



**The American College of Physicians statement
on The American Taxpayer Relief Act of 2012**

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Yesterday, the Senate and House passed bipartisan legislation that will temporarily halt the 26.5 percent cut in Medicare physician payments as a result of the flawed Sustainable Growth Rate (SGR) formula. The legislation also includes provisions to halt significant tax increases for the majority of Americans and delays until March 1 [across the board cuts](#) (including a 2 percent cut to Medicare) – which would result in billions of dollars in additional cuts – as mandated by the Budget Control Act of 2011 through sequestration.

Specifically, the American Taxpayer Relief Act of 2012 extends the Medicare physician payments update at 2012 levels through 2013. The legislation regrettably does not include any reforms to the current SGR formula, nor does it provide any instructions on a pathway to reforming the current payment system. The estimated cost of delaying the SGR cuts for one year is \$25 billion over 10 years and is paid for mostly through cuts and adjustments to hospitals and non-physician providers, including reductions to Medicaid Disproportionate Share Hospital and Medicare Advantage Plan payments. Some physicians may be adversely affected by a reduction to the ESRD Bundled payment reflecting the decreased use of certain medications included in the bundle, and a decrease in payments for advanced imaging. Most of the reductions used to pay for the SGR fix are based on recommendations previously made by the Medicare Payment Advisory Commission (MedPAC) or the Government Accountability Office (GAO).

It is notable that the legislation did not reduce or eliminate the Medicaid Primary Care increase, also referred to as the “Medicaid Parity” provision of the Affordable Care Act, which was scheduled to be implemented on January 1. ACP played a key leadership role in organizing a successful coalition effort, supported by more than 250 national and state physician membership [organizations](#), to persuade Congress not to cancel the Medicaid primary care increase in order to pay for stopping the Medicare SGR cut.

Although the final bill passed by Congress postpones the Medicare SGR cut, preserves the Medicaid primary care increases, and temporarily averts massive cuts in federal health programs

that would have had a devastating impact on patient care, it falls well short of ACP's goals of enacting a permanent replacement to the Medicare SRG formula and enacting a fiscally- and socially-responsible alternative to across-the-board cuts.

In the short term, this legislation helps ensure access to high-quality medical care for Medicare beneficiaries, and ensures that physician payments under Medicare will not be cut through 2013. However, a greater bipartisan effort is still needed in the coming year to approve legislation that permanently repeals once and for all the flawed SGR formula, and transitions to payment models that provide predictable annual updates to physicians participating in Medicare, while being aligned with the provision of high quality and efficient care. ACP recently submitted [a proposal](#) to Congress outlining a clear and reasonable transition to permanent SGR reform.

ACP will continue to make it clear to Congress that a permanent solution to the Medicare SGR is required, not another round of temporary "patches" – like the one just passed by Congress. It will also continue to urge Congress to address the scheduled across-the-board cuts mandated by sequestration, which are only delayed for two months by this legislation, so that important healthcare programs remain viable.

http://www.acponline.org/pressroom/tax_relief.htm