

## Opinion

# Sustainable Growth Rate: Medieval Torture?

If you have been living in a cave, you might not have heard of the sustainable growth rate (SGR), the method used to adjust Medicare payments on an annual basis. It's the SGR that will cause a draconian cut of 26 percent in payments to ophthalmology over the next nine years. Other insurers will follow Medicare's lead in a heartbeat, so no consolation there. That translates into a greater than 50 percent cut in the net (your take-home pay), assuming you are unable or unwilling to trim your overhead by moving your examining equipment into your cave, or laying off the employees who allow you to be efficiently productive.

The SGR is flawed because it limits growth in Part B Medicare spending (that's us) to the growth in the gross domestic product (GDP). The GDP has little to do with costs of providing medical service. It also is a poor marker for our rapidly growing bedfellows in Part B: new technology and in-office administered drugs, like cancer chemotherapy, which have quintuple the growth rate of the GDP.

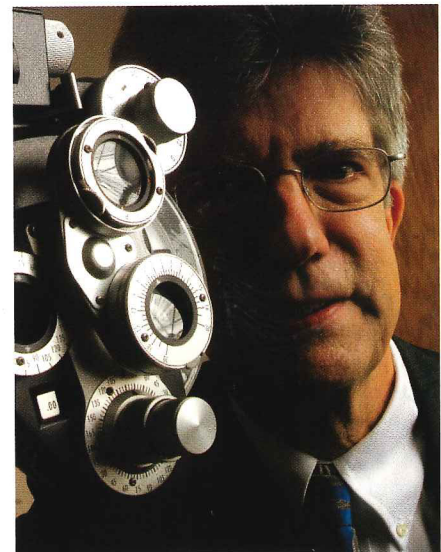
So why can't we get rid of SGR, which everyone agrees is unfair and unrelated to our costs of delivering care? According to the budget gurus, the price tag for getting rid of SGR is too high, so we've had to settle for an annual rollback of the automatic cuts. At first, the cuts were granted de facto. Then Congress discovered that if medicine was so insistent on a rollback, maybe they could tie it to

something they wanted from medicine. Good old political horse-trading. This year it was pay-for-performance, next year who knows what, maybe mandatory electronic prescriptions or some other unfunded mandate. The whole thing reminds me of being on the rack in the dungeon. Every so often the inquisitors would come by to tighten it up a notch, or maybe not if the prisoner would divulge a bit of useful information. But the prisoner is still on the rack, and not in possession of much political leverage, if you get my drift.

It turns out that there is some political leverage in the world outside the dungeon. If Medicare patients have trouble getting access to see a doctor, seniors will get testy, and elections could be lost. So it's simple, just stop seeing Medicare patients when the payments get too slim, and the problem is solved. Trouble is, Medicare represents the majority of the patients and therefore revenue of most ophthalmologists. So we can't afford just to walk away. We are prisoners. Besides, even though we are bright and talented, we are not trained to do anything else that would pay anywhere near what we can earn as physicians, even after fee rollbacks. The economic trap of this situation (exit barrier) was pointed out to me by our colleague David C. Herman, MD, chairman of the institutional clinical practice committee at Mayo Clinic, Rochester. (Anybody in that position is a priori a lot smarter in economics than I am.) In other fields, like if you are a

CEO of a corporation, you can just change industries. Your talents are transferable. So that gives you leverage if your industry is suffering and your company wants to lower your salary.

When you are on the rack, it's easy to feel helpless. So it's a good thing we have a widely recognized team on our side, the Academy's Washington office. They go forth and win Medicare and other battles for us time and again. OphthPAC, our political action committee, helps ensure our D.C. folks access to our elected representatives, and then our team does the rest. So it's your choice: Contribute to OphthPAC and make it strong, or wait to see what the next notch on the rack feels like.



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