



**Statement of the American College of Physicians
on the SGR Repeal/Medicare Physician Payment Reform Discussion Draft**

Released by the

Senate Finance and Ways and Means Committees

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(Washington) The American College of Physicians (ACP) congratulates Senate Finance Committee Chairman Max Baucus and Ranking Member Orrin Hatch, and Ways and Means Committee Chairman David Camp and Ranking Member Sander Levin, on developing a bipartisan, bicameral draft proposal to permanently repeal the Medicare Sustainable Growth Rate (SGR) formula and create powerful incentives for physicians and other health care professionals to transition to value-based payment and delivery models. We are encouraged and pleased that this proposal builds upon a bill that was unanimously approved on July 31 by the House Energy and Commerce committee, The Medicare Patient Access and Quality Improvement Act, H.R. 2810, under the leadership of Chairman Fred Upton and Ranking Member Henry Waxman, and on the Medicare Physician Payment Innovation Act, H.R. 574, introduced by Reps. Allyson Schwartz and Joe Heck.

ACP is the largest medical specialty organization and second-largest physician group in the United States, representing 137,000 internal medicine physicians (internists), related subspecialists, and medical students. Internal medicine physicians are specialists who apply scientific knowledge and clinical expertise to the diagnosis, treatment, and compassionate care of adults across the spectrum, from health to complex illness.

The discussion draft provides a solid foundation to create a better Medicare physician payment system that incorporates key policies recommended by the College:

1. It permanently repeals the SGR and eliminates the more than 24 percent cut scheduled to take place on January 1, 2014. The SGR is the single greatest barrier to physicians participating in new payment and delivery models, and it poses a constant threat to patient access. It needs to be repealed, and it needs to be repealed now.
2. It provides stable payments as physicians make the transition to new value-based programs. Physicians will have the opportunity to earn additional Medicare incentive payments, above the zero percent annual baseline updates, for participating in a new Medicare Value Based Incentive Program, which will replace the existing Medicare

Physician Quality Reporting Program, Meaningful Use for Electronic Health Records, and Medicare Value-based Modifier program (and the related scheduled penalties under those programs). This creates an opportunity to develop a simpler, more harmonized and effective reporting and incentive program.

3. It creates strong incentives for Patient-Centered Medical Homes and Patient –Centered Medical Home Specialist (Neighborhood) practices, by directing Medicare to pay for complex chronic care management services provided in medical homes, and by giving them the highest possible performance score for the clinical practice improvement activities under the new Value Based Payments incentive program.
4. Physicians who are in advanced Alternative Payment Models that include a sharing of financial risk and rewards with the Medicare program and meet other criteria can earn annual 5 percent bonus payments, in addition to the payments that are made under the rules for those programs.

The College appreciates the willingness of the Senate Finance and Ways and Means committees to consider our suggestions and feedback, and we will be sending them our specific recommendations to make their proposal as effective as possible by November 12 as requested. We are confident that by working from the foundation created by this discussion draft, this Congress, this year, can achieve a historic bipartisan consensus on legislation to repeal the SGR, once and for all, and create a better Medicare payment system for our members and their patients.