



## The Growing Cost of Repealing the Sustainable Growth Rate (SGR) Formula

Each time Congress has taken steps to stop imminent across-the-board cuts in Medicare payments for physician services, the cost of permanently repealing the broken formula has grown. The cost of a payment freeze increased from \$48.6 billion in 2005 to \$297.6 billion in 2011. The cost of implementing a new formula that would permit payment updates to account for practice cost inflation as measured by the Medicare Economic Index (MEI), similar to the update systems in place for other types of providers, escalated from \$154.5 billion to \$358.1 billion over the same time period.

Date of CBO Score	Freeze – 10 Year Score	MEI – 10 Year Score
February 28, 2002	-----	<b>\$126 billion</b> (based upon 2001 and 2002 MedPAC recommendation)
May 5, 2004	-----	<b>\$95 billion</b>
March 24, 2005	<b>\$48.6 billion</b>	<b>\$154.5 billion</b>
March 24, 2006	<b>\$127.2 billion</b>	<b>\$218.2 billion</b>
January 2007	<b>\$170.8 billion</b>	<b>\$252.2 billion</b>
March 2007	<b>\$177.7 billion</b>	<b>\$262.1 billion</b>
March 14, 2008	<b>\$220.1 billion</b>	<b>\$288.1 billion</b>
May 7, 2009	<b>\$285 billion*</b>	<b>\$344 billion*</b>
April 30, 2010	<b>\$275.8 billion*</b>	<b>\$329.9 billion*</b>
June 14, 2011	<b>\$297.6 billion</b>	<b>\$358.1 billion</b>

\*Note: The cost of physician administered drugs was removed from the calculation of the SGR, both retrospectively and prospectively, by regulatory action in the fall of 2009. This had the effect of reducing the scores from the May 7, 2009, levels by approximately \$80 billion over 10 years. The 2010 scores incorporate savings from physician-administered drugs having been removed from the SGR.