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
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The Society of Thoracic Surgeons

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