ENSURING MEDICARE’S SOLVENCY NOW AND IN THE FUTURE

A SUSTAINABLE HEALTHCARE SYSTEM

The AAOS recognizes the importance of lowering healthcare costs and is committed to providing quality care that is cost effective. To reach this goal, adequate and stable investments are necessary so that physicians can modernize their practices to support the coordinated care that will improve health, prevent costly complications, and enable physician participation in new payment and delivery models.

THE IMPACT OF THE SGR

This goal will be undermined if Congress permits the looming 27 percent physician payment cut called for by the Medicare Sustainable Growth Rate (SGR) formula to take place. Cuts of this magnitude could threaten access to care as physicians may be forced to make employment reductions, reduce the number of Medicare patients they see, or worse yet, close their practices altogether. For those physicians who are able to stay afloat, payment cuts will seriously impede physician participation in care improvement initiatives which are essential to moving towards a high quality, more sustainable healthcare system.

REWARDING QUALITY

Current Medicare physician payment rates, based on the SGR formula, have not kept pace with increases in medical practice costs. In addition, the current payment system offers few financial incentives to providers who offer higher quality care to patients, paying the same amount for a given treatment intervention regardless of the quality of care delivered and the outcome of the intervention.

We ask Congress to:

- Replace the SGR formula with a more equitable payment system that provides financial incentives that reward higher quality care based on appropriately risk-adjusted, patient-centered measures of health outcomes.
- Avoid relying on a one-size-fits-all approach to payment reform. Within orthopaedics, many types of payment systems could work for different types of orthopaedic care.
- Continue exploring physician-led payment reforms such as bundled payments, Accountable Care Organizations, and other innovative payment and delivery models.

This varied approach will give us the best chance to both ensure Medicare’s solvency and improve care delivery. The AAOS has sent its Medicare reform recommendations to the Congressional committees of jurisdiction and is committed to working with Congress to create a system that rewards quality practitioners and encourages constant improvement in the care of Medicare patients.

THE AAOS RECOMMENDS THE FOLLOWING

- The AAOS strongly urges the repeal of the SGR formula and a permanent replacement of the formula with a fairer and more flexible payment system for physician services.
- In the event that an SGR repeal cannot be achieved by January 2013, the AAOS supports stabilizing current payment rates to allow patients to continue to receive valuable musculoskeletal care until Congress can achieve a sustainable SGR solution.