What Will the 2012 Presidential Election Mean for Physicians?

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Given the amount of airtime that has been devoted to this election, it may sound strange to say that in the short term, its outcome will have only a limited effect on physicians and how they practice medicine. That’s because the same serious challenges need to be resolved no matter who wins the presidency and control of Congress, and resolving these challenges is probably going to require a coalition of Republicans and Democrats because neither side is likely to have a dominant majority.

Physicians Have Their Own “Fiscal Cliff”

As of January, physicians will once more be staring into a fiscal abyss, with Medicare fees scheduled to be reduced 27%, across the board (1). Although it’s hard to imagine that Congress would allow this reduction to take place, given what it would mean to access to care for seniors, there is a palpable sense of “SGR [sustainable growth rate] fatigue” settling in in Washington. I assume it must be equally frustrating for practicing physicians to face this threat each year for the past 9 years—sometimes several times a year.

The problem is 2-fold. First, the repeated 1-year “fixes” to the SGR have resulted in an accumulated deficit of $270 billion over 10 years. If Congress wants to move away from the resource-based relative value scale (RBRVS)/SGR reimbursement system that has been in place since 1997, it either must come up with $270 billion in savings from other government spending or be prepared to add $270 billion to the existing deficit. Second, and equally important, there is no consensus among physicians or politicians about how physicians should be reimbursed by Medicare. Some believe efforts should be focused on improving RBRVS calculations to improve their accuracy. Others believe it’s important to focus on developing alternatives to the RBRVS—payment systems that would cover larger units of treatments or episodes of care (2). While Democrats are more likely to support the former strategy and Republicans the latter, it is not clear whether either one will garner majority support after the election.

Because finding an alternative to the current reimbursement system will take time, Congress urgently needs to determine which direction it wants to pursue. Unfortunately, the Patient Protection and Affordable Care Act (ACA) ignored this critical issue of physician reimbursement, despite its hundreds of pages of legislation affecting so many aspects of health care delivery. Equally frustrating, the Center for Medicare & Medicaid Innovation, which has been charged with developing and initiating many of the pilot programs that are hoped will one day result in a reformed delivery system, have no pilot projects that focus solely on developing alternative models to reimburse physicians (3). Unless it is assumed that nearly all physicians will either be employed by hospitals or be salaried members of integrated delivery systems—a result few of us would regard as desirable—this omission is inexplicable.

Sequestration

Current law directs Congress to make deep across-the-board cuts in domestic and defense spending, although the law limits reductions in Medicare to 2% and exempts Social Security and Medicaid. If Congress reaches an alternative to sequestration, it is possible that Medicare will face greater reductions than the currently legislated 2%, although how physicians may be affected is unclear. Because of continuing concern about whether accumulated reductions to Medicare reimbursement, including those already contained in the ACA, could lead to access problems for seniors, there may be a reluctance to further reduce physician payments.

Coverage Expansions

Assuming the President is reelected or that Democrats at least retain control of the Senate, the coverage expansions contained in the ACA will go into effect in early 2014. This will positively affect how (some) physicians can practice by significantly increasing their number of insured patients. How big the increase is will depend in part on where they live, because coverage expansions are not uniform across the country. Yet, the surge in coverage with its accompanying expected increase in demand, particularly for primary care services, is also likely to stress many practices as they attempt to increase the amount of care they provide.

A Romney election, if accompanied by a Republican Congress, would put the ACA coverage expansions at risk. Unless there is a 60-vote Republican majority in Senate, which has never been an expectation, the ability to replace the current coverage expansions with other types would be limited. Repealing the expansions without replacing them would mean a continuation of pressure from significant numbers of uninsured Americans attempting to seek care.

Slowing Spending

Both Republicans and Democrats have agreed that spending on Medicare needs to be slowed and frequently mention the same growth rate—gross domestic product + 1—but have chosen very different strategies to achieve these slowdowns. With an Obama reelection, implementation of the ACA should proceed as scheduled, which means a lower rate of Medicare spending using existing strategies.
to reimburse institutions that provide care to seniors at lower rates. If the legislation fails to produce the desired spending reductions or when the reductions expire, the desired level of spending will be produced by decisions of the Independent Payment Advisory Board, a group empowered to produce desired spending levels only by changing reimbursement to physicians and institutions.

Although there is less specificity about how a President Romney would achieve slower Medicare spending growth, election material suggests a strategy similar to the Wyden/Ryan plan, which means a premium-support program phased in over 10 years that applies only to people currently younger than 55 years (4). Traditional Medicare would become one of many plan alternatives available to seniors who receive a fixed-dollar subsidy for their purchase. The subsidy, which varies with income and health status, is set using a competitive bid model or begins with a competitively established subsidy and is increased by a prespecified amount. The expectation is that pressure from competition among plans available to seniors having a fixed-dollar subsidy would significantly slow the cost growth of the program.

**CONCLUSION**

Important differences exist between the candidates on how they would expand coverage and slow spending, but the most daunting challenges will remain the same no matter who is elected: how to fix the RBRVS/SGR conundrum and the looming threats from sequestration.

From Project Hope, Bethesda, Maryland.

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**References**

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