

The Sustainable Growth Rate Formula Must Be Repealed

Background

Forty-five million seniors depend on Medicare for health care coverage today, and that number is expected to balloon to 61 million in the next decade. 1.5 million patients are diagnosed with cancer each year, and sixty percent of cancer patients are covered by Medicare, a proportion that's projected to increase significantly in coming years.

The Medicare cancer population growing: Medicare patients make up 61 percent of new cancer cases in the United States today and that proportion is expected to rise to 70 percent by 2030. At the same time, there is a shortage of oncologists looming. The supply of oncologists is projected to fall far short of the growing demand for cancer care. Continued Medicare cuts would compound the oncology workforce crisis and further restrict access to care.

Short Term Congressional Budget Fixes Threaten Access to Care

Since 1997, Congress has been using the sustainable growth rate, or SGR, to determine Medicare spending for the care that doctors provide to patients. However, since 2003, the federal government has consistently underestimated the cost of treating the Medicare population, so expenditures have exceeded the budget year after year. Rather than fix the SGR formula, Congress has passed short-term patches to delay cutting the budget to make up for past overages. However, each time Congress does this, it adds to the cuts in future years.

Because Congress has delayed the SGR cuts for so many years, the cut looming for 2012 is close to 30%. This is an untenable situation, especially when Medicare already only reimburses doctors for approximately half of the cost of providing care to patients.

Oncology Practices are in Jeopardy

More than 80 percent of cancer patients receive care at private physician's offices in communities across the country. These community practices are most affected by the potential SGR cuts and the continued instability.

Other cuts to Medicare reimbursement over the past several years have caused oncologists to close community practices, consolidate locations, and send Medicare patients to far-away hospitals for their care. If additional Medicare cuts go into effect, many hospitals do not have the capacity to take in a large influx of new patients, and the increased patient load could result in delayed and more costly care.

Congress Must Act to Preserve Access to Cancer Care

ASCO is calling on Congress to repeal the SGR in order to preserve patient access to community-based cancer care.

The Medicare payment system is broken and the SGR must be repealed. The development of a new system must be done carefully and with critical analysis. The new system should pay oncologists directly and fairly for all of the services involved in treating Medicare patients.

The longer Congress waits, the more expensive fixing the SGR becomes. Five years ago, fixing the cumulative overruns would have cost nearly \$50 billion. In today's dollars, it will cost nearly \$300 billion. This figure will only increase the longer Congress delays the hard and necessary work needed to reform the broken reimbursement system. ASCO stands ready to assist Congress in developing the solution to SGR.