

A P P E N D I X

B

**Review of CMS's letter
concerning the 2016 fee
schedule for physicians and
other health professionals**

Review of CMS's letter concerning the 2016 fee schedule for physicians and other health professionals

The Medicare Payment Advisory Commission's (MedPAC's) authorizing legislation requires the Commission to annually assess Medicare's proposed update to the fee schedule for physicians and other health professionals and report our technical assessment in our June report to the Congress. In recent history, this update has been governed by the sustainable growth rate (SGR) formula. In April of this year, the Congress passed, and the President signed into law, the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). This legislation repealed the SGR-based updates and replaced them with updates specified in law beginning in 2015.

In its April 27, 2015, letter to the Commission, CMS observed that, because MACRA repealed the SGR and replaced its updates with amounts specified in law, "we

will no longer estimate the CF [conversion factor] update or SGR, and there will no longer be any 'data used in making these estimates.'"

We concur with CMS's assessment that MACRA has effectively eliminated the requirement that the agency transmit to MedPAC information related to the calculation of the estimated update produced by the SGR. By implication, MACRA also therefore nullifies the requirement that the Commission review that estimate. Absent further statutory changes, this will be the last year that we address this issue as part of our June report. We will, however, continue to perform our annual assessment of Medicare payment adequacy under the fee schedule for physicians and other health professionals and report our findings annually in our March report to the Congress. ■