In recent weeks, proposals have been unveiled on Capitol Hill that would eliminate Medicare’s sustainable growth rate (SGR) formula. Generally, these proposals reflect many of the principles that the AMA, state medical societies and national specialty societies shared with Congress this past October. The fact that the committees began this process so early in the year and CBO’s recently lowered estimated cost for repealing SGR by more than $100 billion (to $138 billion) also are very positive signs.

On February 6, Reps. Allyson Schwartz (D-PA) and Joe Heck, DO (R-NV) reintroduced H.R. 574, the Medicare Physician Payment Innovation Act, which permanently repeals the SGR, provides positive updates for four years, and tests a variety of new payment models to provide options for physicians across medical specialties, practice types, and communities. The legislation also includes higher annual payment updates for primary care physicians during this four-year period of stability. In later years, higher payments will be provided to physicians who achieve gains in quality, effectiveness, and cost, while those who choose to retain the current fee-for-service payment models will experience pay cuts. There is an exemption process to avoid negative updates for physicians who are unable to make a transition to new models. We view the general structure of this proposal favorably and will continue to discuss our specific concerns with the sponsors.

The following week, the Republican leadership of the House Ways and Means Committee and Energy and Commerce Committee jointly unveiled an outline of an SGR repeal proposal. That framework would also begin with eliminating the SGR and providing a period of stable payment rates (amount not yet determined). Phase two would base fee schedule updates on physician performance as measured by physician-endorsed quality measures. It appears that physicians would be ranked within their own specialties and earn higher updates for better performance. In Phase three, physicians who rank high on quality would be given the opportunity to earn additional payments based on efficiency. This is a welcomed development, though much work remains to be done on the details.

Last week, the committees’ Republican staff held a briefing with physician groups to further discuss the joint proposal and plans for its consideration. Both committees intend to follow “regular order,” holding hearings and bill mark ups. Staff also indicated that they hope to proceed in a bipartisan manner. They indicated a appreciation of the need to resolve the issue now, given the Congressional Budget Office’s unpredictable cost projections, and they are soliciting formal comments and suggestions for other issues that could be addressed appropriately through legislation, such as reducing administrative burdens.

Finally, the Chairman of the Energy and Commerce Committee, Rep. Fred Upton (R-MI), addressed the AMA’s National Advocacy Conference in Washington on Wednesday of this week. He expressed a strong desire to move legislation repealing the SGR to the House floor prior to the August recess. Indeed, the committee held its first hearing on the SGR the following day (Thursday, February 14).

Many of those participating in the National Advocacy Conference learned about the committees’ framework during their visits on Capitol Hill, and have been asked to share their opinions of it. At this stage of the process, the AMA plans to engage is a series of conversations with members
of the committee and the committee staff as they work to fill in the details of the proposal. In the meantime, we encourage Federation groups to share their own observations, comments, or concerns about these and any other proposals as we continue to make progress on securing Medicare payment and delivery reforms. We encourage you to do this quickly, though, as staff will continue to refine the proposal over the coming weeks or months.

Attached is a summary of the Ways and Means/ Energy and Commerce committee framework, as well as a list of questions that the committees are posing to physicians and their state and specialty societies about the pathway they outlined and other policy areas that can be addressed. The AMA will be reaching out to state medical societies and national specialty societies next week via telephone conference call to review the proposal and share perspectives, to help us all submit informed feedback by the committees’ deadline of February 25. Please watch your email for scheduling and dialing information.