

What Physicians Need to Know About the House Democrats' Health "Reform" Bill

Independent Analysis Finds Government-Run Health Plan Leads to Drastic Reimbursement Cuts

House Democrats have proposed creating a government-run health plan to "compete" against plans in the private market. A June 2009 study by the Lewin Group, an independent research firm, predicts enrollment in the government-run plan would reach 123 million, including 114 million Americans who would be forced out of their current private health coverage.

Making matters worse, the Democrats' government-run plan would reimburse physicians at Medicare rates¹. The problem is that, on average, Medicare reimbursements are 20 percent below those paid by private plans. Given the vast erosion of private health coverage caused by a government-run plan, a greater share of physician revenues would be based on Medicare's chronic under-payments.

- The Lewin Group analysis of the House Democrats' health reform bill predicts that:
 - **Physician net-income would decline by \$11.5 billion per year.** This is a result of 114 million Americans being forced out of higher reimbursing private plans and into a government-run plan that underpays physicians.
 - This equates to an average yearly pay cut per physician of more than **\$16,000**.
 - If House Democrats' scrapped their big-government-at-any-cost agenda and removed the government-run plan from their bill, physician net-income would instead increase by \$14.2 billion (\$19,795 per physician) largely because of a reduction in uncompensated care.
 - The House Democrats' bill would also create a physician's worst nightmare: **a powerful, unelected government health board that would tell physicians how to practice medicine.**
 - This board would have the power to decide which treatments patients could receive and at what cost. Additionally, Washington bureaucrats would have the authority to **require that all physicians participate in the new government-run plan**, forcing them to accept the government-run plan's insufficient reimbursements.
 - Despite their claims, **House Democrats do little to address the flawed Medicare reimbursement formula**, other than changing its name.
 - By renaming the Sustainable Growth Rate (SGR) the "Targeted Growth Rate" House Democrats' argue they are reforming Medicare physician payments. But consider this – just like the SGR, the TGR would:
 - Allow physician payment rates to be slashed by 7 percent if predetermined government-set spending targets are exceeded;
 - Be tied to the Gross Domestic Product. So physicians would continue to be unfairly punished when the economy slows.
 - Lastly, the House Democrats' bill **does not address the need for medical liability reform**, which is essential to reduce costly, unnecessary defensive medicine practiced by physicians trying to protect themselves from overzealous trial lawyers.

¹ Physicians who accept Medicare beneficiaries and enrollees in the government-run plan would receive a 5 percent reimbursement rate increase their patients in the government-run plan under the Democrats' bill.