



For Immediate Release  
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**Floor Statement of Senator Max Baucus (D-Mont.)  
Regarding the Medicare Improvements For Patients And Providers Act**

Today I rise to urge passage of S. 3101, the “Medicare Improvements for Patients and Provider Act.”

This is the right bill for America’s seniors and the health care providers who treat them. It’s a balanced bill, and it enjoys strong bipartisan support.

It hasn’t been easy to get to this point. I have engaged in earnest negotiations with Senator Grassley, Minority Leader McConnell and the administration to reach a compromise on this bill.

After several weeks of talks, it became clear that we would not be able to reach agreement on a bill that’s fair to both rural and urban areas, and that balances the need to help America’s seniors with the need to address the pending payment cut for Medicare providers.

So I’ve worked with Democrats and willing Republicans to craft this legislation – the right legislation – and I urge all Senators to enthusiastically support it.

There is urgency in this call for support. We must act now to block the cuts that Medicare’s doctors will face on July 1st.

This legislation gives doctors a decent, measured increase in reimbursement that doesn’t explode costs or excessively raise premiums.

It includes provisions to improve the quality of care that is provided and – as is so urgently needed – increases access to primary care.

It will also save lives and reduce costs by requiring doctors to use e-prescribing by 2011 whenever they give Medicare patients prescriptions.

But the legislation goes further. It also takes care of America’s seniors.

First, it expands access to preventive services. Preventive care can identify health problems before they become health catastrophes.

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To help beneficiaries identify medical conditions and risk factors early, this bill allows new preventive services to be added to the program, so long as they are recommended by the U.S. Preventive Services Task Force and approved through regular regulatory channels.

Second, the bill finally gets rid of the discriminatory copayment rates for seniors with mental illnesses.

Many older Americans experience depression and other mental health problems, but Medicare currently requires a much higher co-payment for mental health services.

That co-payment is 50 percent – compared to the 20 percent required for physical health care services.

This legislation lowers co-payments for seniors' mental health services until they match other co-pays – making sure that seniors can afford the screening and treatment they need.

The bill also expands the drug benefit's coverage to include benzodiazepines and barbiturates used for epilepsy and mental health treatment.

Third, for low-income seniors this Act expands programs that help with their out-of-pocket costs.

Medicare pays many health costs for seniors, but some low-income beneficiaries need extra help to afford even basic care.

And although subsidies are available through the Medicare Savings Programs, or MSPs, beneficiaries must prove their assets are low enough to qualify.

The assets test for these programs has not been raised since 1989 – even though the cost of living, and certainly the cost of medical care, has increased astronomically since then.

The bill takes an important step to improve access for these beneficiaries by increasing the level of savings that MSP applicants may have and still qualify for help.

We also discount the value of life insurance policies and financial help from churches or family members from counting against a senior's eligibility for assistance.

Fourth, this bill protects seniors from unscrupulous marketing practices by private health plans.

Countless reports have surfaced about aggressive, fraudulent and even abusive sales and marketing practices used by Medicare Advantage plans, the private plan option in Medicare.

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This legislation builds on the CMS-proposed rule to ban abusive marketing of Medicare Advantage and other plans once and for all.

The Medicare Improvements for Patients and Providers Act takes important steps to shore up our health care system in rural areas.

It ensures that hospitals in these areas get the resources they need to keep their doors open, and expands access to tele-health services.

It also includes important relief for ambulance providers and physicians serving rural areas.

Pharmacy payments are another area where the legislation makes important improvements.

Pharmacies are an integral part of the health care infrastructure in America.

Prescription drugs play a huge role in medical treatment, and many people see their pharmacists more regularly than their physicians. Pharmacists are also vital to the ongoing success of the Part D prescription drug benefit.

Changes in this bill – including fairer and more timely payments to those who dispense drugs to our nation’s senior citizens – can make the benefit work better for pharmacists, and thereby for seniors.

Furthermore, this Act would save valuable Medicare dollars by providing one, fully-bundled payment for all End-stage Renal Disease-related services.

This will improve the quality of care these vulnerable beneficiaries receive by balancing incentives and instituting a rigorous quality improvement program.

And, for the first time, dialysis facilities will receive a permanent, market-based update to their payments each year, to make sure that Medicare payments keep up with their costs.

One of the questions I’m asked most about is how this bill would address Medicare Advantage payments.

Federal spending for private Medicare Advantage (MA) benefit plans – including health maintenance organizations, preferred provider organizations, and private fee-for-service plans – has grown rapidly since Congress increased payments for MA in the Medicare Modernization Act of 2003.

CBO tells us that the federal government will pay these private plans \$74 billion in 2008 – at a rate 13 percent higher than traditional Medicare fee-for-service providers receive.

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In sum, every Medicare beneficiary in the country, regardless of whether they are enrolled in an MA plan or remain in traditional fee-for-service, will pay \$2 extra per month to subsidize these extra payment rates.

Private fee-for-service plans, in particular, get a special deal that costs taxpayers and beneficiaries alike.

The law doesn't require these plans to sign contracts with hospitals or doctors – rather, providers are “deemed” part of the network.

And plans can pay these providers 100 percent of traditional fee-for-service rates even as they receive 117 percent of that rate in reimbursement from Medicare.

They are also exempt from reporting quality measures that all other plans must report. In other words, they have a good deal. Too good of a deal.

Another – and just as obvious – example of how Medicare pays these plans too much is the double payment for indirect medical education (IME). So-called IME payments are intended to defray the higher patient care costs at facilities with graduate medical education programs.

But these payments are made twice: once to the facility itself, and again to Medicare Advantage plans, with no requirement that plans pass the IME funding along to teaching hospitals.

This bill will save taxpayers \$13 billion over five years by requiring private-fee-for-service plans to form provider networks and eliminating the double payment for IME to MA plans.

It will also require private fee-for-service plans to report on quality measures like other plans are required to do.

Some in the Senate, and many in the Bush Administration, oppose any reforms to private fee-for-service plans.

They oppose protecting beneficiaries from private plans' unscrupulous marketing practices.

Just as regretfully, they oppose expanding access that poor seniors have to assistance with their out-of-pocket costs, and to evidence-based preventive services.

So now we in the Congress have a choice. We can protect private health insurance plans. We can leave low-income beneficiaries behind. We can neglect our obligations to ensure that the Medicare program works for all seniors.

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Or we can do the right thing.

We can pass meaningful, bipartisan Medicare legislation that, yes, blocks the cuts to physician payment, which is absolutely crucial, but which does so much more – that brings much-needed relief to rural areas, improves quality, and cuts costs in the appropriate places.

That's what we ought to do. That's what America's seniors deserve.

I urge my colleagues to support passage of this balanced legislation.

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