

Doctors pleased with congress' medicare payment agreement

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The article notes that, as part of the agreement, the Sustainable Growth Rate (SGR)—the formula used to set Medicare reimbursements for health care providers—will be repealed. The legislation must still be passed by both houses of Congress. The SGR had been intended to link Medicare reimbursement to inflation rates, but in reality, did not work and required annual Congressional "patches" to guarantee sustainable level of reimbursements.

According to the article, the repeal of the SGR also marks the transition

away from a volume-based reimbursement system and towards one based on value and quality outcomes. Other facets of the agreement include: consolidating three existing quality programs into one that rewards providers for meeting performance thresholds; implementing a process for improving payment accuracy; providing incentives for improved chronic care coordination; and introducing physician-developed clinical care guidelines. As new payment models are enacted over the next five years, the announced agreement will guarantee Medicare providers annual 0.5 percent reimbursement increases.

"Congress will now have to coalesce around a plan to pay for this legislation. The over \$125 billion cost remains the most significant hurdle to its passage," said Anders M. Gilberg, senior vice president for government affairs for the Medical Group Management Association, according to the *Medical Economics* article.

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