



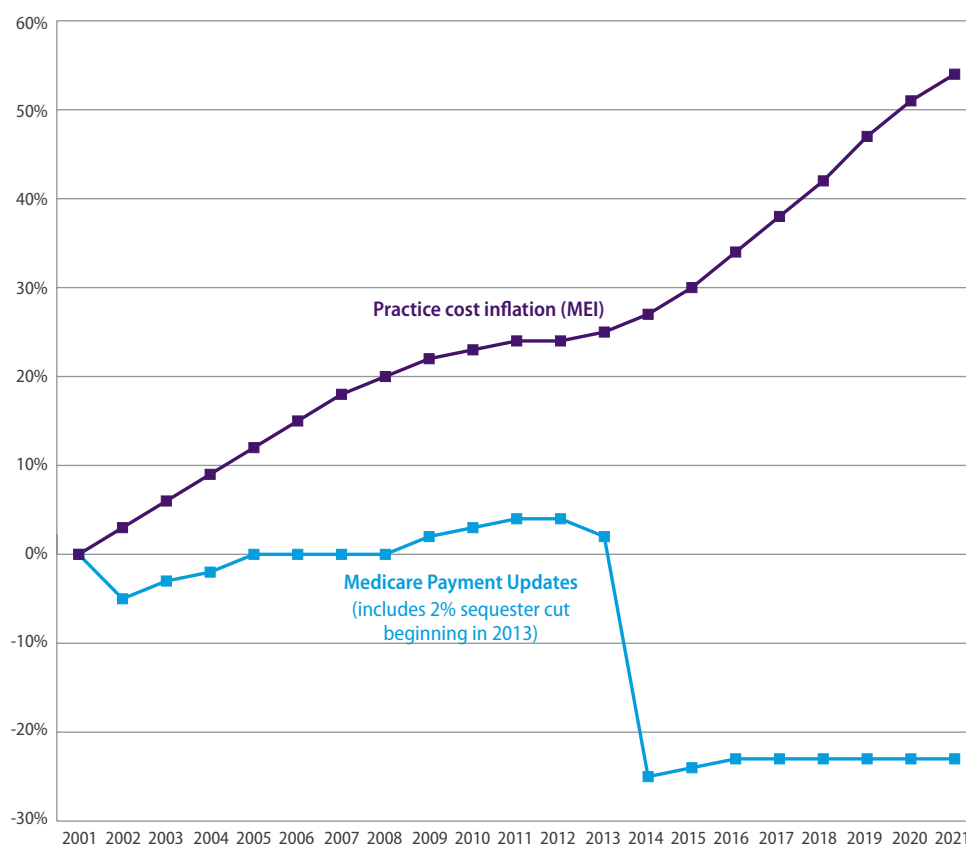
Growing gap between Medicare payment updates and practice cost inflation threatens patients, physicians

Every year for more than a decade, physicians have faced significant Medicare payment cuts due to the sustainable growth rate (SGR) formula. Having temporarily averted an SGR-driven pay cut of 26.5 percent on Jan. 1, 2013, the threat of this devastating cut looms large again at the end of the year.

In addition, the across-the-board spending cuts (known as “sequestration”) under the Budget Control Act of 2011 will subject physicians to a 2 percent Medicare pay cut, which could take effect as soon as March 1, 2013.

- Without congressional action to replace the SGR and reform physician payment, physicians could face pay cuts of nearly 30 percent, and pay will be held at that level while their practice costs continue to rise.

- These cuts come at a time when Medicare payments for physician services already have been nearly frozen for more than a decade, while the cost of caring for patients has increased by 25 percent. After adjusting for inflation, average 2021 Medicare payment rates will be just half of what they were in 2001.
- Access problems would be widespread and affect millions of patients. The baby-boom generation has started to enroll in Medicare, with about 10,000 people reaching age 65 each day, and the number of Medicare Part B enrollees is expected to grow from 45 million in 2011 to 60 million by 2021. Ten million military members and families covered by TRICARE are also affected as, by law, TRICARE rates are limited to Medicare rates.



Source: 2012 Medicare Trustees Report except 2013-14, which is derived from the 2013 Medicare physician payment schedule final rule as adjusted by the American Taxpayer Relief Act of 2012.