

**Amendment Proposed by Senator Bunning
to the Chairman's Mark FY05 Budget**

Sec. _____ Sense of the Senate on Returning Stability to Payments under Medicare Physician Fee Schedule

(a) FINDINGS – The Senate Finds that —

(1) the fees Medicare pays physicians and other health professionals were reduced by 5.4 percent across-the-board in 2002;

(2) action by Congress in early 2003 narrowly averted a 4.4 percent across-the-board reduction in such fees that year;

(3) in the fall of 2003, Congressional action was once again needed to prevent an across-the-board reduction of 4.5 percent in such fees for 2004, as well as an anticipated further reduction in 2005;

(4) based on current projections, estimates suggest that, absent any action, fees will be significantly reduced across-the-board in 2006 and each year thereafter until at least 2010;

(5) the prospect of continued payment reductions under the Medicare physician fee schedule for the foreseeable future threatens to destabilize an important element of the program, namely physician participation and willingness to accept Medicare patients;

(6) there are major flaws in the formula Medicare uses to reimburse physicians which result in steep cuts that adversely impact Medicare beneficiaries' access to care; and,

(7) CMS should use its authority to exclude Medicare-covered drugs and biologics from the physician formula and accurately reflect in the formula the direct and indirect cost of increases due to coverage decisions, administrative actions, and rules and regulations.

(b) SENSE OF THE SENATE – It is the Sense of the Senate that, while recent actions by Congress have helped address the immediate reductions in reimbursement, further action by Congress is urgently needed to put in place a new formula or mechanism for updating Medicare physician fees in 2006 and thereafter, in order to ensure –

(1) the long-term stability of the Medicare payment system for physicians and other health care professionals, such that payment rates keep pace with practice cost increases; and

(2) future access to physicians' services for Medicare beneficiaries.