

Medicare's Payment to Physicians: the Budgetary Impact of Alternative Policies Relative to CBO's May 2013 Baseline updated for Final Rule^a

	<i>(billions of dollars, by fiscal year)</i>										2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2018	2023
REPLACE THE SUSTAINABLE GROWTH RATE												
0% Update through 2023	8.4	12.8	11.2	9.9	9.5	10.6	11.9	13.0	14.4	14.8	51.7	116.5
0.5% Update through 2023	8.6	13.2	12.0	11.0	11.0	12.5	14.4	16.0	18.2	19.2	55.8	136.1
H.R. 2810 as reported by the Energy and Commerce Committee	8.7	13.0	11.5	10.5	11.0	13.0	16.5	19.5	23.5	26.0	54.7	153.2
CLIFF OPTIONS ^b												
0% Update for 2014 <i>cliff: -20% in 2015</i>	8.4	7.3	1.1	0.5	0.6	0.5	0.5	0.3	0.3	0.2	17.8	19.6
0.5% Update for 2014 <i>cliff: -20% in 2015</i>	8.6	7.5	1.1	0.4	0.4	0.3	0.2	0.1	*	*	18.0	18.7

Notes:

Components may not sum to totals because of rounding.

* = changes in direct spending that are between \$50 million and -\$50 million.

a. On November 27, 2013, the Centers for Medicare and Medicaid Services (CMS) issued a final rule in which CMS announced the update to the conversion for the Physician Fee Schedule (PFS) under Medicare will be a reduction of 20.1 percent for services furnished during calendar year 2014. However, after taking into account other current-law adjustments specified in the rule, the effective update to physician payments for 2014 will be a reduction of 23.7 percent.

The revised reduction in payment rates for calendar year 2014, as well as other information provided in the final rule, change CBO's projections of Medicare payment rates for services provided on the PFS for 2014 and for future years. Following standard practice, CBO will incorporate that information in its next regular baseline update. It will also immediately take that information into account when analyzing legislation being considered by the Congress.

b. In these cliff options, the legislation would specify the payment rate update for a specified period. The payment rate immediately following the period in which the payment rate is overridden would be set as if the override had not happened.