



**J. James Rohack, MD, President**

February 22, 2010

The Honorable Harry Reid  
Majority Leader  
United States Senate  
522 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Reid:

On behalf of the physician and medical student members of the American Medical Association, I am writing to stress the urgency of addressing the flawed Medicare physician payment system and to call on Congress to take prompt action on a permanent solution to a problem that annually threatens the foundation of the American health care system.

Only a week remains before the most recent short-term Medicare physician payment freeze expires and a 21 percent payment cut takes effect, yet the pathway for addressing the underlying problem remains a mystery. Medicare payment for care provided to our nation's seniors, and for military families who are covered by TRICARE, has been stagnant for almost a decade. Only in the last year have rates returned to 2001 levels. In the face of the rising cost of caring for Medicare beneficiaries and military families, this situation is untenable for physician practices, the majority of which are small businesses.

We understand the tremendous fiscal challenges our nation faces. However, Congress must step back and recognize that the enormous deficit in the Medicare physician payment system is one of its own creation. Despite claims that the costs of previous short-term "fixes" were offset, any casual observer knows that to be false. Scheduled cuts were merely delayed, and then further compounded by the continued operation of the sustainable growth rate (SGR) formula. Each year Congress fails to address the underlying cause of the problem, the deficit grows even larger; the cost of future fixes and the size of future cuts explodes. If Congress had fixed this problem in 2005, when physicians faced a cut of about 3.3 percent, the cost of permanent reform would have been \$49 billion. Now, Medicare projects a 21 percent cut for this year and the price tag of reform has skyrocketed to \$210 billion.

Kicking the can down the road with yet another short-term action magnifies the problem and makes it very difficult for physicians to continue caring for seniors and military families. Medicare beneficiaries and their physicians deserve better treatment than having to worry if this is the year or the month or the week that Congressional inaction will allow the Medicare

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physician payment system to collapse. It is absolutely critical that Congress address this challenge now, and that the problem be resolved permanently.

We cannot support Congressional efforts that will further undermine the stability of the Medicare program and access to care for our nation's elderly, disabled, and military families. The gap between adequate payment rates and cuts called for by the SGR simply cannot be allowed to continue expanding. Continuation of recent Congressional responses to this problem will dramatically limit the ability of physicians to see new Medicare and TRICARE patients, and make it more difficult for them to continue caring for established patients who are covered by these programs. Care for those patients who have served our nation so well will shift to a more costly site, our nation's emergency rooms, driving Medicare Part A to fiscal insolvency sooner. Does Congress intend for Medicare and TRICARE to suffer the same fate as the Medicaid program, where choice of physician and access is severely limited because payment levels fail to cover costs of providing the care that patients need?

It is time for Congress to finally stop this growing threat to the Medicare and TRICARE programs and move immediately to repeal the Medicare SGR formula, replacing it with a system that ensures payments keep pace with the rising costs of the care received by Medicare beneficiaries and military families.

Sincerely,

A handwritten signature in black ink, appearing to read "J. James Rohack, MD". The signature is written in a cursive, flowing style.

J. James Rohack, MD