

Medicare Reimbursement Rate Cut Blocked Temporarily

Early this week, Congress took welcomed, but temporary, action to block a 21.2 percent reduction in Medicare and TRICARE payments for doctors treating Medicare and TRICARE patients. On Tuesday (03/02/2010), H.R. 4691 was passed and signed by the President as Public Law 111-144. The bill once again delays the cut, through April 1, giving lawmakers additional time to look at the matter. At last word, Congress was considering a second measure that would bar Medicare and TRICARE rate cuts through September of this year.

The root cause of the problem, of course, is the establishment of the complex Medicare Sustainable Growth Rate (SGR) formula that Congress implemented in 1997 as a cost-control measure. In simple terms, the SGR establishes "spending targets" for annual healthcare expenditures based on growth in the gross domestic product (GDP). If costs exceed the target, reimbursement rates are adjusted downward the following year.

Over the years, Congress has consistently stepped in to avert the scheduled reductions in physician payments. Each time it steps in the flawed formula compounds the size of the cut scheduled for the next year. As a result, the formula presently calls for an enormous 21.2 percent cut that would, if implemented, devastate TRICARE.

Doctors would be less likely to accept new Medicare or TRICARE patients and more likely to drop existing patients from these two programs altogether. For retired military and their families, TRICARE would become a hollow benefit, a promise unrealized.

Lawmakers have known of problems with the SGR for a decade but action to correct it has been continually postponed. With your support and help, we will continue to be vocal on this important matter and put Congress on notice that we're intent on keeping our earned benefits on track and available. Any other result is unacceptable.