SUSTAINABLE GROWTH RATE (SGR)

Medicare’s flawed Sustainable Growth Rate (SGR) formula, enacted in the 1997 Balanced Budget Act, has resulted in payments to physicians that have failed to keep pace with increases in practice costs. Costs have continuously risen while reimbursement remains stagnant. Steep cuts in payments to physicians under the SGR threaten patients’ access to quality care. Congress has routinely passed short-term “fixes” that subject patients and doctors to uncertainty each year. In fact, Congress has spent over $170 billion on these short term “fixes,” which is more than the cost of eliminating the failed policy altogether.

The AAOS believes enacting a permanent fix to Medicare’s flawed Sustainable Growth Rate (SGR) formula should be a priority for Congress. The repeal and replacement of the current formula is vital to ensuring Medicare’s sustainability.

Why Repealing the SGR Matters:

Continuing the reckless system of patch after patch is harmful to the economy and to Medicare patients seeking access to specialties they desperately need. Physicians must have adequate support to provide coordinated care that will improve health, prevent costly complications, and enable physician participation in new payment and delivery models.

SGR Legislation Should:

- **Streamline quality improvement programs**: The legislation introduced in the 113th Congress consolidated the Physician Quality Reporting System (PQRS), the Value-Based Modifier (VBM) and Meaningful Use of Electronic Health Records (EHR MU) systems of quality reporting, which would remove many of the reporting burdens our physicians face.

- **Provide flexibility**: The legislation also provided greater flexibility for our physicians to meet the highest standard possible and to reduce administrative burdens. Options for reporting quality information included EHRs, clinical quality data registries, and the option to be assessed as a group or an individual. It provided for technical assistance; and priority was given to practices with low Value-Based Modifier (VBP) scores and those in rural and underserved areas.

- **Clarify standard of care**: Legislation should clarify that the development, recognition, or implementation of any guideline or standard under any federal health care provision, including Medicare, cannot be construed to establish the standard of care or duty of care owed by a health care professional to a patient in any medical malpractice or medical liability action or claim.

- **Provide for stability and physician input**: Legislation should provide for a period of payment stability with positive payment updates so specialty societies can create new quality metrics and test alternative payment models. Also, legislation should allow for physician-led efforts to create additional quality metrics and alternative payment models.

What Congress Should Do:

Congress should build on the bipartisan bicameral progress already made and assure a permanent SGR solution is enacted before the current patch expires on March 31, 2015.

For more information, contact Catherine Boudreaux in the AAOS Office of Government Relations at 202-546-4430.