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Congress seeks alternative to the Medicare Part B SGR methodology

A bill introduced in the House of Representatives on Wednesday, February 6, 2013 would serve as a permanent “doc fix”. The [Medicare Physician Payment Innovation Act](#) (MPPIA) (H.R. 574), co-sponsored by Allison Schwartz (Dem. Pa.) and Joe Heck (Rep. Nev.), would end the use of the sustainable growth rate (SGR) to pay physicians for Medicare services.

Since 2002, Congress has had to intervene to prevent rate cuts to physicians and other providers who bill for Medicare Part B services. These cuts are driven by the SGR methodology which ties the annual adjustments to the Medicare Physician Fee Schedule to economic growth.

The MMPIA would take a gradual approach to reforming Medicare payments. There would be no increase to physician payments in 2014. Payment updates from 2015 through 2018 are specified, using a new distinction between primary care physicians and others. Beginning in 2015, primary care physicians would receive a 2.5 percent update, while other physicians would receive 0.5 percent.

The existing demonstrations to test alternative models of payment and service delivery would be expanded and a new element, cost per physician, would be added. Each year, beginning in October 2017, CMS would publish a menu of successful value-based payment models that include incentives for attaining quality goals. Beginning with 2018, physicians would be given guidance to move to one of the approved models. Rates would be frozen for 2019.

Beginning with 2020, physicians who remain in the traditional fee-for-service payment system would receive a negative payment update. The negative updates would increase each year until 2024. The Secretary would grant limited exceptions to the negative update based on characteristics of the practice and, in some instances, attainment of quality measures.

Beginning in 2024, payments to physicians practicing in one of the approved coordinated care models could increase at least 1 percent, but not more than the increase in the Medicare Economic Index. Payments in the fee-for-service program would be permanently frozen at 2023 levels.

According to Representatives Schwartz and Heck, the Congressional Budget Office has reduced its estimate of the cost of the bill from \$256 billion to \$138 billion. The MMPIA currently has eight cosponsors and the support of many major medical and health care organizations, including the American Academy of Family Physicians, the American College of Obstetricians and Gynecologists, the American Osteopathic Association, and the American Board of Medical Specialties.

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