

January 23, 2012

The Honorable Dave Camp  
Chairman  
House Ways and Means Committee  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Camp:

We are writing to encourage the conferees to take advantage of the very real opportunity to repeal Medicare's sustainable growth rate (SGR) formula. This long stated goal of Congress is now within reach and we urge you to take advantage of it immediately by using excess baseline projections for Overseas Contingency Operations (OCO) to help offset necessary Medicare baseline changes.

Using the OCO baseline as an offset for the accumulated SGR bad debt amounts to "cleaning the books," by eliminating one flawed budget gimmick with another and allowing for a more accurate accounting of future government expenditures without increasing the federal deficit. It also provides an opportunity to immediately repeal the SGR and to establish a pathway toward a truly sustainable physician payment system that focuses on improving quality and value for our nation's Medicare beneficiaries.

Under current procedures, CBO is required to score mandatory spending according to current law, resulting in massive scheduled cuts of more than \$290 billion that are included in the current budget baseline for physician services provided to Medicare beneficiaries. Despite the fact that members of both parties have stated time and time again that these cuts will not be allowed to occur, CBO is required to mask the size of the real deficit and debt with these imaginary and unreasonable future savings.

Moreover, the cost of repealing the SGR gets worse over time. In 2005, CBO projected that the cost of repealing the SGR was \$48 billion. That cost is now \$290 billion and growing rapidly. Temporary patches that continue to assume even deeper future cuts add to this challenge, regardless of their duration. For instance, an SGR patch of two years will cost \$39 billion in 2012, increase the cost of repeal to \$346 billion, and increase the size of the next scheduled cut to physician payments to 36%. Pushing off this problem continues this reckless pattern of spending billions of dollars only to make future cuts deeper and more expensive to solve.

We agree that our nation faces significant fiscal challenges, and that Medicare is not immune. However, it is impossible to implement commonsense programmatic reforms while an immediate and constant threat of massive cuts hangs over the program. Accordingly, we urge you to utilize the opportunity provided to this conference committee to eliminate the SGR permanently.

Sincerely,

American Medical Association  
AMDA - Dedicated to Long Term Care Medicine  
American Academy of Family Physicians  
American Academy of Home Care Physicians  
American Academy of Hospice and Palliative Medicine  
American Academy of Neurology  
American Academy of Ophthalmology  
American Academy of Otolaryngic Allergy  
American Academy of Otolaryngology—Head and Neck Surgery  
American Academy of Sleep Medicine  
American Association of Clinical Endocrinologists  
American Association of Clinical Urologists  
American Association of Neuromuscular and Electrodiagnostic Medicine

American Association of Orthopaedic Surgeons  
 American Association of Physicians of Indian Origin  
 American College of Cardiology  
 American College of Emergency Physicians  
 American College of Gastroenterology  
 American College of Mohs Surgery  
 American College of Osteopathic Family Physicians  
 American College of Osteopathic Internists  
 American College of Osteopathic Surgeons  
 American College of Phlebology  
 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 Osteopathic Academy of Orthopedics  
 American Osteopathic Association  
 American Psychiatric Association  
 American Society for Clinical Pathology  
 American Society for Dermatologic Surgery Association  
 American Society for Gastrointestinal Endoscopy  
 American Society for Radiation Oncology  
 American Society for Reproductive Medicine  
 American Society for Surgery of the Hand  
 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 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 Oncology  
 Society of Hospital Medicine  
 Society of Nuclear Medicine  
 The Endocrine Society  
 The Society of Thoracic Surgeons

Medical Association of the State of Alabama  
 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  
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  
Vermont Medical Society  
Medical Society of Virginia  
Washington State Medical Association  
West Virginia State Medical Association  
Wisconsin Medical Society  
Wyoming Medical Society