

As Doctors Push For Unpaid SGR Bill, Budget Think Tank Suggests Offsets

As physicians lobby Congress to replace the Sustainable Growth Rate (SGR) without paying for the fix, the think tank Center for a Responsible Federal Budget recently published a plan to pay for Medicare physician-payment reform using policies that generate half of the savings from providers and half from beneficiaries -- beneficiary policy changes would reduce out-of-pocket costs, the report states. The plan combines a package of SGR replacement and so-called Medicare "extenders" with a tax-reform plan for dealing with a separate group of 55 tax breaks for businesses and individuals, which also are called tax extenders.

Provider offsets for SGR reform include expanding bundled pay (\$40 billion), changing Part B drug reimbursement (\$10 billion), reducing readmissions (\$10 billion) and **paying equally for similar services regardless of where they're provided (\$20 billion).**

As noted above, site-neutral payments made the list of recommended offsets, although the proposal is limited to services provided in hospital outpatient departments and physician offices. Medicare often pays different rates for similar services based on the type of facilities that provide them. The center's plans would set pay at the lowest cost level for certain

services, which the group says would save money and remove a key incentive that has led to hospitals buying freestanding physician practices.

The beneficiary offsets include simplifying cost-sharing, reducing cost sharing for poor seniors, restricting first-dollar coverage in Medigap plans and encouraging retirees to cash out employer supplemental plans in exchange for premium subsidies. The combined savings of beneficiary offsets equals \$80 billion. CRFB would glean \$10 billion in Medicaid savings by restoring the provider tax threshold to 5.5 percent.

The center's plan assumes that the bipartisan SGR bill, plus Medicare extenders, will cost \$170 billion. Senate and House lawmakers agreed earlier this year on a plan to replace the SGR, but they couldn't agree on how to pay for it. Although the SGR policy was identical in the bills drafted by the two chambers, the Senate included Medicare extenders, and the House did not. House lawmakers planned on including extenders, but they didn't decide on which ones, and it's not clear which extenders would be included were Congress to pass SGR legislation during the lame duck session.

There is little time for lawmakers to move forward on SGR reform because they plan to leave town after December 12th.