Insight

SGR Extended Through 2012

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Today the House-Senate Conference Committee passed yet another extension to defer the Sustainable Growth Rate (SGR) cuts to physician payments in the Medicare program. The cuts, which have grown to roughly 28 percent, would have made it impossible for many physicians to continue treating Medicare patients. Payment reductions were set to kick in January 1st of this year, but late in 2011 Congress passed an extension until March 1st, 2012. The House and Senate have now postponed the reimbursement cuts for 10 more months, at a cost of $18 billion. This reduces, among other things, funds to the Partnership to Fight Chronic Disease and Medicaid payments to Disproportional Share Hospitals. President Obama has said that he will sign the deal. However, extending the cuts only delays the problem yet again when what we really need is a comprehensive solution to this absurd accounting.

We've continually seen this Congress kick the can down the road instead of reaching a necessary compromise with regards to the budget, and the SGR is yet another example. The controversy is not about whether the SGR works (it doesn't) or whether physicians should see 28 percent reimbursement cuts (they shouldn't). Both sides agree on those points; where they disagree is how to "pay for" a permanent SGR solution. It's a budgetary gimmick, but repealing a budgetary gimmick isn't necessarily easy.

Regardless, it must be done. Taxpayers, physicians and, most of all, Medicare beneficiaries are sick of policy makers dancing around this issue and failing to enact a real solution.