SNMMI Position Statement on the Medicare Sustainable Growth Rate Formula

Common Questions
- What is the Medicare Sustainable Growth Rate (SGR) system and why is it being repealed?
- How does the SGR impact medical imaging?
- What measures need to be taken by the nuclear medicine and molecular imaging field to ensure appropriate and adequate reimbursement?

Background
The Medicare SGR system was put into place in as a result of the Balanced Budget Act of 1997; it serves as a means for the Centers for Medicare and Medicaid Services (CMS) to regulate spending on Medicare physician services. Each year, CMS develops a report on the previous year’s spending, and Congress adjusts the payment rates for Medicare physicians accordingly. For the past several years, the formula used as part of the SGR system has recommended that payments for Medicare physicians be cut drastically. If this were to happen, many physicians would be forced to leave the Medicare system, causing a large gap in patient care. To avoid this situation, Congress has stepped in with temporary fixes to avoid these cuts; however, a permanent fix has yet to be determined.

Two new bills were introduced in the late evening of March 25, 2014. Senator Ron Wyden (D-OR), the then newly appointed Chair of the Senate Finance Committee, introduced S. 2157, the Commonsense Medicare SGR Repeal and Beneficiary Access Improvement Act of 2014. This bill would use Overseas Contingency Operations (OCO) funds as an offset to pay of the SGR repeal. House Republicans also introduced H.R. 4302, a year-long SGR patch that would expire on March 31, 2015. On March 27, 2014 the House passed H.R. 4302 by voice vote and on March 31, the Senate passed the legislation as well. President Obama then signed the bill into law on April 1, 2014.

This legislation made permanent changes to how physicians who perform advanced imaging services are paid by connecting it to appropriate use criteria (AUC). AUC’s are statements that contain indications describing when, and how often, an intervention should be performed under the auspices of scientific evidence, clinical judgment, and patient values while avoiding unnecessary provisions of services. SNMMI follows a balanced multidisciplinary approach to guidance development by including various stakeholders in the development process. By tying reimbursement to AUCs, this will increase quality care for patients.

These changes state that Secretary of Health and Human Services must launch (by 2017) a program that encourages the use of AUCs for advanced diagnostic imaging services (ADIS). Furthermore, no later than November 15, 2015, the Secretary, in consultation with stakeholders, will choose which AUCs will be included in the program.

SNMMI Position
While H.R. 4302 finalized provisions affecting SNMMI, we continue to support the permanent repeal of the SGR system. However, we must be mindful of how Congress intends to pay for the repeal and prevent any further cuts to medical imaging.
Repealing the SGR system will cost the United States government an estimated $175 billion (Congressional Budget Office), which will have to be paid for by cutting funds from other government budgets, most likely from within the health care system. Over the past several years imaging has been the target of many health care cuts, and it will be further impacted if more cuts are proposed to pay for the repeal of the SGR system.

Additionally, AUCs, which must be created or endorsed by national medical specialty societies or other provider-led entities, must also have stakeholder consensus; be scientifically valid and evidence-based; and be based on publicly available studies that are published and reviewable by stakeholders. SNMMI must work with Congress to ensure that medical imaging, which has been cut 13 times since 2006, is not used as a payment offset. SNMMI must also work with the Secretary of Health and Human Services to ensure that smaller specialty societies have a voice in selecting the AUCs that will be applicable to the program.