

December 9, 2010

To: HBMA Membership
From: HBMA GR Committee
Re: SGR Fix

The Senate yesterday approved, by unanimous consent, legislation necessary to prevent the scheduled 25% SGR related cut from occurring on January 1, 2011. The legislation would impose a one-year freeze on the Medicare conversion factor for 2011, effectively extending the 2010 conversion factor through all the 2011.

It should be noted that the Senate proposal extends numerous other expiring Medicare policies and does not deal exclusively with the SGR problem. In addition, the legislation provides funding for the payment of claims that had to be reprocessed as a result of the retroactive SGR fix adopted earlier this year. Some other issues included in the Senate approved legislation are:

- Extend the Medicare work geographic adjustment floor
- Extend the exceptions process for Medicare therapy caps
- Extend the payment for technical component of certain physician pathology services
- Extend the ambulance add-ons
- Extend the physician fee schedule mental health add-on payment
- Extend the outpatient hold harmless provision
- Extend the Medicare reasonable costs payments for certain clinical diagnostic laboratory tests furnished to hospital patients in certain rural areas
- Repeal the delay the RUG-IV

The Senate adopted these changes by amending a tax bill passed earlier in the year by the House of Representatives. The House can accept the Senate's modifications and approve the bill exactly as passed by the Senate and the bill can go directly to the President for his signature. The President has indicated that he supports the Senate approved fix.

However, the House can insist on the language in the bill as originally passed by the House and attempt to negotiate a compromise with the Senate.

Indications are that the House is prepared to accept the Senate's changes but that is not a certainty at this point. Given the heightened tensions between the House Leadership (and many rank-and-file Democrats) and the President over the tax cut deal announced earlier this week, it is not clear whether legislation such as the SGR proposal will be held hostage as a means of negotiating changes in the tax cut proposal.

The HBMA Government Relations Committee continues to monitor this situation

closely and will report any developments to the membership as quickly as possible.

If you have any questions, do not hesitate to contact the national office.

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