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, 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. 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. However, CMS delayed paying these claims until April 15, 2015. 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. The Congressional Budget Office (CBO) has estimated that MACRA would increase federal deficits by approximately $141 billion over the 2015-2025 period. The bill also extended authorization of the Children's Health Insurance Program (CHIP) until 2017.

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, 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. 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.

2 Ibid.
4 Ibid.
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