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Congress Patches the Sustainable Growth Rate (SGR) Yet Again: Number 17

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For the 17th time since the **Sustainable Growth Rate** (SGR) became law as part of the **Balanced Budget Act of 1997**, last week the Congress passed a short-term “patch” to prevent scheduled cuts from going into effect for physicians who provide care to Medicare beneficiaries. Staving off the more than 20% in payment cuts, on April 1st, President Obama, signed into law the Protecting Access to Medicare Act of 2014***.*** In addition to preventing the scheduled payment reductions from going into effect, the new law continues a 0.5 percent update for physicians through December 31, 2014, and then maintains reimbursement levels for the first quarter of 2015. The SGR, long-recognized by health care providers and policymakers as in serious need of reform, is the formula used by the Centers for Medicare and Medicaid Services (CMS) to control spending and growth related to physician services provided to Medicare beneficiaries. Over the past six months, leaders and members of the House Ways and Means, House Energy and Commerce, and Senate Finance Committee achieved a rare bipartisan, bicameral consensus with respect to how to repeal the SGR and replace it with a more appropriate payment policy. The result of their efforts culminated in the introduction of the SGR Repeal and Medicare Provider Payment Modernization Act of 2014.

Despite agreement on the policy, Members of Congress unfortunately were unable to craft a deal with respect to how to pay for the estimated $140-180 billion price-tag. Therefore, with the April 1st deadline looming, Congressional leaders negotiated a smaller package of health care policies, which included a short-term “patch” for the SGR. The policies include (but are not limited to): an extension of the partial enforcement delay for the Medicare so-called “two-midnight rule,” which effects payment for inpatient stays at acute care hospitals; a one-year delay in implementation of the new ICD-10 coding system; additional authorization for the Special Diabetes Program and the maternal, infant, and early childhood home visiting program; a Government Accountability Office study on Children’s Hospital Graduate Medical Education Program; a new program relating to value-based purchasing for skilled nursing facilities; and a new initiative related to quality, safety, and evidence-based care associated with diagnostic imaging. The costs of the bill are paid for through a variety of policy changes, including: extending the two percent Medicare sequestration; revaluing services under the physician fee schedule; reform of Medicare payment for clinical laboratory services; and rebasing of Medicaid Disproportionate Share Hospital payments. Providers continue to urge Congress to take action to enact a permanent fix. Given that the latest “patch” expires March 31, 2015, prior to that date, Congress will need to take action on a permanent fix or enact the 18th patch.

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