

March 20, 2008

The Honorable
United States Senate
Senate Office Building
Washington, DC 20515

Dear Senator:

The undersigned organizations are writing to request that you cosponsor S. 2785, the "Save Medicare Act of 2008." This bill is a critical step in preserving seniors' access to care under the Medicare program and providing respite from annual efforts to block cuts in payments to physicians and other health care professionals. The 18 months of relief provided by this bill will allow Congress the time needed to thoroughly examine the shortcomings of the current system and allow for the thoughtful development of a replacement system that will truly serve the needs of Medicare beneficiaries and provide stability for those who care for them.

Under the current, fatally flawed Medicare physician payment update formula, payments are scheduled to fall by 10.6% as of July 1 of this year. An additional projected cut for 2009 would increase the size of the cuts to more than 15%, with about 40% in cuts projected for the coming decade. With practice costs increasing 20% over this time period, cuts of this magnitude will create an access crisis for Medicare patients. In an AMA survey, 60% of responding physicians said they would have to limit the number of new Medicare patients they treat if the July cut takes effect, and more than half said they could not meet their current payroll and would be forced to reduce their staff. In fact, the Medical Group Management Association found in a recent survey that 24% of group practices have already reacted to the pending 10.6% cut by limiting their acceptance of new Medicare patients.

It is critical, therefore, that Congress take immediate action to replace the next 18 months of cuts with positive updates. S. 2785 would achieve this goal by extending the current 0.5% update through December 31, 2008, and providing a 1.8% update for 2009, which corresponds to the final 2008 Medicare Economic Index (MEI), the government's conservative measure of annual medical practice cost increases.

S. 2785 would also help preserve access to care in rural areas by extending certain provisions from July 1, 2008, through December 31, 2009, such as the work GPCI floor and the 5% scarcity area bonus payment. The bill would also continue an accommodation for physicians in the armed services to engage in substitute billing arrangements for longer than 60 days when they are ordered to active duty.

We fully appreciate the impact that changes in Medicare payment rates have on the growth of beneficiary premiums and we support proposals that minimize that impact. We

also recognize the need to slow the growth of spending in the Medicare program, and we are committed to working on opportunities that have the potential to accomplish this goal, such as comparative effectiveness and greater adoption of electronic prescribing technology. We believe initiatives like these can help restrain the growth in spending in the Medicare program and look forward to working with Congress on their design and implementation.

We appreciate your ongoing concern about the negative impact of the Medicare physician payment update system, and its resultant cuts, on Medicare beneficiaries' access to care. We believe that S. 2785 will provide the necessary time for Congress and the medical community to develop a long-term solution that will preserve access for current beneficiaries and those to come. Accordingly, we strongly urge your cosponsorship of this legislation.

Sincerely,