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CONTACT: Tali Caiazza (Schwartz) 202-
Greg Lemon (Heck) 202-225-

SCHWARTZ AND HECK INTRODUCE BIPARTISAN LEGISLATION TO REPEAL SGR AND REFORM MEDICARE PHYSICIAN PAYMENT SYSTEM

Washington, D.C. – U.S. Reps. Allyson Schwartz (D-PA) and Joe Heck, D.O. (R-NV) introduced bipartisan legislation today permanently repealing the flawed Sustainable Growth Rate (SGR) formula and setting out a clear path toward comprehensive reforms of Medicare payment and delivery systems.

Medicare payment policies have a direct impact on the care that beneficiaries receive and the sustainability of Medicare in the long-term. Every year for over a decade, the Sustainable Growth Rate (SGR) formula—which is used to determine payments for physicians’ services under Medicare—has threatened to impose steep cuts in Medicare payments for care provided to America’s seniors. These cuts threaten to drive physicians out of Medicare, creating severe access problems for our seniors and leading to uncertainty and instability for patients, health care providers, and the federal budget.

The bipartisan *Medicare Physician Payment Innovation Act* will ensure patient access to physicians, while promoting efficiency, quality, and value in health care delivery. The bill provides immediate relief from cuts of over 30 percent to physician payments scheduled for January 1, 2013, puts in place vital delivery system and payment reforms to ensure long-term stability in the Medicare physician payment system, and contains the rising growth in healthcare costs.

“For far too long we failed America’s seniors and created a long-term fiscal nightmare for Medicare by maintaining the status quo of the broken Medicare physician payment system,” **said U.S. Rep. Schwartz (PA-13)**. “Now is the time to fix the broken system once and for all by moving forward with a payment system that rewards quality and value, saves lives, and assures seniors’ access to the care they need.”

“The current sustainable growth rate formula has consistently produced unrealistic spending targets, which have threatened access to care for our seniors,” **said U.S Rep. Heck (NV-3)**.

“Congress has addressed the issue by providing temporary reimbursement patches that have left our Medicare providers wondering if they will be able to continue seeing patients. This bill replaces the flawed sustainable growth rate used for physician reimbursements, providing long-overdue certainty for physicians, and ensuring that Medicare beneficiaries have access to their physicians.”

Summary of the *Medicare Physician Payment Innovation Act*:

- Permanently repeals the SGR formula and prevents a 30 percent cut to physician reimbursements scheduled for January 1, 2013
- Provides annual positive payment updates for all physicians for four years
- Ensures access to preventive care, care coordination, and primary care services through increased payment updates for those services
- Aggressively tests and evaluates new payment and delivery models
- Identifies a variety of unique payment models to provide options for providers across medical specialties, practice types, and geographic regions
- Stabilizes payment rates for providers who demonstrate a commitment to quality and efficiency within a fee-for-service model
- Ensures long-term stability in the Medicare physician payment system through predictable updates that accurately reflect the cost and value of providing health care services in coordinated care models

“We enthusiastically support this legislation,” said **David L. Bronson, MD, FACP, President of the American College of Physicians.** “It not only addresses the continued threat of the SGR formula, it also addresses moving us beyond the fee-for-service payment model toward new models that better align payment with value.”

“The College commends Rep. Schwartz and Rep. Heck for working in a bipartisan manner to propose a repeal of the flawed sustainable growth rate (SGR) formula,” said **William Zoghbi, MD, FACC, President of the American College of Cardiology.** “Stabilizing physician reimbursements for several years while new payment and delivery models are tested will provide needed certainty for physician practices. The ACC urges Congress to act as soon as possible to reform the physician payment system. We must move from a volume-based payment system toward one that rewards value.”

“Members of the Premier Healthcare Alliance applaud the leadership of Rep. Allyson Schwartz and Rep Joe Heck for putting forward a long-term solution to address the Medicare sustainable growth rate,” said **Blair G. Childs, Senior Vice President of Premier Healthcare Alliance.** “The SGR is an enormous unfunded liability that each year threatens to cut physician reimbursement to

levels that would devastate the healthcare system and hinder Medicare patients' access to care. Moreover, this approach recognizes the need to reward value over volume, and creates mechanisms that will greatly advance delivery system reforms that enhance patient satisfaction, quality and outcomes.”

“This legislation will end the threat of drastic cuts to doctors, and establish a new system for paying doctors that's based on the value of care provided to the patient, not on the quantity of procedures provided,” said **John Rother, President and CEO of the National Coalition on Health Care**, which represents more than 80 businesses, medical societies, unions, insurers, health care providers, consumers, and patients.

“This legislation begins the transition to a sustainable payment system and helps our complex system better recognize the value of primary medical care,” said **Glen Stream, MD, MBI, President of the American Academy of Family Physicians**. “We applaud this effort to keep our promise to these Americans, and we urge Congress to take up this legislation quickly. Only by stabilizing Medicare physician payment can we ensure that elderly and disabled patients will have access to the care they need, when they need it.”