

United States Senate

WASHINGTON, DC 20510-4305

October 21, 2009

Dear Friend:

Today I joined a bipartisan group of senators in rejecting—by a vote of 47 to 53—a proposal regarding the sustainable growth rate (SGR) used to reimburse physicians under the Medicare program. You will hear a great deal about today's vote, and I want to explain to you directly my reasons for voting no.

There is broad recognition that the current SGR formula is broken. As I have heard repeatedly from physicians in Texas, the formula has done nothing to control costs, does not keep pace with practice expenses, and instead has decreased access and quality. While Congress has acted repeatedly since 2003 to prevent scheduled cuts from going into effect, there is broad consensus that temporary freezes do not fix the long-term problem.

Last year, I introduced the Ensuring the Future Physician Workforce Act, which would have permanently replaced the SGR formula with a formula based on the Medicare Economic Index (MEI) to keep reimbursements in line with physician practice costs. A few weeks ago in the Senate Finance Committee, I offered an amendment to provide a positive payment update for the next three years in order to give Congress time to permanently fix the SGR formula. My amendment, which was fully paid for, was voted down nearly on party lines. As a Member of the Senate Finance Committee, I will continue to work for a substantive and reasonable solution to the SGR problem.


Unfortunately, Senator Stabenow's proposal (S. 1776), which the Senate defeated today, did not solve the SGR problem. Instead of a new formula to accurately reimburse physicians for their services, S. 1776 would indefinitely freeze current physician reimbursements rates. This means that the Medicare program would continue to pay physicians at today's rates 10 or even 20 years from now—despite the quickly rising costs of practicing medicine. Reimbursement freezes do not fix the systemic problems with the way Medicare reimburses physicians.

Rather than addressing the SGR problem in a fiscally responsible way, S. 1776 would add \$300 billion to the national debt. Washington has recently spent billions of dollars bailing out the financial and auto industries, wasted billions of dollars on a flawed stimulus package, and proposed trillions of dollars in new entitlement spending. Last week, the Obama Administration announced an unprecedented \$1.4 trillion budget deficit and Treasury Secretary Geithner has asked Congress to increase the national debt limit. The nation simply cannot afford another \$300 billion in deficit spending. This past Monday, *The Washington Post* editorialized about the SGR, "This is an enormous problem, practically and politically. It requires a comprehensive solution -- one that probably cannot be achieved within the existing political framework but that will require some kind of bipartisan commission to craft. A president who says that he is serious about dealing with the dire fiscal picture cannot credibly begin by charging this one to the national credit card, with no concern for the later generations who will have to pay the bill."

Finally, I believe that the SGR formula must be fixed along with comprehensive health care reform. Systemic problems, such as the SGR, in existing government health programs should inform the consideration of any new government health care programs. The SGR formula illustrates the fundamental problems with Washington price controls and artificial budget targets. Congress should not replicate these design flaws as it seeks to reform our health care system.

I was glad to join a bipartisan group of senators in rejecting a sham proposal to add \$300 billion more to our national debt. It is imperative that we find a permanent solution to the way Medicare reimburses physicians, but it cannot add to the deficit and it should be included in comprehensive health care reform. The Senate did the right thing by rejecting this budget-buster, slight-of-hand maneuver that would have broken the President's pledge not to add one single dime to the deficit.

Sincerely,



John Cornyn
United States Senator