

## **Physicians, Medical Specialists Praise Deal on New Medicare Payment System**

BNA Snapshot

Reaction to Legislation Changing Medicare Doc Pay

**Key Development:** Physician and medical specialty groups welcome legislation to overhaul Medicare physician payment system. **Next Step:** They note lawmakers still must find ways to pay for the multibillion-dollar overhaul.

By Ralph Lindeman

Feb. 7 — Major provider groups, including medical specialists, reacted positively Feb. 7 to bipartisan legislation (H.R. 4015, S. 2000) to repeal and replace Medicare's physician payment system.

“Our clients are very pleased with the changes we see in this bill,” a lawyer who represents medical specialty organizations told Bloomberg BNA. “It's very physician-friendly.”

The legislation, unveiled by committee leaders in the House and Senate Feb. 6, would repeal Medicare's sustainable growth rate (SGR) formula, which each year calls for deep cuts in Medicare physician payments that are regularly canceled by Congress with a so-called doc fix (26 DER A-22, 2/7/14).

Over a period of years, the legislation would shift Medicare physician pay away from the current fee-for-service system—which critics say rewards volume over quality—to a new system in which physicians could receive bonuses for meeting new quality guidelines.

The American Medical Association said it welcomed the SGR replacement plan. “Now Congress is closer than it has ever been to enacting fiscally-prudent legislation that would repeal Medicare's fatally flawed sustainable growth rate formula,” said in a statement. “It is time for action to repeal the SGR and establish a transition to a new more stable Medicare physician payment policy to better serve America's senior citizens.”

Katie D. Orrico, director of the Washington office of the American Association of Neurological Surgeons, told Bloomberg BNA, “People are very happy with the direction this legislation is going.”

### **Revisions Reflect Physician Input**

Orrico said the SGR replacement bill released Feb. 6 reflects a number of changes requested by medical specialty groups in response to earlier summaries of the plan, which hadn't yet been put in legislative form.

Among the changes Orrico noted is that the funding available to cover physician bonuses is no longer “a zero sum game that pits doctors against doctors.” Instead, she said, “They eliminated that and it looks like all physicians who meet certain composite quality scores have the opportunity to get bonus payments.”

The American College of Radiology also praised the legislation, citing provisions that would require providers to consult physician-developed appropriateness criteria when prescribing advanced medical imaging studies for Medicare patients.

“The imaging appropriateness criteria provisions in this SGR bill will help ensure that patients get the right exam for the right condition and avoid care they may not need,” Paul H. Ellenbogen, chair of the American College of Radiology Board of Chancellors, said in a statement. “This will raise quality of care and help preserve resources without interfering in the doctor-patient relationship or affecting access to care. We applaud Congress for taking this groundbreaking step.”

### **Potential Hurdles**

One major hurdle remains, however, and that is how the measure would be paid for. According to committee staff, the Congressional Budget Office has estimated the legislation would cost \$128 billion over 10 years, even without the so-called extenders of other Medicare and health-related programs that Congress usually includes as part of any doc fix.

Most medical group representatives expect staff from the committees, as well as leadership staff, to focus next on what could be the politically acceptable offsets to pay for the measure.

In addition, there may be attempts to attach other legislative riders to any SGR overhaul bill that comes to a floor vote, said Julius Hobson Jr., a senior health policy adviser at Polsinelli PC. “Anyone in Congress who wants any other health-related bill will have to go with this bill because it is the only train likely to leave the station,” he said.

### **Pay Updates Preserved for Five Years**

Medical group representatives also gave positive reviews to the SGR measure's inclusion of annual 0.5 percent payment increases, or updates, during the first five years of the plan (2014-2018).

Each of the three committee proposals that were merged into the final bill would have treated the updates differently. For example, the Senate Finance Committee's plan (S. 1871) would have provided no updates for 10 years, in effect freezing physicians' regular Medicare pay increases.

The House Ways and Means Committee's proposal (H.R. 2810) would have provided 0.5 percent increases for three years, while the House Energy and Commerce Committee's plan (also H.R. 2810 on the assumption the proposals would be merged) allowed for 0.5 percent increases for five years, the payment plan that was included in the final bill.

“The Energy and Commerce Committee, and particularly the House Doctors' Caucus, really worked hard to make this bill more doctor-friendly compared with what Ways and Means had, for example,” said the medical specialty group lawyer.

The lawyer noted that some physician groups have said they are willing to accept the 0.5 percent increases over five years for now, but expect to lobby Congress for an extension before the end of 2018, when the increases would be discontinued under the legislation.

### **Medical Malpractice**

Orrico noted that physician groups also were successful in having a provision inserted in the legislation that says any quality measures established to gauge physician performance can't be used as "standards of care" for purposes of a medical malpractice claim. "This provision would preempt any state or common law governing medical professional or medical product liability actions or claims," according to a summary of the legislation.

### **Health IT**

Finally, health IT groups said they were pleased with the legislation. Joel White, executive director of the Health IT Now Coalition, cited the legislation's emphasis on health IT "as a strong tool to help deliver coordinated care to patients." He noted that use of health IT would be one of the performance measures used to rate Medicare physicians under the legislation.