



# THE COMMITTEE ON ENERGY AND COMMERCE

## MEMORANDUM

February 12, 2013

To: Energy and Commerce Committee Members

From: Majority Staff

Re: SGR: Data, Measures and Models; Building a Future Medicare Physician Payment System

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On February 14, 2013, at 10:15 a.m. in room 2123 of the Rayburn House Office Building, the Subcommittee on Health will hold a hearing entitled “SGR: Data, Measures and Models; Building a Future Medicare Physician Payment System.” The following memorandum provides background on the hearing witnesses and Medicare physician payment system.

### **I. WITNESSES**

#### Panel I

Glenn M. Hackbarth, J.D.  
Chairman  
Medicare Payment Advisory Commission

#### Panel II

Harold D. Miller  
Executive Director  
Center for Healthcare Quality and Payment Reform

Elizabeth Mitchell  
CEO  
Maine Health Management Coalition

Robert Berenson, M.D.  
Institute Fellow  
Urban Institute

Cheryl L. Damberg, Ph.D.  
Senior Policy Researcher; Professor  
Pardee RAND Graduate School

## **II. MEDICARE PHYSICIAN PAYMENT SYSTEM**

The following discusses (1) the Committee's review of Medicare's Sustainable Growth Rate (SGR) system of paying doctors during the 112<sup>th</sup> Congress, and (2) improving Medicare physician payment.

### *SGR During the 112<sup>th</sup> Congress*

During the 112<sup>th</sup> Congress, the Energy and Commerce Committee accomplished a great deal in moving the discussion on how to replace the SGR and reform the Medicare Physician payment system. On March 28, 2011, the Committee sent a bipartisan letter to approximately 50 physician groups and other stakeholders requesting suggestions for developing a long-term alternative to the SGR. The Committee received more than 30 responses. The responses varied from simply proposing repealing the SGR and providing for 10 years of stable payment updates to detailed and comprehensive payment and care delivery reforms.

In May 2011, the Committee held a hearing entitled "The Need to Move Beyond the SGR." This hearing explored, among other issues: what is the role of newer payment/delivery systems now being evaluated; how do you measure quality; how do you pay for value, not volume; and how do you incentivize beneficiaries to make better choices?

In July 2012, the Committee held a hearing entitled "Using Innovation to Reform Medicare Physician Payment." This hearing examined possible options for how Medicare can use innovative ideas and payment/delivery models from the private sector to reform the current physician payment system.

At the end of the 112<sup>th</sup> Congress, Congress averted the 26.5 percent reduction in Medicare physician payment rates that was scheduled to go into effect on January 1, 2013. It accomplished this by extending current Medicare physician payment rates through December 31, 2013, at a cost of \$25.2 billion.<sup>1</sup>

### *Improving Medicare's Physician Payment System*

The Subcommittee's February 14 hearing will build on the information gleaned from the Committee's work during the 112<sup>th</sup> Congress. Replacing the SGR with a durable physician payment system that preserves access to the highest quality health care for Medicare beneficiaries will require policymakers to analyze how best to utilize data, measures and models.

Data: In order to ensure the reform of Medicare physician payment system incents quality and efficient care, access to accurate, timely, reliable and relevant data about patient characteristics, care process and outcomes will be essential.

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<sup>1</sup> Medicare's Payments to Physicians: The Budgetary Impact of Alternative Policies Relative to CBO's March 2012 Baseline, available at: <http://www.cbo.gov/publication/43502>.

Measures: Quality and efficiency measures are now embedded throughout the U.S. health care system. Streamlining the process of developing, testing, endorsing and implementing quality and efficiency measures will be an important component of reform.

Models: Insurers and purchasers of health care in the United States are exploring a number of changes in the approaches they use to pay for health care. These new models of care and payment have shown promise in specific health systems, geographic areas or service lines, but additional input is needed to clarify whether they are expandable to Medicare.

### **III. STAFF CONTACTS**

If you have any questions regarding the hearing, please contact John O'Shea, Robert Horne or Clay Alspach at (202) 225-2927.