VERMONT MEDICAL SOCIETY
RESOLUTION

Legislative Action to Repeal Medicare SGR Payment Formula

Adopted on October 25, 2008

WHEREAS, The Sustainable Growth Rate, or SGR, is a major component of Medicare’s current formula for determining annual updates to physician reimbursements for services; and

WHEREAS, The continued use of the SGR will dramatically cut physician reimbursement rates, while practice costs continue to rise and the number of Medicare beneficiaries increases; and

WHEREAS, The CMS’s measure of the annual increases in the cost of medical practice is based on the Medicare Economic Index (MEI); and

WHEREAS, Using the projections from the 2008 Medicare Trustees’ report, real or inflation-adjusted physician reimbursement will be cut by 46% from 2009 to 2015 (with MEI used as the inflation measure); and

WHEREAS, According to a 2006 AMA Member Connect Survey, 67% of physicians say they will decrease or stop seeing new Medicare patients if the scheduled eight years of cuts take place; and

WHEREAS, According the VTDOH 2006 physician survey only 71% of Vermont’s primary care physicians are accepting new Medicare patients compared to 87% in 1996; and

WHEREAS, Following a 5.4% reduction in payments for physician services in 2002, Congress has recognized the damaging effect of the SGR on access to appropriate medical care for Medicare beneficiaries by blocking similar pay cuts in 2003, 2004, 2005, 2006, 2007 and 2008; and

WHEREAS, physicians cannot continue to be threatened with yearly payment cuts as medical practice costs are expected to increase by 41 percent from 2001 to 2015 according to Medicare’s estimates; and

WHEREAS, If the Medicare physician payment update system is not reformed, Medicare payment rates in 2010 will be cut by over 21%; and

WHEREAS, MedPAC, an independent government oversight body created to advise the Congress on issues impacting the quality of and access to care for Medicare beneficiaries, recommends that Congress repeal the SGR formula before a crisis of access develops; now therefore be it

RESOLVED, That the Vermont Medical Society work with other state and national organizations representing physicians to urge Congress to repeal the Sustainable Growth Rate formula for physician payments by the end of 2009; and be it further

RESOLVED, That the Vermont Medical Society work with the AMA and other state and national organizations representing physicians to urge Congress to enact a long-term solution to replace the SGR with an updated system that reflects increases in physician practice costs, including support for physician efforts to invest in health information technology and quality measurement.