

## **AMA and South Dakota Physicians Fighting to Fend Off Steep Medicare Cuts**

You may remember that a campaign led by the American Medical Association (AMA) helped avert an across-the-board 5 percent cut in 2007 Medicare physician payments. The stakes are even higher this year. The AMA and the South Dakota State Medical Association (SDSMA) are mounting an all-out effort to stop a 10 percent cut in payments for 2008 — one that could affect South Dakota's 9,140 medical practice employees, along with its 117,424 Medicare beneficiaries.

If Congress does not act, Medicare physician payment cuts could total 40 percent over the next nine years, while practice costs are expected to increase by 20 percent. Here in South Dakota, our state will face an additional 3.2 percent cut on top of the 10 percent cut scheduled for next year due to the expiration of a 2003 law that provided a temporary increase in geographic payment adjustments for certain states.

South Dakota will lose \$16 million for elderly patient care and \$17 million in health care funds with next year's Medicare cut alone. Furthermore, the state's physicians could lose nearly \$620 million for the care of elderly and disabled patients and \$480 million for the state's health care funds over the next nine years. At 15 percent, the state has an above-average portion of Medicare patients compared to the rest of the country, but at just 14 practicing doctors per 1,000 beneficiaries, South Dakota already has a below-average ratio of physicians to Medicare beneficiaries — even before the cuts have taken effect. Even more troubling is the fact that nearly 42 percent of our state's practicing doctors are over 50, an age at which surveys have shown many consider reducing their patient care load.

The AMA, along with the SDSMA and other state and national medical specialty partners, is ramping up the pressure on federal lawmakers to stop the physician payment cuts and replace the flawed sustainable growth rate formula with a system that reflects the economic realities of practicing medicine. As part of the effort, the AMA has provided testimony to several congressional committees and has taken its National House Call campaign to several states this summer, including Arkansas, Utah, Oregon, Maine and Minnesota. The AMA has also undertaken an ad campaign in newspapers and on the airwaves in key areas to drive this message home.

A recent AMA Member Connect<sup>®</sup> Survey provides a national snapshot of how the cuts would have a disastrous effect on America's seniors and access to care. The survey found that 60 percent of physician respondents plan to limit the number of new Medicare patients they treat and 40 percent plan to limit the number of established Medicare patients they continue to treat if payments are cut by 10 percent in 2008. Worse, if scheduled cuts totaling 40 percent are instituted by 2015, 77 percent of physician respondents said they would limit the number of new Medicare patients they treat and 68 percent would limit the number of established Medicare patients they treat.

In our state, the cuts would have a profoundly adverse effect on our patients because so much of our state is rural. More than half of physician respondents said they would

discontinue rural outreach services if the cuts go through, and two-thirds of physician respondents will defer investments in their practice — including the purchase of new equipment and information technology — if physician payments are cut next year. At a time when the government and others are pushing for the adoption of new tools such as electronic health records, this finding is particularly worrisome.

At least part of the solution is to level the playing field between the traditional Medicare program and private Medicare Advantage plans. The government pays Medicare Advantage plans an average of 12 percent more than traditional fee-for-service providers — to the tune of \$65 billion over five years and \$160 billion over a decade. The AMA survey found that 80 percent of physicians said Medicare should stop subsidizing these plans. That's consistent with a recommendation by the Medicare Payment Advisory Commission, which has called for Medicare to pay the same amount regardless of which Medicare option a patient chooses.

In July, the U.S. House of Representatives began considering the bipartisan Children's Health and Medicare Protection (CHAMP) Act, a strong bill that would both expand the State Children's Health Insurance Program (SCHIP) and avert looming cuts in Medicare physician payments. The CHAMP Act would be paid for by reducing excess payments to Medicare Advantage plans and by raising the federal tobacco tax, which would have the additional benefit of decreasing smoking.

How can you get involved? Make sure our members of Congress hear from you about this. The AMA Physicians' Grassroots Network makes contacting Congress easy. Simply visit [www.ama-assn.org/go/grassroots](http://www.ama-assn.org/go/grassroots) to join the network and make your voice heard.

Lastly, I'd invite all of South Dakota's physicians and medical students to make sure they are active members of the AMA. Log on to [www.ama-assn.org/go/join](http://www.ama-assn.org/go/join) or call (800) 621-8335 to join.