SGR Repeal Update

House Ways & Means Committee staff are diving deep into Medicare physician payment reform details, after a private meeting last week where they began reviewing detailed comments from providers. The American Medical Association (AMA) is pushing major changes to the joint Ways & Means and Senate Finance draft outline of legislation to replace the Sustainable Growth Rate (SGR) physician payment formula. The biggest AMA request is that lawmakers back off plans to freeze physician pay coupled with bonus incentives in favor of a base payment hike. The AMA also urges lawmakers to reduce penalties, make CMS determine prospectively whether doctors are in "alternative pay models," compare doctor performance among practices of similar size and put in context data on what Medicare pays doctors.

The biggest hurdle to passage of a SGR repeal bill continues to be the offsets. The Medicare Payment Advisory Commission, an advisory body to Congress, indicated that they will defer to lawmakers on the issue, not even republishing their earlier compendia of offset options. Hospital stakeholders are becoming increasingly nervous that if Congress reverts to its normal practice of simply doing a one-year payment patch, which would likely cost around $20 billion, hospitals and doctors would be hit hard as the "pay-for" source. Premier recently circulated a paper suggesting that it is in hospitals’ interest to lobby for a permanent SGR repeal because such a bill, while hugely more expensive than a patch, likely would spread the costs across Medicare, including beneficiaries, and thus hit hospitals less.