

# Congress of the United States

Washington, DC 20515

July 24, 2006

The Honorable J. Dennis Hastert  
Speaker  
United States House of Representatives  
H232 United States Capitol  
Washington, DC 20515

The Honorable Nancy Pelosi  
Democratic Leader  
United States House of Representatives  
H204 United States Capitol  
Washington, DC 20515

Dear Mr. Speaker and Ms. Democratic Leader:

If Congress does not act soon, the Medicare sustainable growth rate (SGR) formula will cut payments to physicians and health care professionals by almost 5%, effective January 1, 2007. When added to the additional cuts required under current law through 2015, physician payments will be reduced by a total of 37% even as liability insurance, fuel, and other costs escalate more rapidly than inflation and the need to invest in health information technology to improve care quality is increasingly important.

**The undersigned Members respectfully urge you to ensure these impending cuts are addressed before Congress adjourns in October. It takes some period of time for CMS to implement a change in the physician fee schedule update and we must avoid the needless and expensive upheaval required to retroactively fix physician payments, as we did this year. At a minimum, we must provide a modest increase for physicians as they received a zero increase this year and being encouraged to adopt health information technology to improve.**

Physicians are the foundation of our nation's health care system. A stable and predictable payment law for physician service delivery is critical to preserving a patient centered care system. Currently, the average 2006 Medicare physician payment rates are about the same as they were in 2001. If the 2007 cut is imposed, then Medicare physician payment rates since 2001 will have fallen 20% below the government's conservative measure of inflation for medical practice costs.

These projected payment cuts will destabilize the Medicare program and put all patients' access to health care at risk. The lack of predictability in Medicare payments encourages older physicians with older patients to retire early and discourages young doctors from entering specialties that treat predominately Medicare patients. The Congressionally-created Council on Graduate Medical Education is predicting a shortage of 85,000 physicians by 2020. Multi-year cuts in Medicare will likely exacerbate this shortage. Additionally, the five-year review of relative value units (RVUs) makes important strides in adjusting for long-standing payment inequities but the budget neutrality requirement, especially in the absence of an increase in payment, will further cut many physicians' reimbursement. The lack of an

overall increase in physician payments undermines the keystone of Medicare: the widespread participation by top notch physicians.

To preserve Medicare patients' access to care, we must act immediately to avert these cuts to Medicare physician payments. We ask that you work quickly with the Committee on Ways and Means, the Committee on Energy and Commerce, and the undersigned to address this critical issue. Thank you for your attention to this urgent matter.

Sincerely,



Nancy L. Johnson  
Member of Congress



Benjamin L. Cardin  
Member of Congress

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