Medicare Physician Reimbursement Impact on Patient Access

Issue Background:

To cut down on Medicare expenditures, physicians who treat Medicare patients are facing a severe cut in the amount of money the federal government will reimbursement them for their services. This has been an ongoing problem for many years and Congress has not found a long term solution. Under a calculation (called the Sustainable Growth Rate) required by law, these cuts could be as deep as 25% starting in January 2012. If not corrected, many physicians may chose not to treat Medicare beneficiaries all together, rather than take the reduced rate. This could limit the availability of physicians treating Medicare patients especially in rural and remote parts of the country where the number of physicians is limited.

In 2010, one in four (25%) of the patients who contacted Patient Advocate Foundation (PAF) were insured through Medicare. Most were 65 or older (58%), but many were disabled (41%). Because PAF serves such a large number of Medicare patients, cuts to physician reimbursement are especially troubling since decreased reimbursement to physicians provides them with less incentive to treat Medicare beneficiaries and will ultimately lead to decreased access to necessary care for patients.

Where the Issue Stands:

The Congressional committees responsible for setting fee rates to physicians who care for Medicare beneficiaries have held several hearings in recent months. The House Energy and Commerce Committee sought input and suggestions for a long term solution from 51 medical specialty societies. The American Medical Society, the American Academy of Family Physicians and the American College of Surgeons have banned together to recommend a five-year transition period where fees to physicians will remain “stable, but positive” while studies are performed to determine the best approach to a long term solution. The House Ways and Means Committee has also held hearings to gather ideas for a permanent solution.

Over the past several years, Congress has blocked scheduled cuts from going into effect, but these have been short term fixes. A more permanent solution is needed. A 2007 American Medical Association survey suggested that 60% of physicians would have limited the number of Medicare patients they treated had scheduled cuts gone into effect. Also, between now and 2015, eight in ten physicians said they expect to reduce or delay purchases of new and innovative medical equipment and/or more sophisticated information technology if their fees are cut in the future.
**NPAF Principles:**

**Patient Access to Providers Must Be Preserved**

Without a permanent fix to how Medicare pays physicians, patients face the threat of decreased access to care. Lower payment rates gives physicians less incentive to treat Medicare beneficiaries. This issue is a bigger problem in rural areas and underserved urban areas of the country where patients already face limited access to health care providers.

**What NPAF is Seeking:**

Temporary fixes to the Medicare physician fee schedule threaten patient access to care and do little to address existing issues in our health care system. Members of Congress must work with physician groups as well as patient advocacy organizations to design a more permanent solution to the problem that does not threaten or discourage physicians from treating Medicare beneficiaries.

**“The Ask”**

Urge your Members of Congress to support a permanent fix to the Medicare physician fee schedule so that patient access to care is not impeded particularly in our nation’s rural and underserved communities.

For further information, contact:

Gwen Mayes, JD, MMSc  
Executive Vice-President, Government Affairs  
National Patient Advocate Foundation  
725 15th Street, N.W.  
10th Floor  
Washington, DC  20005  
202-347-8009  
Gwen.Mayes@npaf.org