

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON
COMMERCE, JUSTICE, SCIENCE, AND
RELATED AGENCIES

SUBCOMMITTEE ON
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July 11, 2008

Dr. Josie R. Williams
President
Texas Medical Association
401 West 15th Street
Austin TX 78701

Dear Dr. Williams:

Thank you for contacting me to express your opinion about the proposed cuts to Medicare physician fee reimbursement.

As you know, the sustainable growth rate (SGR) formula calculates the annual update in payments for physicians' services. The SGR formula has been in place since 1992 and is intended to control the cost of Medicare by calculating a specific payment rate for each specific service. Because the number of Americans relying on Medicare is increasing, this flawed formula has decreased physician reimbursements every year since 2002. Unfortunately, the SGR payment rates have not kept pace with inflation, and doctors are often not even paid for the actual cost of a procedure. No one can stay in business if they lose money and this unfair formula is forcing many doctors to stop accepting new Medicare patients.

Medicare is headed towards bankruptcy in 11 years – by 2019. Since solving Medicare's structural problems is so expensive and complex, Congress continues to push a comprehensive solution off to the indefinite future, and unfortunately, we continue to pass year-to-year band aid repairs to keep the reimbursement rate from falling.

I have cosponsored H.R. 6091, the Save Medicare Act of 2008, authored by Congressman Phil English (R-PA) which will help prevent the 10.6% cut from occurring for the remainder of 2008, as well as provide a 1.8% increase in reimbursement for 2009, which is based on the Medicare economic index. These increases are not offset by cutting health insurance for our seniors or by taking money away from other providers.

When I was a member of the Texas Legislature, I worked diligently with my friend Dan Finch, who was then the Director of Public Affairs of the Harris County Medical Society, to keep insurance companies from second guessing a doctor's professional opinion and helped to pass the nation's first Patients' Bill of Rights. I was there for Texas doctors when we overcame then Governor George W. Bush's veto of that important bill, and I will be there with you this time to override the President's veto of H.R. 6331.

The Democrats who control Congress are committed to pushing everyone into a nationalized health care system modeled after the disastrous Canadian and British systems, so they are always looking for ways to drive private health insurers out of the market so they can enact their big, government-run model. I suspect that they deliberately waited until the last minute when you and other doctors were facing an imminent 10.6% cut in the Medicare reimbursement rate, and offered to pay for it with deep cuts to the private Medicare Advantage insurance program. When I was convinced we still had time for the Senate to work out a reasonable compromise, I voted against H. R. 6331.

However, there is no more time, and I cannot cast another vote that would force you to drop Medicare patients or expose your practice to severe financial losses. Therefore, I have decided to vote to override the President's veto.

I hope you will share your thoughts and ideas with me about how Congress can permanently fix the flawed SGR formula, and how we can save money by cutting red tape and making Medicare more efficient. Above all, we need a permanent solution to save Medicare from bankruptcy or our children will face an insurmountable national debt crisis. So you understand the severity of our national financial crisis and why Treasury Bills are on track to becoming junk bonds, I have enclosed a copy of a chilling one page letter from the former Comptroller of the United States.

Please know that I will do everything in my power to help you preserve your Medicare practice, and to preserve Medicare itself.

Thank you for entrusting me to represent you in the United States Congress. Please visit my website at www.culberson.house.gov.

Sincerely,



John Culberson
Member of Congress

JC:al

Enclosure



G A O

Accountability * Integrity * Reliability

Comptroller General
of the United States

United States Government Accountability Office
Washington, DC 20548

March 13, 2008

The Honorable John Culberson
House of Representatives

Dear Mr. Culberson:

Per our conversation, this letter discusses our nation's deteriorating financial condition and the need for timely action to turn things around.

Our real fiscal problem is not our current deficit and debt levels but where we are headed absent meaningful reforms. Given the retirement of the baby boomers and soaring health care costs, government outlays are set to rise dramatically. The federal government's liabilities and current unfunded commitments for future spending on Social Security and Medicare are now estimated at \$53 trillion and are growing by \$2 to \$3 trillion a year. This effectively translates into an IOU of around \$455,000 per American household. Clearly, our government has already made a range of promises that it is unlikely to be able to keep.

Because the personal savings rate in this country is so low, we have been turning to overseas investors to finance our nation's debt. Foreign investors, particularly foreign governments, have greatly increased their holdings of U.S. Treasury securities, and some of these government lenders may, either today or over time, have political and economic interests that diverge from our own. The risk is that some of them may eventually use their U.S. financial holdings as leverage against us.

If we continue as we have, policymakers will eventually have two options: slash government programs and services that the American people depend upon or raise taxes to levels that would seriously harm America's economic growth and competitiveness. In my view, we probably have at most a 5- to 10-year window of opportunity to act. Inaction comes with a steep price tag. Recent projections from Moody's and an analyst at Standard & Poor's suggest that, absent policy changes, our nation is heading toward "junk bond" status as early as 2020. By 2030, without reforms to entitlement programs and spending or tax policies, income tax rates would have to more than double to prevent a continued erosion of our financial position.

Fortunately, by facing facts and making meaningful changes to the budgetary process, entitlement programs, other spending, and tax policies, we can avoid this fiscal train wreck and ensure that America's future is better than its part. Our fiscal clock is ticking, however, and the time for action is now.

I appreciate the opportunity to express my thoughts on this important subject.

Sincerely yours,

David M. Walker
Comptroller General
of the United States