



California Medical Association
Physicians dedicated to the health of Californians

September 29, 2011

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

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

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

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

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

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

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

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

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

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

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

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

**TRUE DEFICIT REDUCTION MUST ADDRESS THE MEDICARE SGR
END THE MEDICARE MADNESS**

Dear Honorable Members of the Joint Select Committee on Deficit Reduction:

The California Medical Association urges the Committee to end the Medicare madness and repeal the physician SGR payment formula once and for all in your final legislation. Deficit reduction cannot be honestly achieved until Congress eliminates the Medicare SGR and adopts an alternative payment system that promotes access to appropriate, efficient, high quality care. We are also urging the Committee to resist additional cuts to California's Medi-Cal (Medicaid) program that will create barriers to obtaining a physician's care. Stable reimbursement in the Medicare and Medicaid programs not only protects access to care but it makes economic sense as well.

Repealing the Medicare SGR Now Reduces the Debt

It is time for Congress to make a fiscally responsible choice. Five years ago the cost to repeal the SGR was \$48 billion. Today it is \$300 billion and in a few years it will be nearly \$600 billion. Congress needs to stop digging the hole and pay the bill.

Physicians Contribute to the Economic Well-Being of California and our Nation

Physicians are facing a 30% Medicare SGR cut on January 1, 2012 and a 10% cut in the Medi-Cal program. There is wide bipartisan agreement in Congress that physicians cannot sustain such cuts and continue to practice medicine. Physicians are vital to the health and economic well-being of California. Physicians employ more than 500,000 Californians and are substantial contributors to the state and federal tax base. A recent report by the Lewin Group states,

*“...strong physician practices not only ensure the health and well-being of communities
but also critically support local economies and enable jobs, growth and prosperity.”*

The attached report shows the contribution by community. Providing stable reimbursement will keep physicians in practice and prevent further unemployment and economic erosion.

The MedPAC Proposal and Other Cuts Will Harm Access to Care for California's Patients

We also urge you to resist adopting the Medicare Payment Advisory Commission (MedPAC) proposal that would repeal the SGR but pay for it by imposing an 18% payment cut on specialist physicians followed by a 7 year freeze and a 10 year payment freeze on primary care physicians. A freeze equates to an actual 3-6% reduction every year. It is preposterous to think that physicians and patients should bear the brunt of Congress' inability to address the flawed formula.

There is no question that the MedPAC proposal will exacerbate the already serious access to care problems in California. For instance,

- California has some of the lowest patient to primary care physician ratios in the country.
- More than half of California physicians are over the age of 55. This proposal will force many of these late career physicians out of practice.
- Prior to the passage of health care reform, the University of California projected that the growth in physician demand would outpace physician supply by 20% in a few years.
- A recent survey shows that if the Medicare SGR cuts occur 72% of California physicians would reduce the number or stop accepting new Medicare patients and 55% would reduce the number or stop seeing Medicare patients altogether.

- California's private insurer payment rates are influenced by Medicare so cuts to Medicare rates have an added negative impact on physician practices.

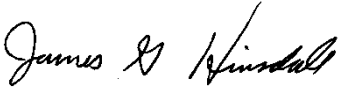
To protect access to health care, Congress must promote policies that sustain physician practices.

Protect California's Medicaid (Medi-Cal) Program from Further Cuts

Finally, California's Medicaid (Medi-Cal) program is already one of the most efficient in the country. Our reimbursement rates rank 47th nationally. The state has recently proposed to reduce physician reimbursement rates by 10%, which would place Medi-Cal rates 60% BELOW MEDICARE. A physician would receive \$11 for an office visit – hardly adequate to cover a physician's office overhead and staff. Due to these extremely low rates, 2/3 of the state's physicians already can't afford to take Medi-Cal patients and thus, half of Medi-Cal patients report they cannot find a doctor to care for them. Medi-Cal patients are by far the highest users of California's emergency departments. CMA urges the Committee to resist short-sighted proposals to cut funding. Paying appropriate rates ensures that physicians can participate in the program and provide efficient primary care that prevents unnecessary ER visits and hospitalizations, which saves taxpayer dollars and patient's lives.

Please repeal the Medicare SGR and resist further cuts to California's Medi-Cal program. Such action is fiscally sound and will prevent irreparable harm to California's seniors, disabled patients, pregnant women and children. We pledge to work with you to develop alternatives based on innovative models being adopted in California today.

Sincerely,



James G. Hinsdale, MD, FACS
CMA President

cc: California Congressional Delegation