WASHINGTON — The failure to add low physician pay and looming reimbursement cuts in the Medicare program is starting to affect beneficiaries, said members of Medicare’s Practicing Physicians Advisory Council at their recent meeting.

PPAC member Dr. Vincent J. Bufalino, a cardiologist from Naperville, Ill., offered an example to the council. “We have in our community the beginnings of physicians walking away from Medicare. Four of the busiest internists in town have said ‘No’ and ripped up their [Medicare] agreement,” Dr. Bufalino said.

Half of Dr. Bufalino’s community are no longer accepting new Medicare patients, he said. Although the CMS still counts them as participating in the program, the trend is having a profound effect on beneficiaries’ access to physician services.

“We don’t think that participation rates, assignment rates, really reflect what is going on,” Dr. Bufalino told CMS Deputy Administrator Leslie Norwalk.

The CMS has to rely on the numbers gathered by physician groups, she responded. “I suspect that the best way to go about this is probably at the state level where you would ask your state medical society to survey members and let us know what it is that you see,” Ms. Norwalk suggested, noting that administration officials are legally barred from telling people to lobby Congress.

Lawmakers will have to be the ones to make changes to the current mechanism for updating physician payments. Based on the sustained growth rate (SGR) formula, mandated by the Balanced Budget Act of 1997, physicians are currently slated for a 5.1% cut in reimbursement starting Jan. 1. In past years, Congress has averted cuts or given doctors a small raise.

PPAC members urged CMS officials to use what influence they have to encourage law makers to do so again based on the recommendation from the Medicare Payment Advisory Commission that physician pay be increased by 2.8% in 2007.

“If you look at the data from 2001 to 2007, physicians’ costs are up 18%, yet Medicare payments are down 5% . . . Only physicians are subject to arbitrary spending cuts. Hospitals have a 3.7% update; nursing homes, a 3.1%; [and] Medicare Advantage now gets 11% of the fee-for-service rate and is slated for another 4.8% increase,” said PPAC member M. LeRoy Sprang, an ob.gyn from Evanston, Ill.

Health-government estimates show that giving physicians a Medicare pay raise of 2%-3% over the next 5 years would carry a $58 billion price tag. Dr. Mark McClellan, the outgoing CMS administrator, has testified to Congress that any action taken to improve physician pay should be accompanied by provisions that allow the agency to better control how it spends the money, thus ensuring that physicians are paid for performance.

Physicians don’t object to the agency’s push for pay for performance, but you can’t expect to purchase quality on the cheap, said PPAC member Dr. Geraldine O’Shea, an internist from Jackson, Calif.

“We understand the cost is the bottom line, but as we’re moving toward this, we want to make sure it stays in the forefront [and] that health outcomes of our patients are still our No. 1 concern,” she said.

There has been momentum on all new initiatives at CMS, including the Part D benefit, he said. Dr. McClellan touted the progress of the Part D program, including lower-than-forecast beneficiary costs and an overall high rate of participation and beneficiary satisfaction. And regardless of the outcomes of this year’s midterm congressional elections, Dr. McClellan said he expects to see continued congressional oversight of the program.

The American Medical Association praised his expertise and experience as a physician and called for a replacement with similar qualifications. “It is our hope, that before leaving CMS, Dr. McClellan will in- tervene with the White House to provide the best possible care to Medicare patients by supporting congressional efforts to en- sure that the 2007 Medicare physician pay- ment update will reflect the increase in physicians’ practice costs,” Dr. Cecil B. Wilson, AMA board chair, said in a statement.

CMS Administrator Resigns, Touts Progress on Medicare Part D Benefit

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