

## Despite Promise Of Payment Hike In SGR Deal, CMS Cuts Pay To Doctors

Providers are upset that CMS is lowering Medicare physician payment rates next year, instead of paying doctors a 0.5 percent increase as called for in the law that replaced the Sustainable Growth Rate (SGR) formula. However, CMS says the payment cut is required by two laws that preceded SGR replacement.

CMS recently published the first Medicare physician fee schedule final rule since Congress passed the SGR replacement law. The Medicare Access and CHIP Reauthorization Act of 2015 replaced the SGR formula with a payment system that CMS must develop by 2019. In the interim, the law calls for giving doctors a pay increase of 0.5 percent.

However, the law that patched SGR one last time before Congress finally got rid of the formula included a misvalued codes measure that requires CMS to identify overvalued billing codes worth 0.5 percent of Medicare physician payment annually from 2017 through 2020. Then, Congress accelerated that savings timeframe in the Achieving a Better Life Experience Act -- the ABLE Act created tax-free savings accounts for individuals with disabilities, while protecting their access to Medicaid. As a result of the accelerated savings window, CMS

must identify enough misvalued codes to reduce physician spending by 1.0 percent next year.

CMS missed that savings target, so it must cut payment across the board to physicians in 2016. The American Medical Association (AMA) said the payment cut makes no sense in light of the savings that AMA and other medical specialty societies have identified in recent years. The Relative Value Scale Update Committee (RUC) has identified more than 1,900 medical services and sent recommendations to CMS on reductions or deletions to 1,045 services, resulting in a redistribution of nearly \$4 billion within the Medicare program.

"The AMA is deeply disappointed that an unrealistic savings target imposed by a budget gimmick will result in funding being siphoned out of the Medicare program. The AMA supports reviewing potentially misvalued services to redistribute funding within the Medicare program, but we oppose setting unrealistic savings targets that pull money out of Medicare to provide offsets for other spending projects. Now instead of a payment increase that was promised in MACRA, physicians will be subject to a slight reduction as the conversion factor of \$35.93 in 2015 declines to \$35.83 in 2016."