



## eVoice<sup>®</sup> Alert

May 20, 2010

### House advances short-term SGR relief

The U.S. House of Representatives plans to vote on an "extenders bill" that is expected to include a new proposal to avert the 21 percent cut in Medicare physician payments that is scheduled to take effect on June 1. Elements of the proposal, include:

- A 1.3 percent Medicare payment update for the remainder of 2010
- A 1.0 percent payment update in 2011
- Updates for 2012-13 established under two expenditure targets
- The SGR formula resuming in 2014 to reflect current law

The two expenditure targets are patterned after those proposed in H.R. 3961, which passed the House last year. An expenditure target for evaluation and management and preventive services will be set at gross domestic products (GDP) plus two percentage points; a separate expenditure target for all other physician services will be set at GDP plus one percentage point. These targets are more generous than the current sustainable growth rate (SGR), which is set at GDP with no additional growth allowance. During the two-year period when the twin targets are in place, an update floor will be set at zero to prevent any conversion factor cuts in 2012-13.

In 2014, the current SGR formula will resume with a conversion factor that is expected to be considerably lower than it is today. The cost of repealing the SGR formula will also be higher.

The proposal is similar to one outlined earlier this week, scaled back to due to objections raised in the U.S. Senate over cost. We are also told that a small reserve fund may be set aside for the remainder of 2010, in the event that Congress chooses to revisit the issue and make further adjustments to the payment formula.

The SGR proposal is being incorporated into H.R. 4213, "The American Jobs and Closing Tax Loopholes Act of 2010," which is planned for consideration on the House floor early next week. The Senate is expected to take up the bill shortly after it is passed by the House.

---

---