Summary of the Sustainable Growth Rate Bridge

Averts Medicare Physician Payment Cuts as
Congress Continues to Work on a Replacement of the Flawed SGR Formula

Section 101. Physician Payment Update
This provision prevents a 20.1% cut in reimbursements for physicians treating Medicare patients on January 1, 2014 and replaces it with a 0.5% increase until April 1, 2014. The Sustainable Growth Rate (SGR) is a formula that creates yearly spending targets for physician services under Medicare. Due in part to flaws in the SGR policy, Congress has overridden these formula driven cuts for over a decade.

Section 102. Extension of the Medicare Work GPCI Floor
This provision extends the Medicare GPCI floor until April 1, 2014. The Geographic Practice Cost Index (GPCI) is used by the Centers for Medicare and Medicaid Services to determine allowable payment amounts to physicians for medical procedures. The three GPCI's (work, malpractice, and practice expense) are used to adjust payments for resource costs that vary geographically. In 2003, Congress set in place a floor that suspends the GPCI at 1.0 for those localities with resource costs that are below the national average. Absent legislation, this floor is set to expire on January 1, 2014.

Section 103. Extension of Medicare Therapy Cap Exceptions Process
This provision extends the Medicare therapy cap exceptions process through March 31, 2014. Currently, the Medicare program has annual limitations (or caps) on the amount of expenses a patient can accrue for outpatient therapy services in a given year. In 2006, Congress created an exceptions process to this policy that allows for providers to seek and gain a waiver from the cap based upon the medical needs of the patient. This policy is set to expire December 31, 2013.

Section 104. Extension of Medicare Ambulance Add-ons
This provision extends the increased Medicare rates for ambulance services, including those in super rural areas of the country, until April 1, 2014.

Section 105. Extension of Medicare Inpatient Hospital Payment Adjustment for Low-Volume Hospitals
This provision extends the Medicare Low-Volume hospital payment for a period of 5 months. CMS has traditionally provided an additional payment to hospitals for the higher costs associated with operating a hospital with a low volume of discharges.

Section 106. Extension of Medicare-dependent Hospital (MDH) program
This provision extends the MDH program for 5 months. Established in 1987, the program was created to support smaller more rural hospitals for which Medicare patients are a significant portion of total discharges.

Section 107. Extension of Authorization for Special Needs Plans
This provision extends Medicare Advantage Special Needs Plan for 1 year. Special Needs Plans are limited to only those seniors who have specific diseases or characteristics and provide benefits, provider choices, and drug formularies tailored to best meet the specific needs of the groups they serve.

Section 108. Extension of Medicare Reasonable Cost Contracts
This provision allows Medicare cost plans to continue to operate through December 31, 2013 in an area where at least two Medicare Advantage coordinated care plans operate. Cost plans are private plans that operate in much the same ways as a Medicare Advantage plan. However, plans with cost contracts provide Medicare services on a reasonable per person amount based on the actual costs of services.

Section 109. Funding for consensus-based entity regarding performance measurement
This provision extends funding for the National Quality Forum (NQF) until currently available funds expire.

Section 110. Extension of funding outreach and assistance for low-income programs
This provision extends outreach and assistance for low-income programs through March 31, 2014 for State Health Insurance Counseling Programs (SHIPs), Area Agencies on Aging (AAAs), Aging and Disability Resource Centers (ADRCs), and The National Center for Benefits Outreach and Enrollment.

Section 201. Extension of the Qualifying Individual (QI) Program
This provision extends the QI program for 3 months. The QI program allows Medicaid to pay the Medicare part B premiums for low-income Medicare beneficiaries with incomes between 120 percent and 135 percent of poverty.

Section 202. Extension of Transitional Medical Assistance (TMA)
This provision extends the TMA program for 3 months. Transitional Medical Assistance (TMA) allows low-income families to maintain their Medicaid coverage as they transition into employment and increase their earnings. TMA expires December 31, 2013.

Section 203. Extension of Family-to-Family Health Information Centers
This provision continues the Family to Family Health Information Centers (F2F HIC) for three months to assist families of children/youth with special health care needs in making informed choices about health care in order to promote good treatment decisions, cost-effectiveness and improved health outcomes.

Section 204. Medicaid DSH Relief and Rebase
This provision relieves safety net providers of Medicaid Disproportionate Share Hospital (DSH) reductions in FY2014 and delays the scheduled FY2015 reduction for a year. The provision also provides that FY2023 allotments will be based on FY2022 levels.

Section 205. Medicare Sequester Realignment

This provision realigns the Medicare sequester in 2023 without increasing the overall effect of the sequester on Medicare providers.

Section 206. New Criteria for Long Term Care Hospital Payments and the 25% Rule

This provision establishes new criteria for patients admitted to Long Term Care Hospitals (LTCH) in order for the LTCH to receive the increased LTCH rate. Specifically, the provision provides that patients with stays longer than three days in an Intensive Care Unit (ICU) or are on a ventilator, qualify for the higher payment rate. All other cases are reimbursed at the equivalent of a stay in an inpatient facility. The provision also delays application of the 25 percent rule for 3 years.

Section 207. Delays "Two-Midnight Rule" for Hospitals

The provision prevents HHS from enforcing the "two-midnight rule" and associated Agency guidance for an additional six months expiring on October 1, 2014. The two-midnight rule requires a patient stay of two-midnights in a hospital to qualify for inpatient status; stays less than that are determined to be observation status. HHS has previously delayed enforcing this policy for 6 months.