President Obama Eyes Six-Month Fiscal Cliff Deal; Lobbyists Say SGR Must Ride With It

President Obama recently told unions and corporate executives that he wants to reach a deal during the lame duck session that would postpone fiscal cliff measures for six months, negotiate offsets for that period, and agree to strike a grand bargain worth $4 trillion during the first half of the year. Those following the talks say a “physician payment fix” would likely be included in the deal as it would be difficult to separate the Sustainable Growth Rate (SGR) formula from the possibility of a grand fiscal bargain.

Sen. Budget Chair Kent (D-ND) said that he is optimistic that Congress can work out a “framework agreement” that includes a “down payment so everyone understands that we're serious about this” and that lays out how much would be cut in spending and how much would be raised in tax revenue.

Meanwhile, the GOP Doctors' Caucus wants to put off for one year the looming 26.5 percent Medicare physician pay cut, according to Caucus Co-Chair Phil Gingrey (GA).

However, lobbyists and congressional sources say if there is a possibility of a grand bargain, SGR must be on the same time line because to cover the approximate $250 billion cost of repealing SGR, it needs to be included in a deal that ranges from $2 trillion to $4 trillion.

There is still the chance that Congress could manage a year-long bridge deal and lawmakers are reluctant to address taxes for just half a year. However, if Congress does not agree to a tax deal, Congress could separately agree to a deal to avoid sequestration, and the SGR would almost surely be included in that because both parties want to avoid the physician pay cuts.