

Proposed Replacement of Sustainable Growth Rate Addresses Telehealth

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On March 19th, Representative Michael C. Burgess, M.D. (R-TX) and Senate Finance Committee Chairman Orrin Hatch (R-UT) unveiled a bipartisan plan to repeal and replace the sustainable growth rate (SGR) physician payment system for physician reimbursement under Medicare. Without reform or another patch, physicians would face a close to 25 percent cut in payments when the current patch expires at the end of this month.

The SGR replacement plan repeals the SGR and institutes a 0.5 percent payment update each year for five years following repeal while also seeking to incentivize the use of alternative payment models (AMPs) and tweaking the fee-for-service (FFS) system. In addition to addressing meaningful use, remote monitoring, and interoperability, the SGR replacement plan deals with telehealth in several ways.

First, the plan released today includes two provisions also outlined in the 113th Congress SGR replacement plan crafted by then-Senate Finance Chairman Max Baucus (D-MT). Under “Clinical Practice Improvement Activities,” for Merit Based Incentive payments the use of telehealth for timely communication of test results, timely exchange of clinical information to patients and other providers, and use of remote monitoring or telehealth is included as a means of care coordination.

Second, under “Incentive Payments for Eligible Payment Models,” the bill states that nothing in the Act shall be construed as precluding an alternative payment model or a qualifying APM participant from furnishing a telehealth service for which payment is not made under section 1834(m) of the Social Security Act. On a related note, the Obama Administration on March 10 unveiled its newest ACO program called the “Next Generation ACO” through the CMS Innovation Center. The announcement stated that the new ACO model would have flexibility around Medicare telehealth rules, thus allowing ACOs to utilize the technology regardless of a patient’s geographic location. If passed, the SGR legislation could open the door for CMS to test telehealth payment in more than just a limited number of models currently being implemented.”

Finally, the plan released today outlines a new provision requiring a GAO study and report on the use of telehealth in federal programs and in remote patient monitoring services. The bill says the GAO will study:

- How the definition of telehealth across various Federal programs and Federal efforts can inform the use of telehealth in the Medicare program;
- Issues that can facilitate or inhibit the use of telehealth under the Medicare program under such title, including oversight and professional licensure, changing technology, privacy and security, infrastructure requirements, and varying needs across urban and rural areas;
- Potential implications of greater use of telehealth with respect to payment and delivery system transformations under the Medicare and Medicaid programs; and



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- How CMS monitors payments made under the Medicare program to providers for telehealth services.

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