

January 23, 2012

The Honorable Dave Camp
Chairman
House Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Camp:

We are writing to encourage the conferees to take advantage of the very real opportunity to repeal Medicare's sustainable growth rate (SGR) formula. This long stated goal of Congress is now within reach and we urge you to take advantage of it immediately by using excess baseline projections for Overseas Contingency Operations (OCO) to help offset necessary Medicare baseline changes.

Using the OCO baseline as an offset for the accumulated SGR bad debt amounts to "cleaning the books," by eliminating one flawed budget gimmick with another and allowing for a more accurate accounting of future government expenditures without increasing the federal deficit. It also provides an opportunity to immediately repeal the SGR and to establish a pathway toward a truly sustainable physician payment system that focuses on improving quality and value for our nation's Medicare beneficiaries.

Under current procedures, CBO is required to score mandatory spending according to current law, resulting in massive scheduled cuts of more than \$290 billion that are included in the current budget baseline for physician services provided to Medicare beneficiaries. Despite the fact that members of both parties have stated time and time again that these cuts will not be allowed to occur, CBO is required to mask the size of the real deficit and debt with these imaginary and unreasonable future savings.

Moreover, the cost of repealing the SGR gets worse over time. In 2005, CBO projected that the cost of repealing the SGR was \$48 billion. That cost is now \$290 billion and growing rapidly. Temporary patches that continue to assume even deeper future cuts add to this challenge, regardless of their duration. For instance, an SGR patch of two years will cost \$39 billion in 2012, increase the cost of repeal to \$346 billion, and increase the size of the next scheduled cut to physician payments to 36%. Pushing off this problem continues this reckless pattern of spending billions of dollars only to make future cuts deeper and more expensive to solve.

We agree that our nation faces significant fiscal challenges, and that Medicare is not immune. However, it is impossible to implement commonsense programmatic reforms while an immediate and constant threat of massive cuts hangs over the program. Accordingly, we urge you to utilize the opportunity provided to this conference committee to eliminate the SGR permanently.

Sincerely,

American Medical Association
AMDA - Dedicated to Long Term Care Medicine
American Academy of Family Physicians
American Academy of Home Care Physicians
American Academy of Hospice and Palliative Medicine
American Academy of Neurology
American Academy of Ophthalmology
American Academy of Otolaryngic Allergy
American Academy of Otolaryngology—Head and Neck Surgery
American Academy of Sleep Medicine
American Association of Clinical Endocrinologists
American Association of Clinical Urologists
American Association of Neuromuscular and Electrodiagnostic Medicine

American Association of Orthopaedic Surgeons
 American Association of Physicians of Indian Origin
 American College of Cardiology
 American College of Emergency Physicians
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 American Congress of Obstetricians and Gynecologists
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 American Osteopathic Academy of Orthopedics
 American Osteopathic Association
 American Psychiatric Association
 American Society for Clinical Pathology
 American Society for Dermatologic Surgery Association
 American Society for Gastrointestinal Endoscopy
 American Society for Radiation Oncology
 American Society for Reproductive Medicine
 American Society for Surgery of the Hand
 American Society of Cataract and Refractive Surgery
 American Society of Clinical Oncology
 American Society of Hematology
 American Society of Nuclear Cardiology
 American Society of Pediatric Nephrology
 American Society of Plastic Surgeons
 American Society of Transplant Surgeons
 American Urological Association
 College of American Pathologists
 Heart Rhythm Society
 Infectious Diseases Society of America
 Joint Council of Allergy, Asthma and Immunology
 Medical Group Management Association
 National Medical Association
 North American Spine Society
 Renal Physicians Association
 Society for Cardiovascular Angiography and Interventions
 Society for Vascular Surgery
 Society of Gynecologic Oncology
 Society of Hospital Medicine
 Society of Nuclear Medicine
 The Endocrine Society
 The Society of Thoracic Surgeons

 Medical Association of the State of Alabama
 Arizona Medical Association
 Arkansas Medical Society
 California Medical Association
 Colorado Medical Society

Connecticut State Medical Society
Medical Society of Delaware
Medical Society of the District of Columbia
Florida Medical Association Inc
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Idaho Medical Association
Illinois State Medical Society
Iowa Medical Society
Kansas Medical Society
Kentucky Medical Association
Maine Medical Association
MedChi, The Maryland State Medical Society
Massachusetts Medical Society
Michigan State Medical Society
Minnesota Medical Association
Mississippi State Medical Association
Missouri State Medical Association
Montana Medical Association
Nebraska Medical Association
Nevada State Medical Association
New Hampshire Medical Society
Medical Society of New Jersey
New Mexico Medical Society
Medical Society of the State of New York
North Carolina Medical Society
North Dakota Medical Association
Ohio State Medical Association
Oklahoma State Medical Association
Oregon Medical Association
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South Carolina Medical Association
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Vermont Medical Society
Medical Society of Virginia
Washington State Medical Association
West Virginia State Medical Association
Wisconsin Medical Society
Wyoming Medical Society