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Contact: David Kinsman, (202) 621-4554
dkinsman@acponline.org
Jacquelyn Blaser, (202) 261-4572
jblaser@acponline.org

**LOOMING MEDICARE CUTS WILL DISPROPORTIONATELY HURT
PHYSICIANS IN SMALL PRACTICES**

ACP Asks Congress to Pass Legislation to Avert Pending Pay Cut

(Washington) – Noting that many physicians across the country who lead small practices are at a business breaking point, David M. Dale, MD, FACP, president of the American College of Physicians (ACP) testified today before the House Small Business Committee. Dr. Dale emphasized that practices are medicine's small businesses, where much of their revenue is tied directly to Medicare's flawed reimbursement rates and formulas.

Approximately 20 percent of ACP members who are involved in direct patient care are in solo physician practices. And, about 50 percent are in practices of five or fewer physicians.

On July 1, physicians face a 10.6 percent cut in Medicare reimbursements. Another 5 percent cut is anticipated on January 1, 2009. The Sustainable Growth Rate (SGR) formula that is used to calculate Medicare payments to physicians 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 SGR formula has led to scheduled annual cuts for six consecutive years.

Earlier this year, ACP surveyed its members to measure the impact of pending Medicare payment cuts on their practices and on their patients. The questionnaire asked internists to report on the changes they would be forced to make if Congress does not act. Although the survey was not designed as a scientific sample, almost 2,000 internists responded, providing ACP with first-hand accounts of how the SGR cuts are affecting millions of Medicare beneficiaries.

Dr Dale cited the story of one respondent, a Texas internist, who said:

“The practice of medicine is a calling and as such, my colleagues and I have endured more unfair revenue cuts than most businesses would have endured. Yet, a medical practice is also a small business, and there are limits to how much we can endure. We are now at the point where further cuts are not survivable. Just like any small business, our revenue has to exceed costs in order to survive. Despite everything that I have been able to do to cut costs, the margin of profit is now thin, and the proposed greater than 10 percent cut will put us out of business. The only option will be to downsize the practice and stop seeing all Medicare patients. I would hate this, but it will be the only option I have if Congress does not reverse the proposed cuts.”

ACP is asking Congress to avert the immediate SGR cut, but also go a step beyond. The College is asking Congress to set a timeline for completely eliminating the use of the SGR formula. ACP also wants Congress to direct Medicare, as part of replacing the SGR formula, to change payment policies to support patient-centered, physician-guided care management based on the patient-centered medical home model of care.

“Medicare patients deserve the best possible care,” concluded Dr. Dale. They also deserve a physician payment system that will help physicians deliver the best care possible, his testimony said.

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The American College of Physicians is the nation’s largest medical specialty organization. Membership is composed of 125,000 internal medicine physicians (internists) and medical students. Internists provide the majority of health care to adults in America. Internists are specialists in adult medicine and provide comprehensive care to adult patients.