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Doctors Coalition Looking for Change In Vehicle to Replace Medicare Pay System

By: Mindy Yochelson | January 21, 2014 6:11 PM ET

Specialists Letter on SGR

Key Takeaway: Alliance lists its principles for payment changes.

Additional Point: Group says none of the three bills has all the elements needed.

Jan. 21 (BNA) -- An organization of specialists told the bipartisan congressional leadership Jan. 21 that although it is encouraged about progress on replacing the Medicare physician payment formula, none of the proposals encapsulates all the principles that should be part of a new system.

A replacement for the sustainable growth rate (SGR) formula "should base physician reimbursements on the actual cost of providing care and allow physicians to make investments in meaningful and relevant care delivery models that aim to improve quality and efficiency and foster patient access to the physician of their choice," according to a letter from the Alliance of Specialty Medicine.

However, the bills being considered in the Senate and House fail to fully capture "the principles that the Alliance believes are critical to physician payment reform," the letter said.

Congressional Activity

Committees in both chambers are working on legislation (S. 1871, H.R. 2810) that would permanently replace the SGR.

In December, the Senate Finance and House Ways and Means committees approved similar measures. In July, the House Energy and Commerce Committee approved its own SGR overhaul proposal .

A two-year budget agreement (H. J. Res. 59) that cleared Congress in December provided for an extension of Medicare reimbursement rates through March 31 .

Although slightly different in the details, the three committee proposals would replace the SGR with a new payment system that attempts to better align Medicare provider payments with medical outcomes.

Critical Principles

Among the essential elements of an agreement, according to the alliance, which represents about a dozen specialty societies, are:

- Positive updates: Repeal of the SGR should include a minimum five-year period of stability during which base payments to physicians capture the "true cost" of treating patients. This should include positive financial incentives for higher quality, more efficient care rather than arbitrary penalties and withholds.

- Recognition of multiple payment and delivery models, including fee-for-service: Physicians should be given the opportunity to participate in a range of delivery and payment models that are meaningful to their practices and patient populations, including fee for service.
- Physician-led quality improvement: The medical profession and its clinical subject matter experts must determine the most appropriate and clinically relevant quality improvement strategies for their practice types and patient populations.
- Reward for personal improvement: A reformed payment system shouldn't create winners and losers based on arbitrary performance benchmarks that pit physicians against each other, but instead encourage personal growth.
- Legal protections for adherence to clinical guidelines and quality improvement program requirements: New standards of care created by quality improvement programs shouldn't be used in medical liability suits.
- Repeal of the Independent Payment Advisory Board: Significant health-care decisions shouldn't be made by unelected, unaccountable individuals with little or no clinical expertise.
- Private contracting: Physician payment reform must allow for voluntary private contracting between physicians and Medicare beneficiaries.
- Appropriate public reporting: Publicly reported data shouldn't be expanded without first ensuring such data are truly indicative of physician quality and meaningful to consumers.

The group offered to discuss its concerns to refine the ultimate physician payment vehicle.

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