



CONGRESS REPEALS SGR FORMULA &

CREATES NEW MEDICARE REIMBURSEMENT MODEL FOR PHYSICIANS!

On the evening of April 14th, Congress passed the Medicare and Children's Health Insurance Program Reauthorization Act (MACRA), ending cuts to physician reimbursements generated by the Sustainable Growth Rate (SGR). The passage of this bill repealed the SGR physician payment formula and reversed the 21% cut in Medicare payments to physicians. Along with eliminating reimbursement cuts, the bill hopes to repair a weakening fee-for-service methodology and transition towards value-based reimbursement.

The key physician reimbursement components of the bill include:

- Reimbursement increases for all physicians of 0.5% per year from 2015-2019;
- Reimbursement moves to a two tier value-based payment model in 2019:
 - Tier One: Provides annual incentive bonuses of 5% from 2020-2024 to physicians receiving at least 25% of their Medicare revenue from alternative payment models such as patient centered medical homes or ACOs; Fees then increase .75% annually which is 3x the rate of growth for physicians in the traditional payment system
 - Tier Two: No payment increases from 2020-2026
- Creates a new program called the Merit Based Incentive Payment System (MIPS) that combines the various current incentive programs (PQRS, Meaningful Use, Value Based Modifier) and provides incentives or penalties ranging from +4% to -4% in 2018, increasing to +9% to -9% by 2021.

Along with addressing the SGR, the bill did not include any ICD-10 delay language, indicating that the October 1, 2015 implementation date remains intact. Rose Medical Group is developing an ICD-10 training program for its members to take place this summer. Please look out for future information regarding this event.

While this SGR fix is undoubtedly a step in the right direction, medical groups will still need to implement practice improvement strategies in order to find success in the program. Like any new program, the SGR repeal bill will be an evolving process and not without its challenges, but the advantages for both physicians and patients will be significant. The repeal of the SGR serves as a catalyst for change: an opportunity for forward-thinking physician groups to improve care and lower overall costs while increasing their income. As American Medical Association CEO James L. Madara, MD stated, "This bill is a tremendous improvement over the competing and non-harmonizing payment methods which, until yesterday, were current law. As a nation we're in the midst of a grand experiment. We're rolling out measures for quality [and resolving the] problems and inhibitions that track back to the SGR."

Rose Medical Group will be researching the legislation in depth and providing educational programs to our members on the new Medicare value based payment models.