

## President Obama Signs Bill to Permanently Repeal SGR

On Tuesday, April 14, 2015, the U.S. Senate voted to pass legislation permanently repealing the *sustainable growth rate* (SGR) formula that currently determines physician fee schedule payments under Medicare Part B,<sup>1</sup> putting an end to over a decade of efforts to permanently change a formula that, year after year, has left physicians uncertain about their payments under Medicare.

President Obama signed the landmark bill, titled *Medicare Access and CHIP Reauthorization Act of 2015* (MACRA), on April 16, two days after the bill passed the U.S. Senate by an overwhelming margin of 92 to 8, and approximately one month after the U.S. House of Representatives voted to pass the bill by a vote of 392 to 37.<sup>2</sup> The bill repeals the SGR and prevents any further application of the 21% cut to physician payments under the Medicare physician fee schedule that began occurring April 1, 2015.<sup>3</sup> However, CMS delayed paying these claims until April 15, 2015.<sup>4</sup> In addition to the repeal of the SGR formula, the bill institutes a 0.5% payment increase to physicians, per year, for the next five years, and consolidates existing Medicare incentive programs, e.g., meaningful use of *electronic health records* (EHR) and value-based reimbursement, into a single *Merit-Based Incentive Payment System*.<sup>5</sup> The *Congressional Budget Office* (CBO) has estimated that MACRA would increase federal deficits by approximately \$141 billion over the 2015-2025 period.<sup>6</sup> The bill also extended authorization of the *Children's Health Insurance Program* (CHIP) until 2017.<sup>7</sup>

The passage of the *Medicare Access and CHIP Reauthorization Act of 2015* has significant present day implications. Although nearly 50 million Americans receive coverage through Medicare,<sup>8</sup> physicians have heretofore faced substantial difficulty maintaining viable practices in an environment with such extreme financial uncertainty. Due in part to uncertainty caused by the SGR and the 17 Congressional overrides of scheduled payment cuts, an increasing number of doctors simply chose to cease accepting Medicare patients altogether.<sup>9</sup> It is hoped that this bill will remove the recurring uncertainty that ultimately threatened patients' access to care by undermining the ability of physicians to plan for the future.

- 1 "Senate Approves a Bill on Changes to Medicare" By Robert Pear, The New York Times, April 14, 2015, [http://www.nytimes.com/2015/04/15/us/politics/senate-approves-a-bill-on-changes-to-medicare.html?\\_r=0](http://www.nytimes.com/2015/04/15/us/politics/senate-approves-a-bill-on-changes-to-medicare.html?_r=0) (Accessed 4/15/15).
- 2 Ibid.
- 3 "Attention Health Professionals: Information Regarding the 2015 Medicare Physician Fee Schedule" Medical Learning Network, April 13, 2015, <http://www.cms.gov/Outreach-and-Education/Outreach/FFSPProvPartProg/Provider-Partnership-Email-Archive-Items/2015-04-13-Standalone.html> (Accessed 4/16/15).
- 4 Ibid.
- 5 "Medicare Access and CHIP Reauthorization Act of 2015" H.R. 2, 114th Congress, § 101(b) (March 26, 2015); "H.R. 2 Medicare Access and CHIP Reauthorization Act (MACRA): Section by Section" U.S. House of Representatives Energy and Commerce and Ways and Means Committees, March 24, 2014, <http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/114/Analysis/20150324-HR2-SectionbySection.pdf> (Accessed 3/28/15), p. 1; "House Passes Bill to Fix Medicare Physician Payments, Reauthorize CHIP" National Council for Behavioral Health, <https://www.thenationalcouncil.org/capitol-connector/2015/03/house-passes-bill-fix-medicare-physician-payments-reauthorize-chip/> (Accessed 3/28/15).
- 6 "Re: Cost Estimate and Supplemental Analyses for H.R. 2, The Medicare Access and CHIP Reauthorization Act of 2015" By Douglas Elmendorf, Letter to John Boehner, Congressional Budget Office, March 25, 2015, <https://www.cbo.gov/sites/default/files/cbofiles/attachments/hr2.pdf> (Accessed 3/28/15), p. 1.
- 7 "Medicare Access and CHIP Reauthorization Act of 2015" H.R. 2, 114th Congress, § 301(a) (March 26, 2015); Pear, April 14, 2015.
- 8 "Total Number of Medicare Beneficiaries" The Henry J. Kaiser Family Foundation, 2012, <http://kff.org/medicare/state-indicator/total-medicare-beneficiaries/> (Accessed 3/13/2015).
- 9 "More Doctors Steer Clear of Medicare: Some Doctors Opt Out of Program, Frustrated With Payment Rates and Mounting Rules" By Melinda Beck, Wall Street Journal, July 29, 2013, <http://www.wsj.com/articles/SB10001424127887323971204578626151017241898> (Accessed 3/13/2015); Pear, April 14, 2015.



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