

## SNMMI Addresses SGR System Changes

On February 5, SNMMI issued a position statement on the Medicare Sustainable Growth Rate (SGR) formula (see below). The statement was designed to address common questions about the SGR and to clarify the Society's position on what has become an annual source of political discord and practitioner anxiety. The Medicare SGR system was put into place as a result of the Balanced Budget Act of 1997 and serves as a means through which the Centers for Medicare & Medicaid Services (CMS) 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. Many analysts agree that such cuts would cause some physicians to leave the Medicare system, causing gaps in patient care. Congress has thus far stepped in with annual temporary fixes to avoid these cuts.

On February 6, the House Committees on Energy & Commerce and Ways & Means and the Senate Committee on Finance Staff announced agreement on a plan to repeal and replace the SGR by moving Medicare "away from a volume-based system toward one based on value." The new legislation, once approved, would avoid the March 31 deadline for the 2014 "fix" by removing "the imminent

threat of draconian cuts to Medicare providers" and ensuring a "5-year period of annual updates of 0.5% to transition to the new system." The summary press release highlighted the changes, noting that the agreement would:

- Consolidate the 3 existing quality programs into a single program that rewards providers who meet performance thresholds and would improve care for seniors and offer certainty for providers;
- Implement a process to improve payment accuracy for individual provider services;
- Incentivize care coordination efforts for patients with chronic care needs;
- Introduce physician-developed clinical care guidelines to reduce inappropriate care that can harm patients and result in wasteful spending; and
- Require development of quality measures and ensure close collaboration with physicians and other stakeholders regarding the measures used in the performance program.

The agreement also incentivizes the movement toward APMs by providing a 5% bonus to providers who receive a significant portion of their Medicare revenue (at least 25% by 2018) from an APM or patient-centered medical home.

### SNMMI SGR Position Statement

The SNMMI believes that the SGR system should be repealed and new model should be put in place to determine adequate and appropriate payments for Medicare physicians.

The 2 current proposals from the House Energy and Commerce Committee and Senate Finance Committee/House Ways & Means Committee are positive steps toward repealing the SGR formula. While the proposed legislation provides direction on what a new payment model would look like, it does not provide much guidance on how this will be achieved. This is a concern for SNMMI, as it leaves many unknowns.

First, 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.

Second, the nuclear medicine and molecular imaging field currently lacks significant traditional patient outcome measurements, as diagnostic tests such as imaging examinations do not have a direct therapeutic effect. The potential benefits and harms associated with diagnostic tests accrue from the capacity of the test to inform downstream clinical management of the patient. Without quality measures and other evidence-based guidance documents, nuclear medicine and molecular imaging physicians may be unable to qualify for payments under the proposed legislation.

While the nuclear medicine and molecular imaging field may be able to create quality measures on reduced costs to patients, patient outcomes (with nuclear medicine therapy), increased efficiency and reduced radiation exposure, the resources currently available to do so are limited. This will have an impact on the ability of the field to meet the timeline requirements set forth in the proposed legislation, which will negatively impact nuclear medicine and molecular imaging physicians.

In order for SNMMI—and other medical organizations—to plan accordingly, the society encourages Congress to act quickly to finalize a new model to replace the SGR system. If Medicare physicians understand what will be expected of them, they can plan better to participate fully in the new system in order to receive adequate and appropriate reimbursement and, ultimately, provide an enhanced quality of care for patients.