

VMS RESOLUTION MEDICARE REIMBURSEMENT

As passed by VMS Council, October 18th, 2003

WHEREAS, Vermont physicians and other health professionals provide high-quality care to seniors despite low payment from the Medicare system. In 2003, Vermont was ranked 2nd highest in the Country in the quality of care provided to Medicare patients. And in 1998, Vermont received the lowest payment of any state for its Medicare beneficiaries; and

WHEREAS, Americans everywhere pay equal premiums to support Medicare, yet there is substantial geographic disparity in physician reimbursement levels. As a result of Medicare's Geographic Practice Cost Indices, physicians in Vermont receive only 85 percent of the payment received by their colleagues in Boston for a mid-level office visit; and

WHEREAS, in March of 2003, Medicare officials projected a 4.2 percent decrease in the 2004 payment rate for physicians and other health professionals. As a result, Vermont, physicians and health professionals would lose an additional \$5 million in health care dollars in 2004, and this would be on top of a \$4 million loss already suffered by our state as a result of a 5.4 percent across-the-board payment cut in 2002; and

WHEREAS, the cuts expected in 2004 and subsequent years are due to the Medicare physician payment update formula, which is flawed for two reasons: First, the payment updates are tied to the gross domestic product. However, the medical needs of patients do not decline during economic downturns. Second, physicians are penalized with lower payments when volume increases exceed the federal spending target. Yet, there are a number of factors driving volume increases that are often beyond physicians' control, including government efforts that promote greater use of physician services through new coverage decisions and increasing numbers of patients with chronic conditions; therefore be it

RESOLVED, that the Vermont Medical Society urges federal policymakers to eliminate Geographic Practice Cost Indices and other components of the Medicare program that result in inequitable reimbursement to tens of thousands of physicians across this country providing medical care to millions of Medicare beneficiaries; be it further

RESOLVED, that the Vermont Medical Society urges Vermont's Congressional delegation to ensure continued access to high-quality care for Vermont seniors by supporting legislation to avert the Medicare physician payment cuts that are projected for 2004 and in subsequent years.