

Also sent to Members of Senate Finance, House Ways & Means and House Commerce Committees

September 9, 1999

The Honorable William V. Roth Jr.
Chairman
United States Senate
104 Hart Senate Office Building
Washington, DC 20510

Dear Senator Roth:

As Congress prepares to consider Balanced Budget Act (BBA) refinements and Medicare reforms, the American Medical Association and the undersigned national medical organizations urge you to insist that proposed legislation include improvements in Medicare's Sustainable Growth Rate (SGR) system, as described in the attached discussion paper. Enacted in the BBA, the SGR establishes a target growth rate for Medicare spending on physician services, then annually adjusts payments up or down, depending on whether actual spending is below or above the target.

Physicians are the only group subject to this target, despite the fact that Medicare spending on physician services has been growing more slowly than the other Medicare benefits. Although the BBA included measures to slow projected growth in these other benefits, the Congressional Budget Office continues to forecast much higher average annual growth rates for other services than for physician services over the next decade. In contrast to annual growth in outlays of 4.6% for inpatient hospital services, 5.7% for skilled nursing facilities, 6.5% for home health, and 14.6% for Medicare+Choice plans, average annual growth in physician services is projected at only 3.1% from 2000-2009.

Physicians were subject to significant and disproportionate Medicare payment cuts prior to the BBA, yet they have never abandoned their elderly and disabled patients. From 1991-97, physician payment updates already had slipped 10% below growth in medical practice costs.

The Medicare Payment Advisory Commission recommended SGR improvements in its March 1999 Report to Congress. These improvements must be enacted this year. The disparity between Medicare's rates and physicians' practice costs will become much wider, making it difficult for physicians to cover the costs of advances in technology and state-of-the-art medical care for their patients.

Sincerely,

American Medical Association
American Academy of Child and Adolescent Psychiatry
American Academy of Dermatology

American Academy of Facial Plastic and Reconstructive Surgery
American Academy of Family Physicians
American Academy of Neurology
American Academy of Ophthalmology
American Academy of Otolaryngology-Head and Neck Surgery
American Academy of Pediatrics
American Academy of Physical Medicine and Rehabilitation
American Association of Neurological Surgeons
American Association of Thoracic Surgery
American College of Cardiology
American College of Chest Physicians
American College of Nuclear Physicians
American College of Obstetricians and Gynecologists
American College of Osteopathic Family Physicians
American College of Osteopathic Surgeons
American College of Physicians-American Society of Internal Medicine
American College of Rheumatology
American College of Surgeons
American Gastroenterological Association
American Geriatrics Society
American Medical Group Association
American Osteopathic Association
American Psychiatric Association
American Society for Gastrointestinal Endoscopy
American Society for Therapeutic Radiology and Oncology
American Society of Anesthesiologists
American Society of Cataract and Refractive Surgery
American Society of Clinical Oncology
American Society of Clinical Pathologists
American Society of General Surgeons
American Society of Hematology
American Society of Plastic and Reconstructive Surgeons
American Society of Reproductive Medicine
American Urological Association
College of American Pathologists
Congress of Neurological Surgeons
Medical Group Management Association
North American Society of Pacing and Electrophysiology
Renal Physicians Association
Society of Nuclear Medicine
Society of Thoracic Surgeons

For more information, please have your staff contact:

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American Medical Association
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