

Joint Recommendations to Congress
On Eliminating the SGR
And
Supporting Efforts to Promote Health Care Quality and Appropriateness

1. The SGR should be repealed and replaced with an update system that reflects increases in physicians' and other health professionals' practice costs.
 - All of the targets that Congress has said should be examined as a possible alternative to the SGR will have a significant cost.
 - All of the alternatives currently under consideration—including regional targets and expanding the targets to include hospitals, nursing homes and other providers—would inject significant administrative and political complexities.
 - These alternatives also could create obstacles to the purchase of health information technology for quality improvement and to the development of care coordination programs.

2. Congress should support initiatives by organizations representing physicians and other health care professionals to bridge gaps in care and assure the appropriateness of services provided to Medicare beneficiaries. Such support could include:
 - Instructing HHS to work with organizations of physicians and other professionals to develop methodologies to provide accurate, confidential and comparative information to individual practitioners on how their quality and utilization compares to their peers as tools for self-improvement.
 - Encouraging efforts by organizations representing physicians and other health professionals to develop voluntary guidelines on the appropriate utilization of services and to obtain and analyze data on the growth in the utilization of services and quality of services by condition, type of service, episodes of illness, region and specialty.
 - Providing financial support and positive incentives to help and encourage acquisition of the tools and information technology needed to provide consistent and high quality care.
 - Directing Medicare to pay medical practices for care coordination services that fall outside of a face-to-face encounter. System-wide savings—such as reductions in hospital admissions and readmissions (Part A) and more effective use of pharmacologic therapies (Part D)—achieved by these programs should be applied to funding the care coordination services. If enacted by Congress, such a policy should be considered a change in law that would not require a budget neutrality offset in the Medicare Physician Fee Schedule.
 - Supporting efforts by the profession, the RUC, and CMS to improve the accuracy of Medicare's resource-based relative value scale to ensure that all costs, including uncompensated care and updated practice expenses, are recognized and that the payment system does not inadvertently encourage inappropriate treatment decisions.

3. If immediate repeal of the SGR is not possible, Congress must:
 - Establish by law a transition, pathway and "date certain" to complete elimination of the SGR.
 - Provide positive physician/health care professional updates set by statute for each year until repeal takes effect.
 - Stabilize payments for a minimum of two years by providing positive baseline updates to all physicians/health care professionals.

- Consistent with the Medicare Payment Advisory Commission's recommendation, a scheduled cut of 10% in 2008 should be replaced with an increase of 1.7% and CMS should be urged to use the \$1.35 billion fund provided in H.R. 6111 to help stabilize the update
 - In 2009, the update should similarly reflect increases in the costs of providing services instead of an anticipated cut of 5% or more.
 - Spend down the costs of repealing the SGR by fully funding the positive updates.
 - Urge the Administration to exercise its authority to remove physician-administered drugs from the SGR and make other refinements in the formula to help reduce the cost of Congressional action.
4. The transitional 2007 Medicare Physicians Quality Reporting Initiative should be re-examined before being expanded into future years.
- The program should focus on meaningful improvements in patient care rather than conditioning positive updates for all physicians and practitioners on "reporting for the sake of reporting."
 - It should be designed so that timelines for implementation are realistic and CMS has the capability to effectively administer the program.
 - If the program is continued beyond 2007, funding should be sufficient to provide additional payments beyond the positive inflation update for those who report on clinical measures.
 - Any physician-level clinical measures used in a pay-for-reporting program must be developed through a multi-specialty consensus process organized by medicine (the Physicians' Consortium for Performance Improvement).
5. To make Medicare sustainable in the future, Congress should identify and begin to enact additional reforms which will be necessary to create incentives for judicious use of services and to adequately fund the program.