

The Dangerous Health Care Provision You Don't Know About

By James B. Dolan, MD, FMA President

As Democrats herald the passage of the federal health care bill and Republicans vow to fight it, one issue that we don't hear much about is the Sustainable Growth Rate, or the SGR. In fact, most patients have never heard of the SGR. Yet, Florida stands to bear the brunt of the SGR's fallout more than any other state. It is time to educate patients about the SGR and its implications. Ultimately, this provision could spell catastrophe, especially for Florida's seniors.

What is the Sustainable Growth Rate (SGR)?

The SGR is the formula used to establish how much physicians are paid for seeing Medicare patients. The SGR is supposed to be updated every year to take into account rising health care costs, the ever-increasing number of Americans on the Medicare rolls, and inflation. The federal government adjusts the SGR for changes in law and regulation. However, these adjustments simply do not reflect the increased services physicians provide, which are the products of technological innovation and Medicare benefit expansions (cancer screenings, diabetes management, etc.) While the government has been scheduled to cut the physician payment rate several times, Congress has intervened repeatedly to avert these steep reductions.

Simply put, the Sustainable Growth Rate is not sustainable — especially in Florida.

Florida has three million Medicare beneficiaries, more than any other state in the nation. The American Medical Association has designated Florida one of 20 “access hot spots,” where patients already have trouble finding a physician: Currently, the state has only 15 practicing physicians per 1,000 Medicare beneficiaries. While the recently passed federal health care legislation will place even more Florida seniors into the Medicare program, it does nothing to fix the broken system that pays physicians to provide their care.

Broken System, Looming Crisis

From the mom-and-pop business down the street to a Fortune 500 company, most businesses can adjust their prices to keep up with rising costs. Physicians who treat Medicare patients can't do that, because they depend on the SGR to determine how — and even *if* — they will be paid for seeing these patients. Even by Medicare's conservative measure, physicians' cost-of-care expenses have risen 22 percent since 2001. In contrast, Medicare payments to physicians have increased only about 1 percent in that time. In fact, when we adjust the payment rate for inflation, it has actually decreased—further illustrating how challenging it is for physicians to keep afloat, even with the current delays in cuts.

This patchwork method — avoiding reimbursement cuts from year to year, and most recently from month to month — is no way to run a budget. It is certainly no way to run the system that provides health care coverage to our nation's seniors. Worst of all, it sets the stage for an access-to-care crisis.

For many physicians, it is impossible to budget for even the short term, making it equally difficult to continue seeing Medicare patients. Business owners cannot plan for the future if they don't know what payment to expect for their goods and services. The Florida physicians who care for our seniors are no different. They simply cannot run viable practices in an environment with such extreme financial uncertainty.

What Can We Do?

The U.S. House passed a bill that would permanently repeal the SGR, eliminate pay cuts that have built up in the system, provide a 1.2-percent payment increase in 2010 and create two more generous targets for future years. Unfortunately, an attempt to pass a permanent SGR repeal failed in the Senate. For the past few months, Congress has instead enacted stopgap measures that temporarily suspend the cuts, but lawmakers must identify a long-term solution that ensures adequate payment for physicians and stability for the Medicare system.

By repealing the SGR formula, Congress can avert these cuts. SGR repeal would prevent a \$1.4 billion annual loss for the care of elderly and disabled patients in Florida. At the same time, such legislation would ensure access to much-needed care for 212,201 employees, 2,930,058 Medicare patients and 691,487 TRICARE patients in Florida.

As a Florida physician, I am concerned about what lies ahead. In the face of extreme payment cuts and a failing system, my colleagues in our state and across the nation may not be able to continue providing care for millions of Medicare patients.

President Barack Obama's promise that Americans can "keep their doctor" is in serious jeopardy.

James B. Dolan, MD, is president of the Florida Medical Association, the state's largest and oldest organization representing physicians. He can be reached at jdolanMD@medone.org.

###

<http://www.aad.org/gov/documents/SgrFactHsrCenter.pdf>

<http://www.ama-assn.org/ama1/pub/upload/mm/399/med-par-options.pdf>

<http://www.ama-assn.org/ama1/pub/upload/mm/399/med-par-options.pdf>