

Dear ACP Member:

I am writing to report to you on the current state of Medicare payments to physicians.

Earlier this month, the proposed *2007 Medicare Physician Fee Schedule* was released. The final rule is expected to be released in November, and it will take effect on January 1, 2007. Because of Medicare's flawed sustainable growth rate (SGR) formula, **the proposed new fee schedule will cut physician payments by 5.1 percent.**

The SGR formula was created in 1997 and ties physician payments to growth in the overall economy. When growth in physician expenditures exceeds growth in the economy, the difference is subtracted from physician payments. The result: across-the-board cuts in payments to physicians.

This is the *sixth* consecutive year that physicians have faced cuts of between 4 and 6 percent because of the SGR. With the exception of 2002, when Congress allowed the cuts to go into effect, Congress has enacted legislation to provide a higher update than the cuts required by the SGR. **This was due in large part to the thousands of ACP members who took the time express your views to Congress.** But because Congress did not eliminate the SGR, we are facing a 5.1% cut 2007, and comparable cuts in subsequent years.

Once again, we must persuade Congress to enact legislation to halt the SGR cuts. **But with many competing priorities and only a few weeks left before Congress adjourns for the year in September, I am increasingly concerned that our lawmakers will allow the Medicare cuts to go into effect.**

We must prevail upon them to enact legislation to:

- *Replace the 5.1% cut in 2007 with a positive update that reflects increases in physicians' practice costs, and*
- *Stabilize payments in subsequent years by providing predictable and positive updates as Congress develops a longer-term alternative to the SGR.*

For information on how you can help avert the SGR cuts, I urge you to go to ACP's Legislative Action Center (LAC), <http://www.acponline.org/lac>. The LAC has background on the issue and a sample message that you can personalize and then email to your members of Congress. It typically takes less than five minutes of your time to generate a letter using the tools on ACP's LAC. [To logon to the LAC: use your email address as the username and ACP as the password. Go to 'Current Issues' near the bottom of the page, then 'Halt Medicare Cuts before October Adjournment,' then chose 'Read More' for more information OR 'Take Action' to contact your lawmakers. If you have problems, contact Tracy Novak at tnovak@acponline.org or 800-338-2746 ext. 4532.]

In addition, ACP is collecting personal stories from internists about how the SGR cuts will affect their careers and practices. We will use these stories to show the members of Congress the potentially devastating effect the SGR cuts could have on quality health care. Please visit http://www.acponline.org/college/misc/own_words.htm?hp to submit your story to ACP.

There is another important reason why we need your help to get Congress to halt the SGR cuts.

Earlier this summer, I wrote to you about a major win for internal medicine physicians. The Center for Medicare and Medicaid Services (CMS) proposed changes to work relative value units (RVUs) that would result in payment increases *averaging thousands of dollars per internist*. Due to the leadership of ACP, CMS proposed making the largest increase in the work RVUs assigned to office and hospital visits and consultations--known as evaluation and management (E/M) services--since Medicare implemented its physician fee schedule in 1992.

These increases will redistribute approximately \$4 billion in Medicare payments to services done principally by internists and family physicians and help preserve patients' access to high quality medical care. **But if the SGR cuts are allowed to go into effect, all or most of this initial gain for internists and their patients will be eliminated.** We can't allow Congress to take away on one hand what Medicare has promised on the other.

Just as our patients count on us for their medical care, they count on each of us to be their advocates with Congress.

I am confident that you won't let them down.

Lynne Kirk, MD, FACP
President, ACP