Anesthesiologists Prepare For Annual SGR Two-Step

(BUSINESS WIRE)--Fifteen years ago, Congress passed legislation that would automatically limit the annual update to Medicare payments for physicians' services if spending exceeded predetermined targets. The vehicle for constraining the update was the Sustainable Growth Rate (SGR) formula. Every year since then but one (2002), Congress has relented under pressure from physicians and passed laws replacing the SGR update with a small adjustment or a freeze on rates.

Regardless of the economy and the imminent election, Anesthesia Business Consultants (ABC) anticipates that Congress will again override the SGR formula. If the SGR were allowed to take effect, physicians would see a 27 percent cut in their Medicare payments in 2013 – due to factors that are almost entirely beyond their control – and not even Congress can stomach that prospect. Another "zero percent update," or a one to two percent adjustment upward or downward, is much more likely.

Repeal of the SGR formula, despised though it is, is not going to happen, either. The cost would be at least $271 billion over the next ten years, according to the Congressional Budget Office.

The Medicare Payment Advisory Commission, the American Medical Association and other organizations have put forward a variety of proposals to repeal the SGR and replace it with a different mechanism for holding down future spending. ABC does not expect that any of these proposals will be adopted in the next few years. Some of them would pay for repeal by taking the money out of physician spending in other ways. Others would forgive the accumulated SGR debt or even allow physicians to bill Medicare patients their full charges while receiving some allowance from Medicare. "Private contracting" is perhaps the most popular option with physicians, but politically it would seem very far-fetched.

Against this background, the final Physician Fee Schedule rule for 2013, scheduled to be published by the Centers for Medicare and Medicaid Services (CMS) in early November, should not alarm anesthesiologists or other physicians when it announces payment rates that reflect the 27 percent SGR cut. CMS has to follow the law – as the law stands now. Congress will almost certainly pass a relief bill, although quite possibly not until January or February. Legislation enacted after we are into the new payment year means that the claims submission and payment process will be complicated, especially if corrective legislation is made retroactive, as is usually the case. The complications will be far preferable, however, to a 27 percent cut.

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