



Michael D. Maves, MD, MBA, Executive Vice President, CEO

April 12, 2010

The Honorable John A. Boehner  
Minority Leader  
U.S. House of Representatives  
H-204 U.S. Capitol  
Washington, DC 20515

Dear Representative Boehner:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am writing to renew our request for prompt Congressional action to permanently repeal the flawed Medicare physician payment formula, which continues to threaten the foundation of the American health care system. On April 1, a 21.3 percent cut in Medicare physician payments took effect. This is the second consecutive month that Congress has recessed without preventing a payment cut, creating instability and unreliability of the Medicare program.

Short-term patches to a problem that has existed for over a decade have only served to increase the size and duration of future cuts. In 2005, the scheduled payment cut was 3.3 percent and the Congressional Budget Office (CBO) estimated the cost of a 10-year replacement for the Sustainable Growth Rate (SGR) at \$48.6 billion. Today, physicians are facing a 21.3 percent cut and the CBO recently estimated the cost for a 10-year replacement at over \$200 billion.

Previous temporary patches are hindering physicians' ability to continue caring for Medicare patients. Even without the 21.3 percent cut, Medicare payments cover only 50 percent of physicians' direct practice costs. The gap between payment updates and the rising costs of caring for patients—measuring 22 percent before the recent cut—will expand further if Congress continues the practice of passing temporary patches that replace pending cuts with payment freezes or updates that fail to match the rate of practice cost inflation. A recent informal survey conducted by the AMA found that 68 percent of physicians would either stop taking new Medicare patients or stop seeing Medicare patients altogether if the cut were to take effect.

The month-to-month, last-minute actions to stop Medicare physician payment cuts throughout this year provide the strongest evidence of the need for Congress to take permanent action. By growing the problem each year, Congress has made it continually more difficult to stop pending cuts, an action that virtually all members of Congress support. These short-term actions are destabilizing medical practices—now on a monthly basis—leaving both physicians and their patients in limbo. Physicians cannot keep their doors open to all Medicare patients without stability in Medicare payment rates.

It is time for Congress to fulfill its commitment to seniors who rely on Medicare and military families covered by TRICARE and take action to promptly repeal the SGR formula, replacing it with a system that provides stability in the Medicare program and ensures that payment rates reflect the cost of providing care.

Sincerely,

A handwritten signature in black ink that reads "Mike Maves". The signature is written in a cursive, flowing style.

Michael D. Maves, MD, MBA

cc: United States Senate  
United States House of Representatives