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MedPAC Proposes Repeal of SGR... and an Alternative Recommendation

Each year for the past decade physicians have faced, and largely averted, increased cuts in Medicare payments imposed by the Sustainable Growth Rate, or SGR. Also each year, physicians and government officials alike have called for a permanent fix to this controversial formula which currently mandates a 29.5% cut in physician Medicare payments starting January 1, 2012. Congress may soon have a chance to permanently fix the SGR, but it may not be the good news physicians have hoped for.

MedPAC, an independent Congressional agency which advises Congress on issues affecting federal Medicare revenue, has proposed an alternative formula to the SGR in which specialty physician pay would endure cuts of 5.9% in each of three straight years followed by a seven year rate freeze. Primary care physicians' pay would be frozen for 10 years. According to MedPAC, the new formula would save approximately \$100 billion in physician Medicare reimbursement. Additional cuts in Medicare payments to other healthcare services such as clinical labs and durable medical equipment suppliers would produce another \$235 billion in federal Medicare savings over 10 years.

While the final MedPAC proposal has yet to be issued to Congress, physician groups have already voiced outrage over the commission's recommendations. The American Medical Association strongly opposes what it called MedPAC's "misguided scheme" because it's "drastic cuts would be disastrous for Medicare patients' access to care," by triggering "a wave of physician retirements, threatening access to care for all patients," AMA president Peter W. Carmel, MD, said in a statement.

MedPAC is expected to take a final vote on the proposal by October 7, 2011.

If you have any questions about this topic, please contact Jay Packer, Director of Contracting, Compliance and Legal Services at 562.809.3521 or jpacker@marinabilling.com.