

Congress Punts SGR Repeal to 2015

The Senate passed by a 64–35 vote the Protecting Access to Medicare Act of 2014 that, among other significant programmatic changes, enacts a 1-year patch in the sustainable growth rate (SGR) formula used to update Medicare physician payments. Approved in a voice-vote by the House late last week, over deep and growing protest by the provider community, the legislation defers for 12 months the 24% physician pay cut scheduled to go into effect April 1st. Marking the 17th such temporary SGR patch since the flawed mechanism was installed in 1997, the bill replaces the cut with a 0.5% increase in payments through December of this year and a 0% update from January 1 to April 1, 2015. The conversion factor should remain the same at \$35.82 for the remainder of 2014. The current patch was set to expire at midnight on March 31st.

The legislation is paid for through a number of cuts to Medicare providers and programmatic changes,

including cuts to radiology services. Medicare would reduce facility payments to computed tomography (CT) services furnished by physician offices, independent diagnostic testing facilities (IDTFs), and hospital outpatient departments that use older CT scanning equipment without the recommended dose reduction software by 5% in 2016 and 15% in 2017 and subsequent years. The bill also calls for national medical specialty society-developed appropriateness criteria for all advanced diagnostic imaging procedures and requires preauthorization for physicians who refer an unusually high number of patients for radiology services.

In addition to the SGR patch, the legislation extends again the implementation deadline for ICD-10 diagnostic and procedural codes until at least October 1, 2015 and further delays full implementation of the new 2-midnight billing rule for hospitals until next year.