

## Medicare's Payment to Physicians: the Budgetary Effects of Alternative Policies Relative to CBO's January 2015 Baseline

(direct spending outlays in billions of dollars, by fiscal year)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015- 2020	2015- 2025
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### REPLACE THE SUSTAINABLE GROWTH RATE WITH SPECIFIED UPDATES

Freeze current payment rates through 2025	5.9	9.5	10.2	10.5	11.4	12.5	13.6	15.0	15.6	16.0	17.3	59.9	137.4
Increase payment rates by 1 percent for April through December of 2015, then 1.0 percent update each year through 2025	6.2	11.4	12.7	13.7	14.5	16.6	18.8	21.5	23.4	24.9	28.1	75.1	191.8
Updated estimate of H.R. 4015 and S. 2000	6.1	10.9	12.0	13.2	15.1	16.5	17.9	19.7	20.7	21.5	20.8	73.8	174.5
<b>CLIFF OPTIONS<sup>b</sup></b>													
Freeze current payment rates through end of 2015 (nine months) <i>cliff: -18% in 2016</i>	5.9	3.3	0.3	0.5	0.5	0.5	0.4	0.2	0.2	0.1	0.1	11.0	12.0
Freeze current payment rates through end of calendar year 2016 (21 months) <i>cliff: -15% in 2017</i>	5.9	9.5	5.9	1.7	1.2	1.2	1.1	1.0	1.0	0.9	1.0	25.5	30.4
1.0 percent update for April through December of 2015 (nine months) <i>cliff: -18% in 2016</i>	6.2	3.5	0.2	0.3	0.3	0.2	0.1	-0.1	-0.1	-0.1	-0.1	10.7	10.3
1.0 percent update for April through December of 2015 and for calendar year 2016 <i>cliff: -17% in 2017</i>	6.2	11.4	7.6	2.6	0.9	0.7	0.6	0.4	0.4	0.5	0.5	29.4	31.9

### Notes:

Components may not sum to totals because of rounding.

Under current law, fees that physicians receive for their services will be reduced by about 21 percent on April 1, 2015. The starting date for all of these alternative policies would be April 1, 2015. All Medicare provisions include interactions with Medicare Advantage payments, the effect on Medicare Part B premiums, and TRICARE (the health plan operated by the Department of Defense), but do not include interactions with the Independent Payment Advisory Board (IPAB) mechanism.

a. H.R. 4015 and S. 2000, the SGR Repeal and Medicare Provider Payment Modernization Act of 2014, are identical bills introduced on February 6, 2014. This updates the CBO cost estimate of that legislation for the January 2015 baseline and incorporates H.R. 4302, the Protecting Access to Medicare Act of 2014 (Public Law 113-93), enacted on April 1, 2014 and H.R. 5771, the Tax Increase Prevention Act of 2014 (P.L. 113-295). P.L. 113-93 contained two provisions which changed CBO's estimate for H.R. 4015 and S. 2000. That legislation extended the current payment rate for physician services through March 31, 2015, and modified the budget neutrality requirement for changes to the relative value of certain services in a manner similar to Section 5 of H.R. 4015 and S.2000. P.L. 113-295 accelerated the

The table shows a corrected estimate of H.R. 4015 and S. 2000. The previous estimate did not include the budgetary effect of the provision that would sunset bonus payments for providers who participate in alternative payment models.

b. In these cliff options, the legislation would specify the payment rate update for either 9 or 21 months. The payment rate in the year immediately following the period in which the payment rate is overridden would be set as if the override had not happened.