

# MEDICARE PHYSICIAN PAYMENT

## Background

The AAFP has put together this fact sheet to help you communicate with the US Congress and your patients about fixing the Medicare Physician Fee Schedules payment rate. You have been aware of this year's fluctuations in Medicare payments and this fact sheet is part of a toolkit you can use to contact Congress and educate your patients on what is happening right now.

Currently, America's physicians are paid for their services to Medicare patients by using the flawed and arcane Sustainable Growth Rate (SGR) formula. Use of the formula produces negative payments to physicians based on unrelated economic factors rather than on the health care needs of Medicare beneficiaries, or physicians' costs of providing care.

Since 2001, the Medicare Payment Advisory Commission (MedPAC) that advises the U.S. Congress has recommended replacing the SGR formula with one based on how much it costs for a physician to run a practice. Unfortunately, each year, rather than replacing the formula, Congress acts only to prevent Medicare physician payment cuts that result. This last-minute action has caused physicians and patients to be unsure of what Medicare will pay for services. And since the TRICARE health insurance program for military members and their families also uses Medicare for its payment rates, this issue affects military families' health care as well.

The AAFP urges Congress to repeal the SGR and calls for a realignment of Medicare payment to reflect more equitable payment for services provided by family physicians.

## Recommendation to Congress

- Permanently fix the SGR formula.
- Provide a positive differential for primary care physicians.

## Talking Points for use with Congress, Media, Patients

- The payment rate for Medicare patients must be changed.
- Annual Medicare payment cuts — nearly 25 percent next year due to this formula — create an unstable and unpredictable program.
- Many of America's family physicians' practices are small businesses. While they are committed to seeing their long-time patients, declining Medicare payments will make it unaffordable for them to take new Medicare patients.
- Elderly patients should not have to worry about the security of their health care. However, physicians may be forced to stop seeing Medicare patients.
- A recent survey by AARP, the organization representing older adults, found 87 percent of respondents believe it is important for providers to be reimbursed adequately so they can continue to accept Medicare patients.
- The payment formula affects the other insurance reimbursements to physicians. Many private insurance companies, and TRICARE, look to Medicare payment rates when determining the amounts they will pay.

## Tips for Making Your Voice Heard

- Meet with your Senators and Representative on this issue at home or in Washington, call them, or fax or email a letter to them using AAFP's *Speak Out!* at [capitol.aafp.org](http://capitol.aafp.org).
- Mail or give the suggested letter to your patients asking them to email a letter to their Representative and Senators. Feel free to add your own information or anecdotes to personalize the information. They can go to <http://capwiz.com/aafp/go/patients> to email their letter.
- Mail or hand out in your office a letter for your patients to fax to Congress. You may wish to offer to fax the signed letter with their address from your office.
- Send an op-ed to your local newspaper using our suggested text <http://capwiz.com/aafp/go/opinion>.
- Join Connect for Family Medicine and get regular updates and calls to action, [www.aafp.org/connect4familymedicine](http://www.aafp.org/connect4familymedicine).
- Become an AAFP Key Contact. As a key contact, you work with your Senators or your Representative on issues important to family medicine. For more information visit, [www.aafp.org/grassroots](http://www.aafp.org/grassroots).