

months on January 1, 2006. If Congress does not act soon, a 4.3 percent across-the-board cut will be imposed for 2006 and between 2007 and 2012 cuts would total approximately 30 percent. To restore predictability and stability to providers, Congress must devise a permanent solution that will stave off this impending crisis and its potential impact on beneficiaries' access to care.

The current physician payment formula is flawed for two primary reasons: first payment rates are calculated by using the SGR, which is in turn tied to our Nation's Gross Domestic Product (GDP). When the economy softens and GDP declines—unless physician volume and costs decline correspondingly—physician payment updates will be decreased. But this is a faulty measure of appropriate utilization, because the health care needs of our seniors do not decline during economic downturns. We faced such a situation in 2002, when the economy faced a downturn, yet the rising costs of caring for beneficiaries continued to rise. As a result, CMS cut the physician update by 5.4 percent.

Furthermore, the SGR system fails to recognize that several factors driving volume and cost increases are beyond providers' control. These include administrative coverage decisions that promote greater use of physician services, increases in the cost of the physician-administered drugs, and the addition since 1997 of valuable, life-saving preventive benefits, including mammograms, pap smears, colorectal and prostate cancer screening, and bone mass measurements for osteoporosis. In addition, the 2003 MMA added a physical examination for new beneficiaries, cholesterol and lipid screenings, and limited prescription drug coverage.

As a result of these initiatives, beneficiaries will visit their physicians more often-to get prescriptions for newly-covered drugs, to be monitored for drugs' side effects, to receive newly-covered preventive services, or to receive follow-up care for conditions diagnosed by these services. These costs must be taken into account in determining payment updates for physicians. Physicians should not be penalized for increases in volume resulting from Congressional initiatives.

The volatility of Medicare reimbursement jeopardizes the ability of physician practices to make sound long-term financial decisions. Many physicians in my home State of Maryland are beginning to limit the number of Medicare patients they treat. Cuts in Medicare payments also jeopardize access to care for our military families and retirees, because the TRICARE program sets its rates based on Medicare's. In addition many State Medicaid programs and other third party payers rely on Medicare's system to set their rates.

Congress must replace the SGR with a methodology that assures adequate and appropriate payments as well as a stable update for Medicare providers. The Medicare Payment Advisory Commission in its March 2005 report and recommends implementation of a system where updates are based on a fair assessment of practice costs and adequacy of payment rates.

The Preserving Patient Access to Physicians Act of 2005 would set the Medicare physician payment update for 2006 at no less than 2.7 percent, in accordance with MedPAC's recommendation. For 2007 and beyond, it would replace the flawed physician

payment formula with a new formula that increases the update to reflect changes in the cost of providing care. There is bipartisan agreement that Congress needs to fix the physician payment formula permanently. Unfortunately, budgetary constraints have limited us to only short-term fixes. Our nation is facing a \$7 trillion debt, and this year's budget deficit exceeds \$500 billion. Given our Nation's fiscal situation and the budget rules on Congress, the likelihood that Congress will enact a permanent fix this year is diminished. But each year that we delay increases the ten-year cost of the bill, and Congress must move beyond a band-aid approach to a more comprehensive, responsible and permanent solution to this flawed payment system. This is an ambitious bill, but one that I believe is necessary to initiate serious debate on this matter. Congress must make sure that the enactment of a solution for physician reimbursement is done in a fiscally responsible manner.

MedPAC's March 2005 report also notes that neither the SGR nor any previous mechanism has been successful in moderating growth of physician services through the use of volume targets. Specifically, according to MedPAC, "volume has continued to grow and legislated targets have not succeeded in differentiating between beneficial volume growth and increases in inappropriate services. The current sustainable growth rate (SGR) formula has resulted in both budgetary and policy problems." Congress must devise a way to control unwarranted growth in services without compromising the delivery of needed medical care.

I also want to address an issue of great importance to our beneficiaries—rising Medicare premiums and copayments. Increases in Medicare Part B premiums are set by law based on the actuarial value of the coverage. Increases in Part B costs in turn increase the monthly premiums and copayments that beneficiaries must pay. I recognize that this bill is no exception to the rule. CMS has just reported that monthly premiums for Part B will rise to an estimated 14 percent to \$89.20 in 2006, largely because of an unexpected 15 percent increase in spending on physician visits and other outpatient services in 2004. According to CMS, the higher spending levels can be attributed to longer office visits, more services provided, an increase in laboratory tests and imaging services, and higher use of physician-administered drugs. CMS also reported that enrollment growth and a 1.5 percent increase in Medicare physician reimbursements last year were not significant factors in the overall spending increase.

The annual cost-of-living increases in our seniors' and disabled persons' Social Security checks are not sufficient to cover rapidly increasing Medicare premiums. Furthermore, because the prescription drug coverage enacted in 2003 will be administered by private plans that will set their own premiums, seniors do not know what they will have to pay for a drug plan premiums next year or in the years to come. So, in addition to fixing SGR, Congress must also act to protect beneficiaries from sharp increases in premiums. We must make sure that seniors do not pay the price for appropriate increases to health care providers. As a member of the Ways and Means Committee, I will continue to work with my colleagues and with all groups who want to preserve access and affordability for beneficiaries

while achieving fairness in our reimbursement system.

I urge my colleagues to cosponsor this important legislation.

CONGRATULATIONS TO MR.
JUSTIN COLLIER

HON. LINCOLN DAVIS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, May 16, 2005

Mr. DAVIS. Mr. Speaker, congratulations to Mr. Justin Collier, who has been named the 2004–2005 Outstanding AG/HEC Ambassador. Mr. Collier is from McMinnville, TN, he is currently a student at Tennessee Tech University studying Agriculture with concentrations in horticulture and nursery and landscape management.

Mr. Collier received an engraved plaque and a \$500 cash award which was presented by Don Elkins, Dean of the College of Agriculture and Human Ecology and AG/HEC Ambassadors advisor, at the Agriculture Awards Banquet on April 15, 2005.

Mr. Collier began his work in recruiting and public relations even before he was officially an AG/HEC Ambassador. He started speaking to several groups of new students and their parents in the summer of 2004 during SOAR sessions. He also visited 7 high schools on recruitment visits during the year, where he gave presentations to classes about Tennessee Tech, the College of Agriculture and Human Ecology, and career opportunities available to Agriculture/Human Ecology graduates.

In addition, he gave official welcome tours to several groups of campus visitors. During these tours he hosted several individuals and small groups of campus visitors and gave them a complete campus tour, which included a farm tour. His efforts also included writing, emailing and calling numerous prospective students. In 2005 Mr. Collier participated in LEAD 2005, an Ambassador Leadership Conference held in February at the University of Georgia in Athens.

Regarding his experiences as an AG/HEC Ambassador in 2004–05, Mr. Collier states, "The recruiting and other activities have allowed me to share my love for the College with many people. I have met more new people and made more friends than I could have possibly imagined. Having had the opportunity to serve as an AG/HEC Ambassador has been an honor and will definitely go down as one of the most memorable and exciting experiences during my time at TTU."

IN HONOR OF ARMY SERGEANT
ADAM PLUMONDRE AND ARMY
SPECIALIST CLINTON GERTSON,
BOTH OF WHOM WERE KILLED IN
COMBAT DURING OPERATION
IRAQI FREEDOM

HON. JACK KINGSTON

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 16, 2005

Mr. KINGSTON. Mr. Speaker, SGT Adam Plumondore of Gresham, Oregon, was killed