



Progress, Challenges and Opportunities: *Taking the Next Steps to Reduce Barriers to Access and Reform Medicare Physician Payments*

**Annual Report on the State of the Nation's Health Care
By the American College of Physicians, February 2014**

Where Do Things Stand with the Affordable Care Act and Medicare Physician Payment Reform?

With the full implementation of the Affordable Care Act (ACA), 2014 is shaping up to be a critical year for health care in the United States. Despite a troubled rollout and concern over a relatively small number of plan cancellations, the benefits of the ACA cannot be denied – approximately 12 million Americans have signed up or been deemed eligible for health coverage through the marketplace exchanges, Medicaid, or young adults able to stay on their parents' plans; consumers can no longer be denied coverage or charged more for a pre-existing condition; and yearly or lifetime benefit caps have been eliminated, to name a few. ACP is encouraged by the recent effort and proposals by the Centers for Medicare and Medicaid Services (CMS) to address issues of network adequacy and continuity of care that have arisen over the past several months, but we must also look at this as an opportunity to further improve the system to the benefit of patients and physicians.

2014 also holds the potential to see comprehensive Medicare payment reform enacted by Congress. After negotiations between the three Congressional committees of jurisdiction, the SGR Repeal and Medicare Provider Payment Modernization Act of 2014, H.R. 4017, a bicameral, bipartisan bill that would repeal the Sustainable Growth Rate (SGR) and accelerate the transition to value-based payment models was introduced in the House of Representatives on February 6, 2014 with strong support from the College. The same bill, S. 2000, has been introduced in the Senate. Congress has never been closer to enacting this kind of comprehensive reform, but they must act quickly before a 24 percent scheduled SGR-related cut in payments occurs on April 1, 2014.

Key Recommendations from the Report

ACP makes the following recommendations for capitalizing on the progress being made in expanding access to health care coverage and reforming physician payment:

Health Care Access and Coverage

Expand Access to Medicaid

- All states should authorize expansion of Medicaid to persons with incomes up to 133 percent of the Federal Poverty Level (FPL) by no later than the end of this year.
- Reauthorize and the Medicaid pay parity program to no less than the applicable Medicare rates and extend the program to include certain ob-gyn physicians who offer a certain percentage of primary care services.

Improve Network Adequacy Standards

- Improve current network adequacy standards by taking into account criteria in addition to the development of time, distance and other standards for qualified health plan (QHP) networks beginning in 2015), continuously monitor adequacy, and include essential community providers in QHPs.



Network Development and Transparency

- The development of value-based provider networks must be balanced, transparent, fair, and provide real choice.
- Physicians and their patients should be given advance notice that network changes are being considered so that they may comment on and challenge alterations as necessary.
- When developing provider and hospital networks, QHPs should use criteria based on evaluation of multiple criteria related to professional competency, quality of care, and the appropriate utilization of resources. No single criterion should provide the sole basis for selecting, training, or excluding a physician from a plan's network.

Improve the Health Insurance Shopping Experience for Consumers and Physicians

- Federally-facilitated, state partnership, and state-run marketplace websites should have an online search tool to allow users to search by clinician and hospital name and filter out health plans that do not include the consumer's chosen clinician or hospital in network.
- Physicians and health care professionals should have QHP information easily accessible through "health care provider hotlines" as well as an online portal that allows physicians to verify enrollment and view QHP plan information.

90-Day Grace Period Prior to Termination of Coverage for Non-payment of Premiums

- Physicians should have access to real-time patient enrollment verification, and QHPs should be required to provide real-time notification of when a patient enters the 90-day grace period upon enrollment verification by a physician or their staff.

Require QHPs to Establish a Stronger In-Network Exemption Process

- Improve the ACA's internal and external appeals process by expediting decisions, expanding the scope of what decisions can be appealed, and smoothing the information submission process.

Improve the Prescription Drug Formulary Exception Process

- QHPs should be required to allow patients to have access to the medication in dispute during the entire exception review process and if granted, that the excepted drug continue to be provided for in subsequent plan years.
- Require QHPs to attest that benefit packages are not discriminatory and strip certification from QHPs that violate anti-discriminatory benefit design rules.

Reforming Physician Payment

Repeal Sustainable Growth Rate

- Congress should pass HR 4015/S. 2000, The SGR Repeal and Medicare Provider Payment Modernization Act of 2014, which includes the following elements:
 - A repeal of the sustainable growth rate, preventing a scheduled 24 percent payment cut on April 1, 2014 and all future scheduled cuts from it;
 - Ensures a 5-year period of annual updates of 0.5 percent to transition to the new system;
 - Improves the existing fee-for service system by rewarding value over volume;
 - Implements a process to improve payment accuracy;
 - Creates incentives for physicians to move to alternative payment models (APM)s, including a 5 percent bonus to physicians who receive a significant portion of their revenue from an APM or patient centered medical home (PCMH).

More Information:

[Full report on the State of the Nation's Health Care](#)