, it currently represents \$300 billion in unaccounted for Medicare spending and poses a serious threat to the continued access to physicians and other providers for Medicare beneficiaries.

Since 2002, the SGR formula has annually called for reductions in Medicare reimbursements. Payments were cut by 5 percent in 2002. Congress has intervened on 12 separate occasions since then to prevent additional cuts from being imposed. Five separate bills were passed to stop a 22 percent cut in 2010 alone.

The current formula calls for cuts of 29.5 percent on January 1, 2012 for physician services in order to begin to close this massive gap in funding. There is unanimous agreement that cuts of this magnitude would result in serious disruptions for the nation’s elderly and disabled populations and cannot be allowed to occur.

Bypassing this issue or passing another short-term fix simply drives up the cost of a long-term solution. Had Congress acted as recently as 2005, the ten-year cost of preventing future cuts would have been \$48 billion. Today, it is estimated that averting currently scheduled cuts would cost nearly \$300 billion over the next ten years. If Congress continues to follow the past practice of employing budget gimmicks to push cuts into the future, the cost will exceed \$500 billion in only a few short years.

Furthermore, a credible budget agreement can not include a Medicare budget baseline that assumes draconian physician payment cuts of almost \$300 billion. The final report released by the National Commission on Fiscal Responsibility and Reform on December 1, 2010 included

funding to permanently reform the SGR while also achieving nearly \$4 trillion in overall deficit reductions. While we do not support all of the specific elements of that report, the basic framework provides a good starting point and demonstrates that significant deficit reduction and the elimination of the SGR are compatible. Before more savings are taken out of Medicare for other purposes, Congress should ensure that the necessary funding is provided, in a credible and fiscally responsible manner, to ensure beneficiaries' continued access to physicians. An agreement on the debt ceiling legislation provides the best—and perhaps only—opportunity to ensure stability in Medicare payments, ensure continued beneficiary access to care, and address the SGR deficit in a fiscally responsible manner.

Many of our organizations have put forth concrete options for replacing the Medicare physician payment system, promoting quality, and increasing efficiencies in the Medicare program. However, none of these are possible under the Sustainable Growth Rate. We stand ready to work with you to achieve these goals.

Sincerely,

American Academy of Allergy, Asthma and Immunology
American Academy of Dermatology Association
American Academy of Family Physicians
American Academy of Home Care Physicians
American Academy of Neurology
American Academy of Ophthalmology
American Academy of Otolaryngology – Head and Neck Surgery
American Academy of Pain Medicine
American Academy of Physical Medicine and Rehabilitation
American Association of Clinical Endocrinologists
American Association of Clinical Urologists
American Association of Orthopaedic Surgeons
American College of Allergy, Asthma and Immunology
American College of Cardiology
American College of Emergency Physicians
American College of Gastroenterology
American College of Occupational and Environmental Medicine
American College of Osteopathic Internists
American College of Osteopathic Surgeons
American College of Physicians
American College of Radiation Oncology
American College of Radiology
American College of Rheumatology
American College of Surgeons
American Congress of Obstetricians and Gynecologists
American Gastroenterological Association
American Geriatrics Society
American Medical Association
American Osteopathic Academy of Orthopedics

American Osteopathic Association
 American Psychiatric Association
 American Rhinologic Society
 American Society for Clinical Pathology
 American Society for Gastroenterological Endoscopy
 American Society for Radiation Oncology
 American Society for Reproductive Medicine
 American Society for Surgery of the Hand
 American Society of Addiction Medicine
 American Society of Breast Surgeons
 American Society of Cataract and Refractive Surgery
 American Society of Clinical Oncology
 American Society of Hematology
 American Society of Nuclear Cardiology
 American Society of Pediatric Nephrology
 American Society of Plastic Surgeons
 American Society of Transplant Surgeons
 American Urogynecologic Society
 American Urological Association
 College of American Pathologists
 Heart Rhythm Society
 Infectious Diseases Society of America
 Joint Council of Allergy, Asthma and Immunology
 Medical Group Management Association
 National Medical Association
 North American Spine Society
 Renal Physicians Association
 Society for Cardiovascular Angiography and Interventions
 Society for Vascular Surgery
 Society of Gynecologic Oncologists
 Society of Hospital Medicine
 Society of Nuclear Medicine
 The Endocrine Society
 The Society of Thoracic Surgeons

Medical Association of the State of Alabama
 Alaska State Medical Association
 Arizona Medical Association
 Arkansas Medical Society
 California Medical Association
 Colorado Medical Society
 Connecticut State Medical Society
 Medical Society of Delaware
 Medical Society of the District of Columbia
 Florida Medical Association Inc
 Medical Association of Georgia

Hawaii Medical Association
Idaho Medical Association
Illinois State Medical Society
Indiana State Medical Association
Iowa Medical Society
Kansas Medical Society
Kentucky Medical Association
Maine Medical Association
MedChi, The Maryland State Medical Society
Massachusetts Medical Society
Michigan State Medical Society
Minnesota Medical Association
Mississippi State Medical Association
Missouri State Medical Association
Montana Medical Association
Nebraska Medical Association
Nevada State Medical Association
New Hampshire Medical Society
Medical Society of New Jersey
New Mexico Medical Society
Medical Society of the State of New York
North Carolina Medical Society
North Dakota Medical Association
Ohio State Medical Association
Oklahoma State Medical Association
Oregon Medical Association
Pennsylvania Medical Society
Rhode Island Medical Society
South Carolina Medical Association
South Dakota State Medical Association
Tennessee Medical Association
Texas Medical Association
Utah Medical Association
Vermont Medical Society
Medical Society of Virginia
Washington State Medical Association
West Virginia State Medical Association
Wisconsin Medical Society
Wyoming Medical Society