



Physicians Caring for Texans



Medicare Meltdown: Today's Reality

For the past year, President Obama and Congress have worked to pass a health care bill. In the midst of all the debate, Medicare — the largest health program run by the government — is imploding. The government simply cannot run a health care program without physicians to care for the patients Medicare covers. The current debacle on potential cuts to physician payments is the latest in a series of events where Congress has created a problem but continually fails to address it. How can any of us trust Congress to truly address health care concerns if Congress cannot and will not fix Medicare?

Texas physicians have pleaded with Congress to fix Medicare for the past decade. It is the coverage Medicare patients depend on for health care. However, until Congress fixes federal law that requires Medicare payments to physicians to be modified annually using the Sustainable Growth Rate (SGR) formula, Medicare is doomed to failure. Because of flaws in how it was built, the formula has mandated physician fee cuts almost every year for the past decade. Only short-term congressional fixes have stopped the cuts. Without a permanent solution, the cuts grow deeper each year. Fifty-three percent of Texas physicians currently treating Medicare patients would consider opting out of Medicare. Another 41 percent say the cuts would cause them to consider limiting the number of new Medicare patients they treat.

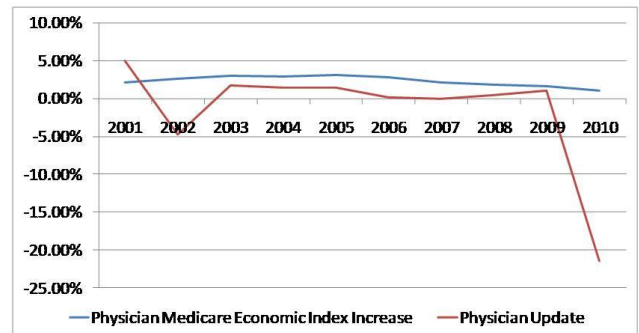
The reason is quite simple. Physicians simply can no longer afford to subsidize Medicare. They make less today treating a Medicare patient than they did in 2001. Factoring in inflation and the increasing cost of running a practice, the recent Medicare cut is **not 21.2 percent but a cumulative 83 percent**. In 2001, a physician who received a \$1,000 Medicare payment made approximately \$410 after taking out operating expenses. **Today, with the 21.2-percent cut, that same physician nets only \$72.** How can Congress expect doctors to stay in the Medicare program?

If President Obama and Congress truly want to fix our country's health care system, they need to start with Medicare. There is a lot of talk about protecting the patient-physician relationship, working to promote better care for patients through primary care, prevention, and access to services before a situation becomes an emergency. Right now, it is only talk; the Medicare problem demonstrates the lack of commitment to truly fixing what's wrong.

TMA RECOMMENDATION

To ensure Medicare patients have access to a doctor and to health care, the flawed Sustainable Growth Rate formula must be eliminated and replaced with a rational Medicare physician payment system that is fair and keeps up with the cost of running a practice.

Annual Percent Change to Physicians' Medicare Payments



Change in Physicians' Net Medicare Revenue and Operating Expenses Since 2001

Assumption: 2001 Medicare Payment of \$1,000

