Congress Considers Price Tag of Permanent “Doc Fix”

Medicare Budget Under SGR vs. Medicare Costs
(conceptual)

In 1997, Congress created the Medicare Sustainable Growth Rate (SGR) to tie the Medicare budget to the economy’s growth. However, health care spending soon outpaced the economy.

Cost Difference Between 2013 Short-Term and 2014 Permanent Doc Fixes
(in billions of dollars)

Analysis

- Current authorization for the SGR expires on March 31, at which point doctors’ payments may be cut by more than 24%
- Both parties agree the doc fix should be made permanent; however, Democrats and Republicans are divided over how to pay for that policy, which the CBO currently prices at $138 billion over the next decade
- Interestingly, this price tag is less than the cost of multiple short-term fixes; over the past ten years, Congress has spent approximately $150 billion in temporary payment patches, about 8% more than a permanent fix would cost
- However, as the expiration for current authorization nears, it is likely Congress will move forward with a temporarily cheaper nine-month solution