

Analysts predict swift passage of SGR repeal

By Gregory Twachtman, Ob.Gyn.

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Despite some lingering objections, observers in Washington expect the Senate will move quickly to pass legislation that repeals the Medicare Sustainable Growth Rate formula.

Some tense moments could happen early in the process as it is expected the Senate will allow amendments to H.R. 2, the Medicare Access and CHIP Reauthorization Act.

The Senate is expected to take up the bill shortly after members return from spring recess on April 13.

They are under the gun to act quickly as the Centers for Medicare & Medicaid Services has been holding claims submitted since the last temporary SGR fix expired on April 1. Unless a legislative fix is completed, the agency will begin to pay those claims – reduced by 21% because of the SGR – on April 15.

The first hurdle the bill faces is a waiving of the rules that require a bill's costs to be fully offset, something that will require 60 votes. G. William Hoagland, senior vice president at the Bipartisan Policy Center, expects that to be cleared.

Even those who see the bill as being bad for Medicare and for the deficit long term believe the bill will pass.

“I think there are concerns in the Senate about what this means in terms of the long-term deficit, but I suspect that it has enough bipartisan support to patch together the votes it needs,” Michael D. Tanner, senior fellow at the Cato Institute, said in an interview.

Mr. Tanner said that he supports the SGR because it has forced Congress to continually examine and refine the Medicare program.

“The threat of the SGR cuts every couple of years has served to force changes within the Medicare system,” he said. Congress has “had to come up with substitute cuts every time they played with this, and that has had an effect in holding down the growth rate in Medicare and

holding down the budget deficit. By removing that threat ... I think in the future they are going to find that the budget deficit increases.”

Dan Mendelson, CEO of the health consultancy AvalereHealth, challenged that assertion. “There’s really nothing good about the SGR policy,” he said in an interview. “It didn’t work to control costs. It didn’t introduce a quality-based payment system, and it’s a relic. I think it’s also fair to say that the discussions around the SGR every year were really not productive in moving the health care system forward.”

Among the amendments that could be offered would be to reauthorize the Children’s Health Insurance Program for 4 years instead of the 2-year reauthorization included in the House bill. Mr. Hoagland said he does not expect any amendments will be passed to alter the current form of H.R. 2, thus allowing it to move directly to the White House. President Obama already has voiced his support of the bill.