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Disclosure: Robert L. Lowes has disclosed no relevant financial relationships.

From Medscape Medical News Obama's New Budget Proposes 2-Year 'Doc Fix'



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February 14, 2010 — President Barack Obama's proposed budget for fiscal year 2012 would delay a massive reduction in Medicare reimbursement for physicians from January 1, 2012, until January 1, 2014, and freeze rates in the meantime.

Released this morning, the budget for fiscal year 2012, which begins October 1, would finance this so-called "doc fix" to the Medicare reimbursement crisis by, among other things, reducing the Medicaid provider tax threshold, reducing Medicaid outlays for durable medical equipment, and speeding new, lower-cost generic drugs to the marketplace. These measures would raise \$62.2 billion, which would offset the \$54.4 billion cost of the 2-year doc fix and yield an additional \$7.8 billion in savings.

Last December, Congress [passed](#) a nearly \$15 billion doc fix that delayed a 25% cut in Medicare rates from January 1, 2011, to January 1, 2012. The legislation froze rates at 2010 levels. If Congress enacts Obama's new 2-year fix, physicians will not receive a Medicare raise for 3 years running.

The pay cut once scheduled for January 1, 2011, had been mandated by the so-called sustainable growth rate (SGR) formula that Medicare uses to set physician pay. Organized medicine has lobbied Congress for years to replace the SGR formula with one it considers more equitable for physicians. Congress has been overriding SGR-required pay cuts since 2003, causing them to balloon in size.

Obama's new budget calls the 2-year doc fix a "down payment" on a permanent solution to the SGR problem and specifies \$315 billion in "SGR relief" from 2014 through 2021. The budget lists a corresponding amount in unidentified offsets.

SGR relief is also on the radar of Congress. Last month, in a 428-1 vote, the House approved a measure calling for a permanent doc fix. Lawmakers are worried that cutting Medicare reimbursement by 25% or more would drive physicians from the Medicare program, reducing access to care for seniors as well as military families, whose TRICARE coverage is based on the Medicare fee schedule.

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