

Energy and Commerce & Ways and Means Outline Collaborative Medicare Physician Payment Reform Effort

Upton and Camp Lead Effort, Calling on Stakeholders to Work with Lawmakers to Help Develop Permanent Solution that is Fiscally Responsible and Free of Politics

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WASHINGTON, DC –Today, Energy and Commerce Committee Chairman Fred Upton (R-MI), Ways and Means Committee Chairman Dave Camp (R-MI), Energy and Commerce Health Subcommittee Chairman Joe Pitts (R-PA), Ways and Means Health Subcommittee Chairman Kevin Brady (R-TX), and Health Subcommittee Vice Chairman Michael C. Burgess, M.D. (R-TX) provided an update on the committees' collaborative efforts to repeal the Sustainable Growth Rate (SGR) formula and advance a permanent solution for the long-troubled Medicare physician payment system.

The two committees both focused extensive energies during the 112th Congress to establish a foundation for SGR repeal and payment reform. As noted in the [framework for reform](#), in addition to numerous hearings, both committees, under the leadership of Upton and Camp, pursued significant stakeholder outreach to identify innovative payment and delivery models being developed in the private sector.

The extensive stakeholder input received to date was used to develop the principles for SGR Repeal and Payment Reform. The framework, which underscores that the proposal will be fiscally responsible and will not add to the deficit, also lays out a three-phase process for repeal and reform. Outlining the process, the committee leaders asked interested parties to provide feedback on the outline by February 25, 2013. Comments can be sent to SGRComments@mail.house.gov.

The proposal seeks to:

- **PHASE 1:** Repeal the SGR and provide a period of predictable, statutorily-defined physician payment rates;
- **PHASE 2:** Reform Medicare's fee for service (FFS) physician payment system to reward physicians who provide high quality care; and
- **PHASE 3:** Build upon the improvements made in Phase 2 by also rewarding physicians who deliver efficient care.

Commenting on the work the two committees will be doing together Chairman Upton and Subcommittee Chairman Pitts said, “For far too long, the only thing certain about the Medicare physician payment system has been uncertainty about the future. As a result, the complexity of the problem and financial burden on taxpayers has snowballed. With valuable input from doctors, stakeholders, and our colleagues in the GOP Doctors Caucus who have a first hand understanding of the issue, we have developed a thoughtful framework to repeal SGR and reform the current system. And we are dedicated to ensuring these reforms will not add a dime to the deficit. Members on both sides of the aisle recognize the need to act, and we look forward to bipartisan collaboration on long-term solutions.”

Chairman Camp stated, “For too long, doctors and the Medicare patients they serve have been trapped in an outdated and inefficient one-size-fits-all payment system that penalizes doctors who deliver high-quality, efficient, and effective care. It is time to bring Medicare into the 21st century. Achieving that goal will be an all hands on deck effort, and we want all the stakeholders – doctors, patients, and others – to be a part of that process. They’ve already begun sharing their ideas and experiences, and I hope they will reflect on this initial set of principles and continue that dialogue.”

Emphasizing the bipartisan desire to reach a solution, Ways and Means Subcommittee Chairman Kevin Brady added, “We want to make sure that seniors can see doctors who they know, and who know them. It is critical to make sure that we have a Medicare system that is responsive to our Medicare beneficiaries, and that is how we need to approach this process. Democrats and Republicans alike have come to the table with their own ideas and that input will be critical to ensuring that the solution we reach puts doctors and patients before politics. I am confident that working together we will get there.”

Health Subcommittee Vice Chairman Michael C. Burgess, M.D., Co-Chair of the Congressional Health Caucus and a member of the Doctors Caucus, which has long sought a permanent solution to the flawed SGR payment formula, added, “Ensuring that the SGR is repealed and replaced with a payment system that preserves access to care continues to be one of my top priorities. This proposal is a serious step in that direction, and I thank Chairmen Upton and Camp for their leadership. Our committees have and will continue to work together between the committees of jurisdiction, across the aisle, and with the provider community in this effort.”

Enacted in 1997 as part of the “Balanced Budget Act,” the Sustainable Growth Rate (SGR) has been a source of continued concern for physicians who serve Medicare beneficiaries and for the beneficiaries themselves. Long recognized as an imperfect solution that rewards quantity of services rather than the quality of care, Congress has repeatedly implemented a temporary “Doc Fix” to prevent substantial Medicare reimbursement rate cuts, which could result in fewer physicians being able to serve Medicare patients.

Overview of SGR Repeal and Reform Proposal

Physician organizations have long-sought repeal of the Sustainable Growth Rate (SGR) formula. The Congressional Budget Office (CBO) estimates that repealing the SGR and freezing payments at their current level for the next 10 years would increase spending by approximately \$138 billion. Such an investment in funds needs to be accompanied by fiscally responsible fundamental reform of the Medicare fee-for-service (FFS) payment system. We are committed to developing such a reform proposal.

REFORM DEVELOPMENT PROCESS AND PRINCIPLES

- Numerous sources of valuable input were considered, including:
 - Staff meetings with physicians, physician organizations and other stakeholders;
 - A series of Health Subcommittee hearings in Ways and Means and Energy and Commerce on reforming the Medicare physician payment system;
 - Responses from over 70 physician organizations to a Ways and Means Committee Republican member letter asking for guidance on incorporating quality and efficiency into the Medicare payment system; and
 - Responses from a similar number of physician organizations to an Energy and Commerce bipartisan member letter requesting how to address the SGR situation.
- Reform must:
 - Not increase the deficit;
 - Involve the physician community and other stakeholders;
 - Foster clinically meaningful (not government determined) care for patients;
 - Encourage achievable improvements in quality, efficiency, and patient outcomes based on physician-endorsed measures;
 - Be applicable to all specialties, practice arrangements, and geographic locations;
 - Reward the value rather than the volume of services;
 - Motivate all stakeholders to adopt reforms; and
 - Strengthen Medicare for seniors.

BRINGING MEDICARE REIMBURSEMENTS INTO THE 21ST CENTURY

- This proposal, modeled after reimbursement systems that are employed widely in the private sector, improves upon Medicare's outdated system by:
 - Fully repealing the SGR and eliminating the estimated 25 percent across-the-board rate cut in 2014 and any future rate cuts called for under the SGR;
 - Establishing a period of predictable, statutorily-defined payment rates, enabling physicians to prepare for and participate in payment reform;
 - Empowering physicians to determine the quality and efficiency measures that are clinically meaningful for Medicare beneficiaries;
 - Rewarding physicians who deliver high-quality and efficient care rather than continuing the current system that encourages volume and unnecessary spending;
 - Requiring the Centers for Medicare & Medicaid Services (CMS) to provide timely feedback and data to physicians, enabling physicians to make adjustments to improve patient care and their assessed performance;
 - Providing reimbursement options – instead of the current one-size fits all approach – that enable physicians to select the Medicare payment system that best fits their practice; and
 - Engaging the physician community in efforts to improve, reform, and update Medicare's outdated physician reimbursement system.

MAJOR ELEMENTS OF REFORM PROPOSAL

- PHASE 1: Repeal SGR and provide a period of predictable, statutorily-defined payment rates.
 - While the duration and size of the payment rates to be set in statute are not yet determined, this phase will provide physicians time to transition to, and play a prominent role in, reforming the Medicare FFS physician payment system.

- PHASE 2: Reform Medicare's FFS payment system to better reflect the quality of care provided.
 - Reform is needed to maintain a viable FFS system and an emphasis on value mirrors many private payer efforts.
 - After the period of stability, physician fee schedule payment updates will be based on performance on meaningful, physician-endorsed measures of care quality and participation in clinical improvement activities (e.g., reporting clinical data to a registry or employing shared-decision making tools).
 - Medical specialty societies will develop meaningful quality measures and clinical improvement activities using a standard process.
 - Performance will be based on both risk-adjusted relative rankings amongst physician specialty peer groups and improvement on quality over time.
 - Physicians will be provided with timely access to their quality performance score as well as with an appeals process to ensure accuracy.
 - This proposal will reduce the reporting burden on physician practices, override the current ineffective CMS quality measurement programs, and align Medicare payment initiatives with private payer initiatives.
 - Physicians who are participating in certain alternative reimbursement models under Medicare may opt out of this modified FFS payment system.

- PHASE 3: Further reform Medicare's FFS payment system to also account for the efficiency of care provided.
 - After several years of risk-adjusted quality-based payments, physicians who perform well on quality measurement will be afforded the opportunity to earn additional payments based on the efficiency of care.
 - Physicians will be provided with timely access to their efficiency performance score as well as with an appeals process to ensure accuracy.
 - This proposal will reduce the reporting burden on physician practices and align Medicare payment initiatives with private payer initiatives.
 - Physicians who are participating in alternative reimbursement models under Medicare may opt out of this modified FFS payment system.

- ASSESSMENT OF MEDICARE PHYSICIAN PAYMENT OPTIONS: Providing information for further improvements.
 - An assessment of the reformed FFS payment system and alternative Medicare and private sector delivery models will help to ensure that physicians can select from payment system options.
 - The Department of Health and Human Services will provide an annual report to Congress on the reformed FFS payment system and alternative model options that include recommendations, as appropriate.
 - Congress will solicit recommendations from physician societies and other relevant stakeholders on how to further reform and improve the Medicare physician payment system.

- OTHER ISSUES FOR CONSIDERATION: Developing complementary reforms to improve the practice environment
 - Medical liability reform.
 - IPAB repeal.
 - Private contracting/balance billing in Medicare without penalty to providers or patients to ensure patient choice and access.
 - Gainsharing for improvements in quality and efficiency across defined patient populations.