Congress: Long-Term SGR Fix Unlikely This Year

BY JOEL B. FINKELSTEIN
Contributing Writer

WASHINGTON — Physicians can look for another short-term update to the sustainable growth rate this year as lawmakers struggle under substantial fiscal constraints, members of Congress told physicians at the American Medical Association's national advocacy conference.

"What would be best for me, for everybody in this room and for the older Americans under the Medicare system is to do a permanent fix. What my gut is telling me is that, at best, we will do an 18-month fix," said Rep. Shelley Berkley (D-Nev.).

Congress passed a 6-month update to the Medicare physician payment rate late last year and has until July 1 to avert a 10.6% cut for the remainder of the year. However, under current federal spending rules, lawmakers will have to offset any increases to physician pay by cutting another program or raising taxes.

"If under the law, the physicians are set to receive a 10% cut, if we restore that 10%, we have to come up with the money somewhere. That's why the solutions generally tend to be short term," said Sen. Jon Kyl, (R-Ariz.), who serves on the Finance Committee.

For example, the proposed 18-month fix that would keep physician pay steady through 2008 and raise it 1% in 2009 would cost $37.5 billion over 5 years. By comparison, a 6-month fix, like the one passed last year, would cost $8.4 billion, saving lawmakers nearly $30 billion in offsets.

That's the easier solution, Sen. Kyl said. "It's not an ideal situation. However, our priority has been and must continue to be averting scheduled cuts and securing a positive update. So we are very short-term oriented." He added that, while there is currently enough wiggle room in the budget to pay for the 18-month approach, some lawmakers had other priorities for the money. ■