

1 VERMONT MEDICAL SOCIETY
2 RESOLUTION

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4 **Legislative Action to Repeal Medicare SGR Payment Formula**

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6 *Adopted on October 25, 2008*

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

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

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

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

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

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

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

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

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

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

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

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