Medicare Physician Payment Reform

Background:

For more than a decade, Congress has been enacting short-term fixes to the flawed Sustainable Growth Rate (SGR) formula that have exacerbated the cost of repeal and future reductions. However, in 2014 Congressional committees with jurisdiction over the issue—the Senate Finance, House Ways and Means, and House Energy and Commerce committees—began developing and passed bipartisan, bicameral legislation to repeal and replace the SGR. ASCRS supported the SGR Repeal and Medicare Provider Payment Modernization Act (H.R. 4015/S.2000). H.R. 4015 passed the House, but a failure to identify bipartisan cost off-sets led to a breakdown in negotiations and ultimately the Senate did not take action on the full repeal. Instead, Congress enacted an additional one year “patch” to the SGR, which prevented the cut through March 31, 2015.

In early March 2015, it was announced House Speaker John Boehner (R-OH) and Minority Leader Nancy Pelosi (D-CA) were negotiating a deal to repeal and replace the SGR with the policy developed in the previous year.

H.R. 2, the Medicare Access and CHIP Reauthorization Act of 2015:

As a result of the bipartisan negotiations, H.R. 2 was introduced and garnered support from ASCRS and the entire medical community. The bill includes the repeal and replacement policy developed in 2014 and several other provisions including a 2-year extension of the Children’s Health Insurance Program (CHIP), as well as other Medicare programs. In addition, it includes a provision to prevent the Centers for Medicare and Medicaid Services (CMS) from proceeding with its planned transition of all 10- and 90-day global surgical codes to 0-day global codes, a key priority for ASCRS and others in the specialty and surgical community. (see additional issue brief)

Specifically, H.R. 2 will:

- Permanently repeal the SGR and replace it with five years of annual 0.5% positive payment updates from 2015 through 2019;
- Provide a 0% update for 2020 through 2025, and for 2026 and beyond, physicians remaining in fee-for-service would receive a 0.25% annual update, while alternative payment model (APM) participants would receive a .75% update;
- Preserve a value-based fee-for-service option;
- For physicians opting to stay in fee-for-service, creates a new quality improvement program, the Merit-Based Incentive Payment System (MIPS);
- Starting in 2019, the MIPS consolidates the Physician Quality Reporting System (PQRS), EHR/meaningful Use, and the Value-Based Payment Modifier (VBPM) and sunsets the penalties associated with those programs;
- Physicians participating in MIPS would receive a composite score based on their performance and would receive a bonus payment, no payment adjustment, or penalty depending on pre-set performance thresholds; (See additional issue brief for full details on the MIPS.)
- MIPS bonus payments would range from 4% to 9%, with additional bonus payments available for exceptional performance;
- Provides 5% annual bonus payment for 2019-2024 for physicians successfully participating in eligible APMs such as ACOs or medical homes and encourages physicians to develop and submit new APMs;
- Provides $15 million a year for five years for quality measure development, and
- Includes a provision stating that quality program standards do not set standard of care in medical liability.

**Current Status:**

H.R. 2 passed the House of Representatives on March 26, 2015 in an overwhelming vote of 392-37 and the Senate on April 14, by a similarly wide margin of 92-8. The President signed the bill into law.