



Committee On Finance

Max Baucus, Chairman

NEWS RELEASE

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Summary of the Baucus-Grassley Beneficiary Access and Medicare Payment Equity package

MEDICARE PROVIDER PROVISIONS

Rural Health Care Improvements

- Equalize payments for rural and small urban hospitals
- Wage index changes: labor-related share for hospitals with a wage index below 1.0 is 68% for FY03-05; current law for hospitals with a wage index above 1.0
- Medicare disproportionate share (DSH) payments: increases the DSH adjustment for rural providers to 10% (phased-in over ten years)
- Temporary relief for non-teaching hospitals
- Extend hold harmless from outpatient PPS for small rural hospitals for one year
- 5% add-on for clinic and ER visits for small rural hospitals
- 2-year reasonable cost payments for diagnostic lab tests in SCHs
- Critical Access Hospital (CAH) improvements
- Equalize payments for physicians in rural areas for 2003-2005
- Incentive payments for physicians in underserved areas
- Extension of 10% rural add-on for home health through 2004
- 10% add-on for frontier hospice
- Ground Ambulance: 5% increase for rural
- Capital infrastructure loan program

Provisions Relating to Medicare Part A

- Full update for sole community hospitals and "market basket" minus -0.25% for all other hospitals
- IME Adjustment: 6.50% in FY03, 6.50% in FY04; 6.0% in FY05
- Puerto Rico: 75%-25% Federal-Puerto Rico blend beginning in FY 03
- Geriatric GME
- Increase to nursing component of RUGs: 13% in FY03, 11% in FY04, 9% in FY05
- Require collection of staffing data; require staffing measure in CMS quality initiative
- Allow payment for hospice consultation services

- Permit hospices to contract for services with other hospices for extraordinary, exigent, and other non-routine circumstances

Provisions Relating to Medicare Part B

- Physician payment increase (same as House-passed version)
- Extension of treatment of certain physician pathology services for 2 years
- Competitive bidding for DME: Continue demos for FY 03; begin national phase-in FY 04; only applies to MSAs over 500,000
- ESRD: Increase composite rate 1.2% in 2003-2004
- Air Ambulance: medical necessity criteria for air ambulance services
- Exempt orphan drugs from outpatient pass-through

Provisions Relating to Medicare Parts A and B

- Eliminate 15% reduction for home health services; adjust updates in FY03-05
- Geriatric care assessment demonstration program

Medicare+Choice Provisions

- Increase minimum updates from 2% to 4% in 2003 and 3% in 2004
- Extend cost contracts for 5 years
- Extend the Social HMO Demonstration through 2005
- Extend specialized plans for special needs beneficiaries for 5 years (Evercare)
- Extend 1% entry bonus for M+C for 2 years. Bonus does not apply for private fee-for-service or demonstration plans
- Clarifies Secretary's authority to disapprove unreasonable cost-sharing

MEDICAID/CHIP PROVISIONS

- Medicaid DSH: Extend inflation updates to 2003, 2004 and 2005 allotments
- Low Medicaid DSH: 3% cap for FY 03-05
- FMAP increase: Temporary increase in Medicaid matching rate for one year; \$1 billion increase in Social Services Block Grant
- CHIP Redistribution: Does not fill CHIP dip, allows certain states to use a portion of unspent CHIP money to buy out Medicaid programs
- Section 1115 waiver process improvements
- 340-B for inpatient drug prices

BENEFICIARY PROVISIONS

- HOPD coinsurance buy-down
- Improved coverage of immunosuppressive drugs
- Therapy Caps: 2-year extension of moratorium
- Waiver of Part B late enrollment penalty for certain military retirees
- Cholesterol and Lipid Screening
- Extend funding for Special Diabetes Programs
- Five year extension of QI-1 Program

