



## **AMA Briefing on SGR and Health System Reform** **January 5, 2010**

**At the start of a new year, the AMA is focused on two parallel legislative activities:**

- Legislation to permanently repeal the SGR
- House-Senate negotiations on health system reform legislation

### **SGR Repeal**

- In late December, Congress passed a Defense Dept appropriations bill that averted a 21% cut and extended the 2009 conversion factor until March 1, 2010. The SGR was one of several issues that Congress opted to grant a short-term reprieve with the intention of acting on longer term solutions early in 2010.
- AMA urged Senate to remove a provision in Senate health system reform bill that would have provided for a 0.5% increase in the conversion factor for one year, but would have lead to a 23% cut in Medicare physician payments on Jan 1, 2011. Removing this temporary one-year SGR band-aid freed up funds that were used to eliminate:
  - the budget neutrality adjustment for the primary care bonus
  - the tax on elective cosmetic surgery and medical procedures
  - the physician enrollment fee for Medicare and Medicaid programs
- The AMA has strongly communicated to the House and Senate its opposition to another one- or two-year temporary band-aid that results in deeper future cuts and grows the problem.
- The Obama Administration, the House leadership and the Senate leadership are all committed to advancing legislation to repeal the SGR.
- Physicians and their representatives must come together over the next few weeks to line up 60 votes in the Senate to permanently repeal the SGR.
- Too many times, Members of Congress have made strong statements about the unfairness of the SGR and then voted to kick the can and perpetuate this ponzi scheme on physicians. Now is the time for 60 Senators to walk the talk.

- Senators that say they support repealing the SGR but it has to be paid for need to identify the offsets. Coming up with payfors is not a responsibility of physicians. Congress ran up this tab---- not doctors. Physicians simply want payments that reflect increases medical practice costs.
- AMA staff will be distributing to state and national specialty societies information on individual Senators that will enable physician representatives to be effective advocates to line up 60 votes to repeal the SGR. We also need to engage our allies at the national and local level.

### **Health System Reform**

A number of key issues remain as the AMA prepares to engage in the process of negotiating the differences between the House and Senate bills. Following are the most prominent issues:

- **Independent Payment Advisory Board:** Senate proposal raises several concerns, while the House bill does not authorize an independent group to make payment changes based on a Medicare expenditure target. AMA advocacy will focus on preventing the potential for physicians to face multiple expenditure targets and multiple cuts, and ensuring that hospitals and other providers are not exempted from the process, that Congress retains responsibility for major policy changes, and that any new entity operate under safeguards and procedural requirements that promote transparency, accountability and sound public policy;
- **Quality and Public Reporting:** The Senate bill contains a number of provisions that involve an expansion of existing quality reporting programs. New quality and public reporting initiatives are outlined in multiple Senate provisions that are overlapping and in many cases exceed current capabilities. The Senate bill also authorizes private entities to obtain Medicare data and publicly release provider performance reports.
- **House Provision to Increase Medicaid Payments for Primary Care Physicians:** The AMA strongly supports the House provision that would increase Medicaid payment levels for primary care physicians to Medicare rates, improving access to care for millions of beneficiaries.
- **Medical Liability:** The AMA will be working to secure final language that authorizes a grant program for a broad array of state alternative medical liability reforms. Additional lobbying efforts will focus on protecting physicians against potential new causes of action based on quality or payment adjustments.
- **Comparative Effectiveness Research:** We will vigorously oppose attempts to inject payment and coverage decisions into CER activities.