House Energy and Commerce Subcommittee on Health Hearing
"Reforming SGR: Prioritizing Quality in a Modernized Physician Payment System"
June 5, 2012

On June 5, 2013, the House Energy and Commerce Health subcommittee held a hearing to discuss the next steps on repealing the Medicare Sustainable Growth Rate (SGR) formula and initiating a new payment method for Medicare focused on improving the quality of care. Chairman Joe Pitts opened with an explanation of a legislative discussion draft for reforming the SGR released on May 28, 2013, with the Energy and Commerce committee and the House Ways and Means committee. The draft sets forth as a basis of discussion and feedback from the public on various approaches to reform SGR and develop a Medicare physician payment fix proposal that emphasizes value over volume.

Witnesses:

1. Dr. Cheryl Damberg, Senior Policy Researcher at RAND
2. William Kramer, Executive Director for the National Health Policy at the Pacific Business Group on Health
3. Dr. Jeffrey Rich, Immediate Past President of the Society of Thoracic Surgeons
4. Dr. Thomas Foels, Executive Vice President, Chief Medical Officer at Independent Health

The written witness testimony of Dr. Cheryl Damberg of RAND provides insight into the role of Health IT in the SGR reform. This hearing summary will focus on her findings.

Dr. Damberg explained how Health IT tools are vital in two areas of the SGR reform: (1) developing the quality measurement infrastructure for the new payment model and (2) helping to create an environment where physicians can succeed with the coming changes.

The new payment model will link payment to performance and incentivize providers to redesign care delivery and drive improvements in quality and how resources are used. Electronic Health Records (EHRs) can aid in the innovation of appropriate quality, performance, and costs measures for developers though collecting provider data. Dr. Damberg explains how "within the next five years, the capabilities of EHRs will be enhanced and should be designed to support capture of data elements needed to construct performance measures." Dr. Damberg uses the term e-Measure, meaning measurements constructed from data contained in EHRs, as a tool in EHRs to construct physician performance measures.

The draft legislation calls for a period of stability in Medicare payments as the transition occurs. This will provide time for testing payment models with the help of Health IT tools. Dr. Damberg explains, "To expedite measure development in a cost-effective manner, measure developers should have a consortium of EHR data partners that will be test beds for rapid testing of EHR (ie., e-Measure) concepts and alternative specifications at an early stage to identify the strongest candidates for full development"

When the reform SGR payment methods are enforced, EHRs can assist in three ways to benefit providers. First, the development of Clinical Decision Support (CDS) tools embedded within EHRs will help providers be more successful in delivering high quality care by giving physicians access to evidence-based, clinical decision information at the point of care. Secondly, for CMS to assess the performance of

physicians, the performance measures should be scored relative to a fixed national benchmark. EHRs will serve as a way for physicians to directly submit their performance data.

Third, advanced health IT tools can help physicians to be proactive in improving their performance. EHRs can be used by CMS to provide real time data monitoring and feedback on when performance is low and suggestions to how to improve to help the physician to succeed in the new pay-for-performance model. EHRs are not up to the level of timely feedback as of yet, however, Dr. Damberg predicts, "as electronic data systems improve and CMS is able to leverage data submissions from physicians on a more frequent basis, there is potential to develop systems where CMS could generate more timely feedback reports."

Leveraging health IT tools for SGR reform will require communication among stakeholders. Dr. Damberg insists that the SGR quality measures should be aligned with the current existing measurement and payment incentive programs, including the Medicare Advantage, the Physician Quality Reporting System (PQRS), and the Meaningful Use (MU) of EHRs incentive program. Physicians are dealing with a complex, changing environment and therefor the reformed SGR incentive program requirements need to be coordinated and aligned with these efforts. An example Dr. Damberg provides is that "Meaningful Use standards for EHRs could require that vendors support the capture of data elements needed to construct measures that will be used in the SGR and physician value-based payment modifier programs."

Dr. Damberg urges CMS to work collaboratively with the ONC and EHR vendors to ensure that EHR platforms are able to extract needed data and organize it in a structured format for submission to the development of the SGR incentive program.

The health subcommittee chairman Joe Pitts commended the efforts of the Energy and Commerce committee and the Ways and Means committee to engage in bipartisanship in producing the draft legislation. "I look forward to working with all parties in the coming weeks and months with a goal of getting SGR reform to the president's desk," concluded chairman Pitts.

***Editor's Note:** On June 12, 2013, Chair of the Energy & Commerce Chairman Fred Upton (R-Mich) remarked that the committee aims to send a "Doc Fix" legislation to permanently repeal the SGR formula to the House floor this summer.