

Issue Brief

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KEY POINTS

- Congress needs to enact legislation by the end of March or physicians could incur a 21 percent reduction in Medicare payments.
- The legislative document would repeal the sustainable growth rate and end the annual threat to seniors' care. A 0.5 percent payment update would be instituted each year for five years.
- The legislative document would make Medicare more transparent, providing more information to patients and supplying data to doctors to improve care.

Congress Making Progress on SRG Fix

According to press releases from the Senate Finance and House Energy and Commerce Committees, it appears Congress may be making headway in replacing the physician sustainable growth rate formula. Congress needs to enact legislation by the end of this month or physicians could incur a 21 percent reduction in their Medicare payments. Congress has enacted 17 laws in the past to prevent negative payment updates to physicians.

The press releases state, "leaders in the Senate and House introduced [bipartisan, bicameral legislation](#) to replace the broken Medicare Sustainable Growth Rate (SGR) formula with an improved payment system that rewards quality, efficiency, and innovation. The bipartisan, bicameral bill seeks to end the cycle of annual 'Doc Fix' crises that have created uncertainty for millions of Medicare providers and beneficiaries for over a decade and also create a system that promotes higher quality care for America's seniors. Work continues toward an agreement to put this plan into place as well as make reforms to strengthen Medicare and extend vital health provisions and the Children's Health Insurance Program."

The 158-page legislative document would:

- "Repeal the SGR and end the annual threat to seniors' care, while instituting a 0.5 percent payment update each year for five years."
 - For 2015, the update would be 0.0 percent for Jan. 1 through June 30; and 0.5 percent from July 1, through Dec. 31.
 - For 2016 through fiscal year 2019, the update would be 0.5 percent.
 - For 2020 through 2025, the update would be 0.0 percent.
- "Improve the fee-for-service system by streamlining Medicare's existing web of quality programs into one value-based performance program. It increases payment accuracy and encourages physicians to adopt proven practices."
- "Incentivize the use of alternative payment models to encourage doctors and providers to focus more on coordination and prevention to improve quality and reduce costs."
- "Make Medicare more transparent by giving patients more access to information and supplying doctors with data they can use to improve care."

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continued

COMMENT

Most of the introduced legislative material simply addresses the creation and consolidation of current law performance programs with a new merit-based incentive program. However, the bill lacks any “pay-fors;” the mechanisms to pay for eliminating the SGR. Supposedly, Congress will not identify these pay-fors at this time. Nonetheless, several items have surfaced. According to other documents that have been made available, the SGR “fix” would include the following.

FINAL COMMENT

Congress still has a long way to go before any SGR fix is enacted. Paying for the SGR replacement will weigh heavy in any final solution. Already, rebuttals to concerns with the SGR fix are surfacing. For example, one pertains to increased means testing amounts. The response says, increased premiums only impact the wealthiest seniors.

Medigap Reform

The SGR deal includes a change to Medigap’s first-dollar coverage of services. “This Medigap reform comes after wide support in many sectors of the policy community for reducing the ability of Medigap plans to provide first dollar coverage to beneficiaries. This proposal is widely viewed as reducing unnecessary utilization that results in higher Medicare spending.”

This reform is not intended to affect current beneficiaries.

Increased Means-Testing of Medicare Beneficiary Premiums

“The SGR deal includes an increased income-relating of Medicare premiums for the program’s wealthiest seniors. While monthly beneficiary premiums for Medicare Parts B and D are already adjusted for income, this proposal would require the wealthiest seniors to pay more for their benefits.”

Extenders

Supposedly, the SGR “deal includes a two-year extension of all traditional Medicare extenders.” [All is not defined or explained.]

*Analysis provided for MHA
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