



California Medical Association

Established 1856

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ISSUE OF THE WEEK: **TELL CONGRESS TO STOP MEDICARE CUTS**

BACKGROUND

Medicare reimbursement to some physicians could drop 14% in 2007 unless Congress acts immediately. The significant cuts are a result of the 5% sustainable growth rate (SGR) cut and other physician payment changes recently announced by the Centers for Medicare and Medicaid Services. CMA has been advocating in Washington to reverse the 5% SGR payment cut and sees the "lame duck" session of Congress during November and December as the last chance to stop the cut planned for January 1, 2007. Physicians must keep the pressure on Congress to act.

Tell your colleagues:

- ***Encourage your colleagues to call Congress now.*** Congress reconvened last week for a lame duck session. If the Medicare issue is not taken up, the cuts will go into effect January 1, 2007.
- ***The impact of the cuts is significant.*** Sixty percent of CMA physicians say they would be forced to stop taking new Medicare patients if the cuts take effect. Forty percent say they could be forced to stop participating in the Medicare program. Congress must take action to preserve access to quality care for California's seniors.
- ***The SGR formula is flawed and must be replaced.*** While physician payment rates are projected to be cut 5% in 2007, other Medicare providers will receive payment increases. The inequities are glaring: health plans will receive an additional 7%; hospitals 3.5% and nursing homes 3.1%. In fact, physicians will be reimbursed less in 2007 under this plan than they were in 2001. Physician practice costs will outpace Medicare reimbursement rates by 22%. The flawed SGR formula allows Medicare spending on physician services to grow at the rate of the gross domestic product (GDP), but it actually penalizes physicians because the cost of physician services rises more rapidly than the GDP. CMA and AMA have been working diligently to convince Congress to change the formula to update physician payments according to the Medicare Economic Index (an index of medical practice costs) used to reimburse all other Medicare providers.
- ***Medicare Geographic Payment Locality Update:*** Physicians in 10 counties in California are paid up to 10% LESS annually than what Medicare says they should be paid because the payment localities have not been updated since 1966. CMA supports a new money solution that would update the payment localities and ensure physicians receive payments that reflect their geographic practice costs without imposing payment reductions on other physicians.

Continued on next page

Headquarters: 1201 J Street, Suite 200, Sacramento, CA 95814-2906 • 916.444.5532

San Francisco office: 221 Main Street, Suite 580, San Francisco CA 94105-1930 • 415.541.0900



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- ***Ask Your Representative to Urge the House and Senate Leadership to do the following during the lame duck session:***
 - ⇒ Stop the 5% payment cut
 - ⇒ Replace the Medicare SGR formula with the Medicare Economic Index – a 2.8% increase in 2007
 - ⇒ Adopt the CMA proposal to update the Geographic Payment Localities

CURRENT STATUS

Please contact your representative in Congress *immediately* and tell them to stop these cuts. Call AMA's grassroots hotline at 800/833-6354, enter your zip code when prompted and you will be automatically connected with your representative. See [CMA Alert](#) for more information on the Medicare cuts.

THANK YOU FOR YOUR HELP

Thank you for your advocacy! Congress will not be motivated to act unless they hear directly from physicians. Contact Susan Bassett in the Center for Government Relations at 916/444-5532 or sbassett@cmanet.org.