

Congress Passes New MACRA Law, Repeals Medicare's Sustainable Growth Rate Formula

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Yesterday evening, the Senate passed, by 92-8 vote, the **Medicare Access and CHIP Reauthorization Act of 2015** ("MACRA"), a bipartisan bill to repeal Medicare's sustainable growth rate ("SGR") formula for physician compensation, with only hours left before further physician payment cuts were set to take effect. It is anticipated that President Obama will sign the bill in short order. MACRA is intended to repeal the failed SGR formula, passed into law in 1997, which placed a cap on aggregate spending for physician services by Medicare. MACRA ensures stable physician payment for the next five years through its required increase of 0.5% in Medicare physician reimbursement starting July 2015 through December 2015, and an annual increase of 0.5% through December 2019.

Additionally, MACRA consolidates the three existing incentive plans (Physician Quality Reporting System, Value-Based Modifier and Meaningful Use of Electronic Health Records) to establish a new Merit-based Incentive Payment ("MIP") system, to begin in 2019, for physicians, physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetist and any group that includes such professionals, in which they will receive annual payment increases or decreases based on their performance. Additionally, MACRA incentivizes provider participation in alternative payment models, such as Accountable Care Organizations ("ACOs"), by exempting providers who receive a significant share of their revenue through an alternative payment model from the MIP system and many Meaningful Use requirements and providing them with a bonus payment.

Please do not hesitate to contact the Health Law department at Abrams Fensterman with any questions you may have about this alert or in general.