

February 7, 2014

Contact: Ed Mabrie
emabrie@pbgh.org
415-615-6333

PBGH Statement in Support of the Agreement to Repeal and Replace Medicare Sustainable Growth Rate (SGR)

The [Pacific Business Group on Health](http://PBGH.ORG) (PBGH) believes that bipartisan, bicameral agreement reached by the Committees this week is a significant step forward in reforming the physician payment system and repealing Medicare's Sustainable Growth Rate (SGR) mechanism. We must move as quickly as possible away from the current volume-based, fee-for-service payment model, and establish a system that rewards physicians for providing high quality, efficient and appropriate care.

An improved physician payment system must ensure that the interests of patients and those who pay for care come first. The business community has a strong interest in these issues, because Medicare payment arrangements are often adopted by commercial insurers. PBGH members -- 60 companies that provide health care coverage to 10 million Americans and their dependents -- want Medicare to be aligned with their efforts to increase transparency and accountability and to drive improved health for all. Therefore, we are strongly supportive of elements of the legislation that:

- Provide funding and a clear timeline for filling quality measure gaps in the critical areas of clinical outcomes, patient experience, care coordination and appropriate care
- Encourage the effective coordination of care for patients
- Expand the use of Medicare data for transparency and for quality improvement purposes by qualified entities (QEs)
- Consolidate and streamline multiple existing payment programs
- Provide incentives for a movement toward alternative payment models.

We believe, however, that the legislation could be strengthened to meet the needs of patients and purchasers. First, it is essential that information on performance of every physician be made publicly available so that consumers can gain a more complete picture of the care provided by individual physicians. This will require that meaningful and useful measures are collected and publicly reported by Medicare. Second, we strongly urge policymakers to ensure that composite scoring and quality criteria established under the new, streamlined payment system will send a clear signal to physicians about what needs to be done to qualify for incentive payments. We are concerned that the complexity of the design may make it difficult to identify high-quality providers and reward them accordingly. It is important to set a high bar for provider performance and guarantee that only those physicians who are providing the highest quality care are rewarded.



221 MAIN STREET, SUITE 1500
SAN FRANCISCO, CA 94105
PBGH.ORG

OFFICE 415.281.8660
FACSIMILE 415.520.0927

We greatly appreciate the efforts of the Committees and will continue to work with policy-makers to ensure that we are rewarding physicians appropriately for providing high-value care at a reasonable cost.

About Pacific Business Group Health

PBGH is a non-profit business coalition focused on improving the quality and affordability of health care. The group represents 60 large health care purchaser members with more than 3 million employees, retirees and dependents in California. www.pbgh.org @pbgh_updates