

## **Office Visit: Medicare cuts – problem for us all**

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Medicare continuously has cut reimbursements to physicians since 1991 and the issue has cropped up nearly every year since. Most recently, Medicare proposed cutting physician reimbursements by 10 percent but the bill was blocked by Congress. Although this provides some reprieve for doctors, it is only temporary as Congress plans to pass a bill cutting physician reimbursements by 20 percent in 2010. Once this happens, some physicians simply will not be able to make enough profit to sustain their practices.

But the concern here is not about physician profit – it's about access to care. This will affect access to care for everyone. Doctors will discontinue treating Medicare patients and some doctors certainly will retire early. With an increased aging population, a shortage of docs and non-acceptance of Medicare patients by more docs, access to care will be severely limited.

And it's not just about Medicare patients or physicians who see patients on Medicare. Cuts to reimbursements have a domino effect on the system because many private insurance companies, HMOs and other network management companies base their fees on Medicare reimbursement. So when Medicare rates go down, so do reimbursement rates from private insurers. This issue is coupled with enormous malpractice insurance costs. Many malpractice insurance carriers are increasing rates at 40 percent to even 100 percent for various specialties.

The current Medicare system completely disregards the legitimate needs and costs of physicians to maintain their practices. Undue burden is placed on one group to make up for the deficits of another group. It disregards the well-being of the physician, which ultimately affects the patients. It puts physicians' practices in jeopardy, which means patient access may be reduced.

The system is broken and bleeding and needs more effective solutions than those that just provide a Band-Aid.

So why do these cuts happen? The cuts happen because of the SGR (sustainable growth rate) formula. This formula ties physician payment to the gross domestic product, which fluctuates based on the ups and downs of the economy, instead of basing rates of pay on health needs, frequency of health care usage by seniors and the costs of providing those services. It does not consider basic cost-of-living increases and rising practice expenses of health care providers. Only physicians and other practitioners are subject to the SGR. According to the American Medical Association, hospitals that are not subject to the formula are expected to receive increases in reimbursements during the same period that physicians will experience decreases.

Another factor is when Medicare expands benefits, like the current drug benefit, the costs to cover those benefits leads to reductions in physician payment. So in essence, this leads to physicians having to bear a burden that does not belong to them and is outside of their control. It causes damage to physicians who are the essential providers of our health care.

The SGR formula needs to be eliminated altogether, and Medicare and Congress must address the increasing physician expenses when setting reimbursement rates.

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