



For Immediate Release  
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**BAUCUS-GRASSLEY MEDICARE BILL TO BECOME LAW,  
INCLUDES HELP FOR RURAL SENIORS, PAYMENT UPDATE**  
*Finance leaders will revisit broad Medicare reform in second session of 110th*

**Washington, DC** – Medicare legislation authored by Senate Finance Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) is now slated to become law, after its approval by the House of Representatives this afternoon. The Baucus-Grassley Medicare bill will stop a ten percent cut in Federal reimbursement of Medicare doctors for six months and provide a half-percent update in payments, and will extend a number of expiring provisions including measures to ensure rural seniors' access to care. The bill also extends authorization for the Children's Health Insurance Program (CHIP) through March 31, 2009, and extends funding for Transitional Medicaid Assistance and special diabetes programs. Following today's House action, the bill now moves to the White House for signature into law.

**“This bill promises America’s seniors, and particularly those in rural areas, access to their doctors and to quality health care as the new year begins,”** said Baucus. **“But the Finance Committee will move aggressively on broader Medicare reform in the next session of Congress. Changes that make every part of Medicare better for seniors are sorely needed. A hard look at Medicare Advantage is now overdue. Work on comprehensive Medicare legislation will continue and see completion in the early part of 2008.”**

Grassley said, **“This bill includes essential policies for the government to make sure doctors can continue to treat Medicare beneficiaries and to preserve health care services in rural areas of the country. It’s a six-month extension that serves as a stop-gap until Congress can take care of the important Medicare business that got backed up this fall. This package also tells states what they need to know for the year ahead as they administer the children’s health insurance programs that low income families with children rely on. The longer extension of SCHIP will allow Congress to enter the new year with a renewed focus on reauthorization while also providing funding certainty to states.”**

A summary of the Medicare provisions follows here:

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## Summary of the Medicare, Medicaid and SCHIP Extension Act of 2007

### Title I - Medicare

**Increase in physician payment update; extension of the physician quality reporting system.** Replaces the scheduled 10.1% cut to the Medicare physician reimbursement rate in 2008 with a 0.5% increase through June 30, 2008. Extends the physician quality reporting system. Revises the Physician Assistance and Quality Initiative fund.

**Extension of incentive payment program for physician scarcity areas.** Extends a provision that provides a 5% bonus payment to physicians practicing in physician shortage areas through June 30, 2008.

**Extension of the floor on work geographic adjustment.** Extends for six months the work geographic index (GPCI) floor of 1.0 through June 30, 2008.

**Extension of treatment of certain physician pathology services.** Extends for six months the provision that allows independent laboratories to continue to bill Medicare directly for the technical component of certain physician pathology services provided to hospitals as authorized by the Balanced Budget Act of 1997 through June 30, 2008.

**Extension of exceptions process for therapy caps.** Ensures Medicare beneficiaries access to therapy services through June 30, 2008.

**Extension of payment rule for brachytherapy; extension to therapeutic radiopharmaceuticals.** Extends the current “charges to cost” methodology which provides a separate payment for brachytherapy services through June 30, 2008. Includes therapeutic radiopharmaceuticals in this provision.

**Extension of reasonable costs payments for certain clinical diagnostic laboratory tests in rural areas.** Provides reasonable cost reimbursement for clinical lab tests performed by certain small rural hospitals as part of their outpatient services through June 30, 2008.

**Extension of authority of specialized Medicare Advantage plans for special needs individuals.** Extends the authority of specialized plans to target enrollment to certain populations through 2009. Includes a moratorium on new plans and expanded service areas through December 31, 2009.

**Access to Medicare reasonable cost contract plans.** Extends section 1876 authority for cost contracts through December 31, 2009.

**Adjustment to the Medicare Advantage stabilization fund.** Removes \$1.5 billion from the stabilization fund for regional preferred provider organizations in 2012.

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**Medicare secondary payer reporting requirements.** Requires the submission of data by group health plans and liability insurers to the Secretary of Health and Human Services that is necessary to appropriately identify individuals for whom Medicare is the secondary payer.

**Payment for Part B drugs.** Implements HHS OIG recommendation to require CMS to adjust its Average Sales Price (ASP) calculation to use volume-weighted ASPs based on actual sales volume. Establishes an appropriate reimbursement rate for generic albuterol.

**Payment rate for certain diagnostic laboratory tests.** Reimburses certain diabetes laboratory tests that are approved for home use at the same rate as other glycosylated hemoglobin tests beginning April 1, 2008.

**Long-term care hospitals.** Provides regulatory relief for three years to ensure continued access to current long-term care hospital services, while also imposing a limited moratorium on the development of new long-term care facilities. Establishes new facility and medical review requirements to ensure patients are receiving appropriate levels of care at these facilities and freezes the market basket update for the last quarter of rate year 2008. Requires the Secretary to conduct a study on long-term care hospital facility and patient criteria.

**Payments for inpatient rehabilitation facility (IRF) services.** Permanently freezes the inpatient rehabilitation services compliance threshold at 60%, effective for cost reporting periods starting July 1, 2006, and allows comorbid conditions to count toward this threshold. Sets the market basket update factor at 0% from April 1, 2008 through FY09. Requires the Secretary to study beneficiary access to inpatient rehabilitation services and care at IRFs and to make recommendations for classifying inpatient rehabilitation facility hospitals and units.

**Accommodation of physicians ordered to active duty in the Armed Services.** Extends until June 30, 2008 a provision that permits physicians in the armed services to engage in substitute billing arrangements for longer than 60 days when they are ordered to active duty.

**Treatment of certain hospitals for payment under Medicare.** Extends until September 30, 2008, provisions that have allowed certain hospitals to be eligible for wage index reclassification that were otherwise unable to qualify for administrative wage index reclassification.

**Medicare enrollment assistance.** Provides \$15 million to State Health Insurance Assistance Programs and \$5 million for Area Agencies on Aging and Aging Disability Resource Centers for beneficiary outreach and assistance.

## **Title II - Medicaid and SCHIP**

**Extension of qualifying individual (QI) program.** Provides assistance through Medicaid for low-income seniors and individuals who need help meeting their Medicare premiums. Extends this program through June 30, 2008 to continue serving current populations.

**Extension of transitional medical assistance and abstinence education programs.** Extends the Transitional Medical Assistance program (TMA) through June 30, 2008. This program helps low-income individuals transition from welfare to work by maintaining healthcare for their children. Extends the current abstinence-only education program until June 30, 2008.

**Medicaid DSH extension.** Extends authority for disproportionate share hospital funding under section 1923 of the Social Security Act for Tennessee and Hawaii through June 30, 2008.

**Moratorium on certain payment restrictions.** Imposes a six-month delay on implementation of proposed administrative regulations relating to school-based services and rehabilitation services.

**Extending SCHIP funding through March 31, 2009.** Extends the State Children's Health Insurance Program through March 31, 2009. Provides adequate funding to States for the purpose of maintaining their current enrollment through that date.

**Improving data collection.** Provides an additional \$10 million to improve data collection on the uninsured by the Census Bureau.

## **Title III - Other Provisions**

**Special diabetes program.** Extends the Special Diabetes Program through September 30, 2009 to fund type 1 diabetes research and type 2 treatment and prevention programs for Native Americans and Alaska Natives.

**Medicare Payment Advisory Commission status.** Clarifies the Medicare Payment Advisory Commission's status as an agency of Congress.

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