

## **SGR Patch Now In Place – Congress Gives Itself 12 Months to Develop Permanent Repeal**

With a vote taken just in time to avoid a March 31 deadline that would have triggered a 24% cut in payment via the flawed sustainable growth rate (SGR) formula, the US Senate has passed House-drafted legislation (HR4302) that will extend the SGR while delaying implementation of ICD-10 by one year, pushing the mandatory compliance date back to October 1, 2015. The vote was 64 to 35.

The final bill replaces the cut with a .5% provider payment update through the end of the year and no update from January 1 to April 1 in 2015. In addition to the SGR fix, the legislation also continues extender provisions, including the therapy cap exceptions process and Geographic Pricing Cost Index (GPCI), until March 31, 2015.

Congress had given itself until March 31, 2014, to finalize details of a proposal to repeal the SGR, but hit political road bumps that prevented the chambers from agreeing on the final shape of that legislation and how it would be paid for. As the deadline loomed, the Centers for Medicare and Medicaid Services (CMS) announced that it was prepared to put a temporary hold on claims processing to avoid implementing the SGR reductions while lawmakers scrambled to approve a patch. With that patch now in place before the deadline, CMS can drop the hold.

The approximate \$20 billion cost of the bill will be paid for through a combination of cuts and programmatic changes that include reductions to clinical labs, radiology services, a delay on oral-only drugs for end-stage renal disease bundles, the establishment of a new value-based purchasing program for skilled nursing facilities based on performance around hospital readmissions, and a tightening up of code valuation under the fee schedule. Additional funds are identified through the use of SGR "transitional fund" money and an extension of Medicare sequesters provisions.

The legislation also contains a provision that delays the implementation of the International Classification of Diseases, 10th revision (ICD-10) for all HIPAA-covered entities. The next step is for the Bill to go before President Obama.

[Click here](#) to view how the Senate voted.

[Click here](#) to view a copy of the Bill.

To locate key points:

Scroll to Page 3, Section 101: Physician Payment Update

Scroll to Page 4, Section 103: Extension of Therapy Cap Exceptions Process

Scroll to Page 11, Section 111: Extension of the Two-Midnight Rules

Scroll to page 19, Section 212: Delay in Transition from ICD-9 to ICD-10 Code Sets

PPS and APTA continue to work with legislators toward a permanent end to the SGR and therapy cap and will keep member advocates updated through the PPS website and weekly ENews.