



February 26, 2010

The Honorable Kay Hagan  
521 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senator Hagan:

On behalf of the North Carolina Medical Society, I am writing to urge you to support an immediate and permanent fix to the Medicare physician payment formula. The flawed Sustainable Growth Rate (SGR) formula will implement a 21.2% cut to Medicare physician payments on Monday, March 1, 2010.

Underpayment for services hurts physicians as well as patients. With 17 practicing physicians per 1,000 beneficiaries, North Carolina has a below-average ratio of physicians to Medicare patients, even before Monday's cut takes effect. Many physicians, faced with inadequate payments will be forced to stop seeing new Medicare patients.

Physicians need the stability of a permanent SGR fix in order to plan quality initiatives and health information technology improvements that are fundamental to improved care and chronic disease management. A predictable payment system will also help sustain the health care workforce, which is expected to experience shortages in the future, just as the baby boomer generation enrolls in Medicare. Delaying a permanent fix each year with temporary patches has only helped skyrocket the cost of the SGR, and additional temporary fixes further exacerbate the problem.

Congress has had more than a year to repeal this flawed payment formula and ensure the security and stability of Medicare and TRICARE programs. Instead seniors' and military families' access to care has been compromised.

The status quo is not sustainable, and North Carolina's physicians are committed to working with Congress to design a new Medicare physician payment system that focuses on high-quality, cost effective care.

Sincerely,

Robert W. Seligson  
Executive Vice President, CEO

cc: Douglas Sheets, MD, President