

Congress of the United States
Washington, DC 20515

September 28, 2011

Honorable Patty Murray
U.S. Senate
Washington, DC 20510

Honorable Max Baucus
U.S. Senate
Washington, DC 20510

Honorable John Kerry
U.S. Senate
Washington, DC 20510

Honorable John Kyl
U.S. Senate
Washington, DC 20510

Honorable Rob Portman
U.S. Senate
Washington, DC 20510

Honorable Patrick Toomey
U.S. Senate
Washington, DC 20510

Honorable Jeb Hensarling
U.S. House of Representatives
Washington, DC 20515

Honorable Dave Camp
U.S. House of Representatives
Washington, DC 20515

Honorable Fred Upton
U.S. House of Representatives
Washington, DC 20515

Honorable James Clyburn
U.S. House of Representatives
Washington, DC 20515

Honorable Chris Van Hollen
U.S. House of Representatives
Washington, DC 20515

Honorable Xavier Becerra
U.S. House of Representatives
Washington, DC 20515

Dear Colleagues:

On behalf of Medicare beneficiaries and taxpayers across the nation, we urge you to include a long-term solution to the broken Medicare physician payment system as an integral component of any deficit reduction proposal set forth by the Joint Select Committee on Deficit Reduction. For a decade, the fundamentally flawed Medicare physician payment system has created uncertainty and instability not only in the health care system but in the larger economy. Through this deficit reduction process, Congress has an historic opportunity to implement sound fiscal policy in the Medicare program in the context of broad economic reforms.

As you know, the Balanced Budget Act of 1997 created the sustainable growth rate formula (SGR) in an attempt to control spending in the Medicare program. For ten years, this methodology has consistently produced unrealistic expenditure targets, which subsequently trigger untenable reductions in payment rates. For far too long, we have buried the true cost of this failed policy through annual Congressional overrides of these scheduled cuts. Each of these

short-term “fixes” have achieved the most important goal of averting an immediate crisis in access to physicians for Medicare beneficiaries—while exacerbating a longer-term crisis in Medicare financing.

On January 1, 2012, physicians face a scheduled reduction in Medicare payments of nearly 30 percent. We are presented with an important choice: continue to distort the picture of our nation’s fiscal status with another short-term solution or restore fiscal transparency to the Medicare program by eliminating the \$300 billion debt that has accumulated as a result of the SGR.

We urge you to include a full repeal of the SGR, to stabilize current payment rates to ensure beneficiary access in the near-term, and set out a clear path toward comprehensive payment reform. Failure to take advantage of this opportunity to permanently address the SGR means that the cost of a remedy over five years could double to nearly \$600 billion.

We join together to urge bipartisan Congressional action to put an end to the fiscal irresponsibility that has defined Medicare payment policies for a decade. True deficit reduction cannot be achieved without addressing the significant debt in our nation’s largest health program. The sustainable growth rate must be repealed and replaced by a payment system that promotes efficiency, quality and value and ensures access to medical services for Medicare beneficiaries.

We appreciate your attention to this issue and look forward to working with you as you prepare your deficit reduction plan.

Sincerely,


