Repealing the Sustainable Growth Rate (SGR)

The American Medical Association and over 100 other state and national specialty medical associations have been working with Congress to develop legislation that repeals the Sustainable Growth Rate and replaces it with reforms that are consistent with the principles contained in “Transitioning from the SGR to a High Performing Medicare Program: Driving Principles and Core Elements.”

The three principal committees of jurisdiction, the Senate Finance Committee, the House Committee on Energy and Commerce, and the House Committee on Ways and Means, are loosely coordinating on developing legislation.

Draft House proposals generally follow the structure preferred by the AMA, specifically, a three phase approach that replaces the SGR with a period of stable payments, a new system for updating Medicare payments, and finally, new opportunities for physicians to participate in alternative payment models that are proven to enhance quality and value.

During the first phase, the period of stability should last at least five years. During this time, payments would be updated by statute. Updates should be adequate to keep up with inflation so physicians can plan and make necessary infrastructure improvements needed in order to comply with reporting requirements. Additionally, if physicians are ready and able to move to more advance payment models, they would be able to do so at any time.

During the second phase, fee-for-service would be modified to include quality reporting elements with updates based in part on that reporting. Reporting should be as least burdensome as possible, including options to report through clinical data registries or EHRs.

Measurement of performance should be against predetermined benchmarks rather than peer-to-peer.

Adequate and timely data on performance is critical to help physicians succeed in reaching the benchmarks.

Physicians should also have additional ways to satisfy the reporting requirements, such as participation in clinical data registries, approved specialty-based quality improvement activities, execution of certain clinical quality improvement activities such as use of appropriateness criteria or clinical guidelines, and other activities that the Secretary may designate.

In the third phase, a broad array of new alternative payment models would be available, such as ACOs, patient centered medical homes, bundled payments and others that have been shown to improve quality and restrain spending. Models that are shown to meet these goals and that allow physicians and other providers to share in system wide savings will entice physicians to participate – on a voluntary basis.

Though still in the early stages, more attention has been paid to repealing the SGR than in any previous year. Call Congress and encourage them to keep working toward repeal of the SGR this year.