



Joint Congressional Committee will influence future of medicine

Actions over next four months present major opportunities and threats

The AMA's initial response to the Joint Committee on Deficit Reduction

- **SGR talking points for August recess:** This week we distributed initial sustainable growth rate (SGR) [talking points](#) for physician leaders and grassroots activists to use during meetings with their congressional delegation during the August recess.
- **Build consensus on strategy to avert 29.5 percent SGR cuts:** The AMA will seek to build consensus on a strategy to avert a 29.5 percent Medicare physician payment cut by reconvening the SGR Task Force composed of physician leaders and senior management from seven state and seven national medical specialty societies. This group helped build consensus on a successful strategy for the lame duck session of Congress last year. As a result, medicine secured a one-year SGR patch for 2011 that averted a 25 percent cut, which translated into \$26,000 average savings per physician. The SGR Task Force will meet in early September. Key areas of agreement and action steps will be communicated to all states and specialties promptly after this discussion.
- **Build consensus on potential medical liability reforms:** Modeled after our successful SGR Task Force, the AMA has created a Medical Liability Reform Task Force. This group of select state and national medical specialty society physician leaders and senior management will develop a strategy for the inclusion of medical liability reforms in the package to be developed by the Joint Committee on Deficit Reduction.
- **Development of integrated media, grassroots and lobbying campaign:** The AMA is developing plans to invest significant resources to advance medicine's key priorities over the next four months. In the weeks ahead, we will outline a campaign that may involve television, radio, print and Internet advertising. This will be combined with an effective grassroots effort by physicians and patients and a full-court press by our lobbyists and elected leadership. Our vision is a collaborative effort in which the AMA works in concert with every physician and organization that shares our objectives.
- **AMA outreach will include a number of electronic town hall forums:** The AMA will host several electronic town hall forums to communicate an outline of the latest developments, obtain feedback from the physician community, and leverage the grassroots power of physicians and patients. These forums will begin after Labor Day.

Background

- Congress has created a Joint Committee on Deficit Reduction composed of equal numbers of representatives and senators from each party to develop legislation to achieve \$1.5 trillion in spending reductions over the next 10 years.
- This is in addition to \$917 billion in cuts based on a new spending cap.

- November 23, 2011, is the deadline for the Joint Committee on Deficit Reduction to develop a legislative package to achieve the \$1.5 trillion target.
- U.S. House and Senate votes on the Joint Committee package are to be held no later than December 23, 2011.
- Congress must vote the entire package up or down, no amendments. The package has additional procedural protections. This creates an opportunity to advance policy changes that face major barriers in the regular legislative process. Only 51 votes are required for Senate passage of the Joint Committee package rather than the 60 vote hurdle in the regular legislative process.
- If the Joint Committee and Congress fail to pass a package totaling at least \$1.2 trillion in deficit reduction, then \$1.2 trillion in savings (or the amount by which they fell short of \$1.2 trillion) would be obtained through across-the-board cuts by a process known as sequestration. One-half of the cuts would come from the Department of Defense and one-half would come through cutting other spending. Social Security, Medicaid and Medicare beneficiaries would be protected. However, Medicare provider payments would be subject to a reduction not to exceed 2 percent.
- The mechanics of the 2 percent sequester for Medicare provider payments are uncertain at this time. The actual reduction to individual providers could be in excess of 2 percent.
- The stakes are high for every sector of the economy and every interest group, not just the health community. There will be intense competition to influence the outcome through grassroots, lobbying and media campaigns.

Risks

Failure to include SGR leaves little time to avert 29.5 percent cut slated for January 1, 2012

- Budget offsets and political will are likely to evaporate after the Joint Committee process.
- Failure to repeal SGR at this point leaves few options. One- or two-year patches would result in cuts of at least 34 percent in 2013 (one-year patch) or at least 38 percent in 2014 (two-year patch). Another patch of a few months duration, or allowing cuts to occur with a promise of a retroactive fix early in 2012, would leave medicine in the same destructive cycle experienced throughout 2010.
- It creates a serious prospect of Medicare imposing future double-digit cuts that would devastate physician practices.
- While it is technically possible for physicians to be subject to a 2 percent sequester on top of an SGR cut of 29.5 percent, that outcome is highly unlikely. Members of Congress from both sides of the aisle have indicated that a 29 percent cut will be averted.

Other health spending programs may be subject to potential cuts

This list includes but is not limited to:

- Graduate medical education funding
- Medicare payment for oncology and other drugs administered by physicians
- Medicare imaging payments
- Medical research programs at the National Institutes of Health and the Agency for Healthcare Research and Quality
- Public health initiatives led by the Centers for Disease Control and Prevention and the Health Resources and Services Administration
- Discretionary portions of the Affordable Care Act

Opportunities

Repeal of the Medicare sustainable growth rate to avert steep physician payment cuts

- The Joint Committee process may be the best opportunity for SGR repeal for the foreseeable future. Budget offsets needed to pay for SGR repeal will be in short supply after the Joint Committee completes its work.
- Recent bi-partisan deficit reduction proposals by the Simpson-Bowles Commission and the “Gang of Six” in the Senate included recommendations to permanently repeal the SGR that is slated to trigger a 29.5 percent cut on January 1, 2012.

Medical liability reform

- Given the procedural protections, this is a rare opportunity to pass federal medical liability reforms while preserving strong existing state laws, such as those in California and Texas.
- The bipartisan deficit reduction proposals developed by the Simpson-Bowles Commission and the Senate “Gang of Six” included medical liability reforms as an important element to reduce health care costs. However, the final recommendations from both Simpson-Bowles and the “Gang of Six” stopped short of including caps on non-economic damages.

Outlook

- Last week pundits expected this process to result in gridlock, with sequestration implemented to achieve \$1.2 trillion in additional spending reductions.
- The downgrading of our nation’s credit rating and subsequent stock market decline has altered that view. Many observers are now predicting that Congress will approve a deficit package before the end of the year (possibly exceeding the \$1.5 trillion target).
- There will be opposition in Congress and by other interest groups to the inclusion of full SGR repeal in the Joint Committee package. We must cite two recent bipartisan deficit reduction proposals to validate our position (i.e., Simpson-Bowles and the Senate “Gang of Six”).
- It is important that we focus on major priorities while working to guard against proposed spending reductions that could harm patient care.
- No group in the health sector—or in the country for that matter—is likely to receive a pass in this process.
- The guiding principle for the AMA throughout this process will be to press our elected officials to achieve deficit targets without sacrificing the delivery of high quality care and/or our ability to improve the health of the American public.

What you can do to help

- Share this information with your colleagues.
- [Sign up](#) for grassroots alerts if you are not yet a member of the AMA Physician Grassroots Network.
- Meet or contact members of your congressional delegation during the August recess.

Through leadership, action and by leveraging the trusted voice of medicine, we can seize opportunities and minimize risks in the upcoming deficit reduction process.