

Sustainable Growth Rate (SGR)

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Both the [American Hospital Association](#) and the [American Medical Association](#) (together with numerous physician specialty organizations), have submitted letters to the Medicare Payment Advisory Commission (MedPAC) in response to a “Proposal” which MedPAC adopted yesterday, on various issues. MedPAC Proposal freezes payments for certain primary care services and reduces reimbursement for all other “specialist services,” whether provided by a primary care physician or specialist, by 5.9 percent for three consecutive years and is thereafter frozen. That means physicians would be looking at approximately an 18 percent cut at the end of the three year period in their compensation for many procedures they provide.

In order to maintain the level of reimbursement for certain primary care providers and cut reimbursement for any other procedures by “only” 18 percent, the MedPAC is recommending other cuts to other healthcare providers. Such cuts could end up adversely affecting the ability of other healthcare providers to provide the assets necessary for a physician to provide the appropriate care deemed necessary by that physician for patients.

A major concern is the fact that it is now ninety days before the implementation of the 30 percent cut under the Sustainable Growth Rate provision in existing law, which would become effective January 1, 2012 if Congress does not act, and that issue has not been resolved.

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