

Congressman Michael C. Burgess, M.D.
Subcommittee on Regulation, Health Care and Trade Hearing
**“Medicare’s Reimbursement Cuts: The Potential Impact on Solo and Small Group
Practitioners and the Businesses they Run”**
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First, let me thank Chairman Gonzalez and Ranking Member Westmoreland for extending an invitation for me to be here today and talk about this important issue. This is a critical issue and I am happy that this subcommittee has taken the time to highlight it so that we as decision-makers can gain a greater understanding of this serious issue that faces medicine.

For most of us that have spent some time around here, addressing Medicare physician payment has become somewhat of an annual rite. Congress usually acts, but the problem typically gets worse. In fact, this issue was one of the factors that led me to run for the House in 2002. Not satisfied with some of the solutions proposed in the past, during the 109th Congress I introduced H.R. 5866. This bill represented a long-term solution to declining Medicare physician payment and would have stabilized the Medicare physician workforce for now and in the future. Unfortunately, it would have been extremely expensive. But that is one thing I have learned after working on this issue over the last few years and a fact that is unavoidable—any long-term solution will be expensive and it is becoming a fact as well that any short-term solution will be expensive, and maybe impossibly so.

In December 2006, I and my staff began to reframe the problem that the Sustainable Growth Rate imposes on physicians participating in Medicare

and determine how we can move from a solution that is largely transactional in nature to one that is transformational and one that prioritizes value in the doctor-patient relationship. After numerous informal conversations with organized medicine, and I appreciate the cooperation of staff from the American Medical Association, American College of Surgeons, and the American Osteopathic Association, I developed a set of principles that would inform legislation that I would eventually introduce. I believe that these principles are transformational in nature and will help this House avoid solutions that are merely transactional. They are as follows:

1. The Sustainable Growth Rate has proven to be insufficient to meet the cost of physicians or even a methodology that the political class deems sufficient—SGR must be eliminated.
2. Medicare reimbursement must fairly compensate physicians to provide services under the Medicare program.
3. Any new Medicare payment system must be able to adjust for growth in services, but also be agile enough to determine what constitutes appropriate growth in service volume and when growth results in better patient outcomes.
4. Any future cost containment device must be de-linked to trends in the economy that are external to medicine.
5. Quality reporting should encompass a variety of options for physicians with standards on information that can be gathered and how to aggregate the data.
6. Quality reporting systems that are more outcomes focused should be weighted for patient compliance and the Secretary should monitor whether

quality reporting systems exacerbate health care disparities or close gaps in care.

7. Implementation of HIT should be rewarded by Medicare as it will help diminish inefficiencies in the system.

Based upon that set of principles I introduced H.R. 2585. In brief, this bill will eliminate the SGR in 2 years. It would rely on the Medicare Economic Index, a much fairer and market based methodology, to calculate Medicare reimbursement to physicians. It would provide payment incentives for the adoption of Health Information Technology and quality reporting. H.R. 2585 would improve transparency in Medicare billing so physicians can truly understand what their Medicare spending is each year, and gives beneficiaries similar information.

Now, just a little bit less than 2 years ago, Alan Greenspan, as one of his last trips around the Capitol, came and talked to a group of members one morning. And a question was posed to him: What do you think about Medicare? Are we ever going to be able to pay for the unfunded liability of Medicare in the future? And he stopped and thought for a moment and said, “Yes, I think when the time comes Congress will make the hard choices, make the hard decisions, and, indeed, we will be able to salvage and pay for the Medicare system.” And he paused for a moment and then went on to say, “But what concerns me more is, will there be anyone there to deliver the services when you require them?”

Finding a solution to the SGR problem is a key component to creating the right incentives to grow the physician workforce. It is a key factor to encouraging mature physicians to keep their practice doors open.

You can't deliver value to the doctor-patient interaction if you don't have a doctor there to interact with the patient. The current Medicare system of pricing is one that is not based on any sort of reality. And over the next 10 years time, the budgetary projection is for physician payment rates for Medicare patients to be reduced on the order of 30-38 percent. That's untenable. No doctor can continue to practice; they can't even plan for their practice. They can't plan for hiring; they can't plan for the purchase of new equipment all of the time they're laboring under that type of restriction. We need to reform the system now, or preside over its demise.

I am happy to take questions from Members and again I thank the chairman and the ranking member for their indulgence.