

## **Cost of 10-Year Medicare Physician Pay Freeze Decreases to \$245B**

The Congressional Budget Office (CBO) recently reported that freezing Medicare physician payments for the next decade would cost the federal government \$245 billion, a substantially lower estimate than the \$316 billion cost estimated in January. The summer update to CBO's 2012 Budget & Economic Outlook also shows that, over 10 years, savings from troop draw downs amount to \$852 billion, money that providers strongly support using to pay for a permanent fix to the Sustainable Growth Rate formula.

The SGR formula will lead to a 27 percent cut to Medicare physician pay rates at the start of next year, giving Congress just over four months to pay for a permanent SGR fix or once again pass a temporary patch if it wants to avert the pay cuts. Rep. Mike Burgess (R-TX), a member of the House Republicans Doctors Caucus, already introduced legislation that would patch payment rates for one year, though he did not outline a way to pay for the bill and his office said offsets would be required only if the bill moves.

Top Democrats on the House Energy and Commerce Committee as recently as last month were saying they still supported using war savings to repeal the SGR and come up with a new system for determining how Medicare pays physicians. The idea is strongly supported by physician and hospital groups.