

THE CONCORD COALITION



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CONCORD COALITION SAYS THAT MEDICARE “DOC FIX” SHOULD BE PAID FOR

WASHINGTON – The Concord Coalition said today that if Congress raises physician reimbursement rates in Medicare, it should spell out how to pay for the changes.

The Senate is expected to consider a bill this week that would permanently increase physician reimbursement rates relative to the current Medicare “sustainable growth rate” (SGR) formula and exempt this “doc fix” from pay-as-you-go budget rules (PAYGO). This exemption would increase federal deficits by roughly \$250 billion over 10 years.

Concord said that changes in the payment formula should be included and paid for as part of comprehensive health care reform. The issue of how Medicare reimburses physicians is central to the broader effort to get Medicare and health spending in general onto a more sustainable path.

“Dealing with the ‘doc fix’ in a separate bill, outside of health care reform, would change the scoring of the bills but not the effect on the deficit. If policymakers believe that the current SGR formula is unrealistic, they should replace it with a more appropriate policy and pay for the change in keeping with their pledge to reform health care in a deficit-neutral way. If paying for this SGR change means there would be fewer offsets on the table to pay for expanded coverage, then policymakers would be forced to appropriately weigh their priorities and make the necessary tough choices -- either scale back other costs in the health reform package or find more ways to pay for the larger bill,” said Concord Coalition Executive Director Robert L Bixby.

Bixby said that deficit-financing a permanent increase in Medicare physician payments does not bode well for eventually “bending the health cost curve” and improving fiscal sustainability more generally.

“The current SGR payment formula was originally enacted as part of the 1997 balanced budget agreement to slow the growth of physician payments. Exempting a change in that formula from PAYGO would undermine the credibility of promises now being made to restrict provider payments in the future. Why should anyone believe that Congress will

enforce future promises to limit provider payments when it cannot summon the political will to enforce the limits it has already enacted?” Bixby said.

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The Concord Coalition is a nonpartisan, grassroots organization dedicated to balanced federal budgets and generationally responsible fiscal policy. Former U.S. Senators Warren B. Rudman (R-NH) and Bob Kerrey (D-NE) serve as Concord's co-chairs and former Secretary of Commerce Peter G. Peterson serves as president.