Side-by-Side of Major Provisions in House-Passed Version of H.R. 1 and Conference Report

House-Passed Version of H.R. 1	H.R. 1 Conference Report
Drug benefit beginning in 2006 with: • $250 annual deductible • Average monthly premium estimated at $35 • 80/20 cost sharing (government/beneficiary) for drug costs up to $2000 • Catastrophic benefit begins when out-of-pocket expenses reach $3500 (means tested for seniors with incomes over $60,000) • Low-income subsidy of 100% for those below 135% of poverty; phased out subsidies for those between 135% and 150% of poverty • Subsidy for employers of 28% of drug costs, not to exceed $5000 annually for a beneficiary. Employer-based coverage must provide at least the same coverage as the standard drug benefit. • Premium subsidies for all beneficiaries equal to 73% paid to plan sponsor. • Guaranteed access to at least two plans in each region. No federal fallback.	Drug benefit beginning in 2006 with: • $250 annual deductible • Average monthly premium estimated at $35 • 75/25 cost sharing (government/beneficiary) for drug costs up to $2250 • Catastrophic benefit begins when out-of-pocket expenses reach $3600 (no copayments for low income, copayment or 5% coinsurance for others) • Low-income subsidy of 100% for those below 135% of poverty; phased out subsidies for those between 135% and 150% of poverty • Subsidy for employers of 28% of drug costs between $250 and $5000. Subsidy excludable from taxation. Employer-based coverage must provide coverage actuarially equivalent to Medicare. • Premium subsidy of 74% paid to plan sponsor. • Guaranteed access to at least two plans in each region. Includes federal fallback.
Transitional drug discount card endorsement program, with maximum enrollment fee of $30; expires when drug benefit begins; additional transitional assistance for low-income beneficiaries (under 150% of poverty) of up to $800 per year (amount phased down for higher incomes)	Transitional drug discount card endorsement program, with maximum enrollment fee of $30, expires when drug benefit begins; additional transitional assistance for low-income beneficiaries of $600 per year
New Medicare Advantage program: • Includes Medicare+Choice and Medicare MSAs • Payments equalized with FFS in 2004; after 2004 payments increase	Private Plans: • New payment option of 100% of FFS in 2004; after 2004 payments increase by growth in Medicare FFS

by 2% or percentage growth in per capita costs, whichever is greater • Beginning in 2006, sponsors submit bids to provide MA plans that include standard drug benefit; beneficiaries who choose plans bidding below benchmark (average cost for typical enrollee) receive 75% of savings	• Local and regional plans bid in 2006 to sponsor plans; beneficiaries who choose plans bidding below benchmark (average cost for typical enrollee) receive 75% of savings
New Enhanced Fee for Service (EFFS) program: • Begins in 2006 • FFS or PPO plans bid to sponsor a EFFS plan in designated regions; up to three plans can be offered in a region • Plans must provide services equivalent to Medicare Part B and standard drug benefit	Incorporated into Medicare Advantage as regional plans
Medicare Competition: • Begins in 2010 • Establishes competitive EEFS regions with at least 2 plans, but no more than three, in addition to traditional FFS • Establishes competitive Medicare Advantage regions where at least 2 Medicare Advantage plans in addition to traditional FFS • Plans, including traditional FFS, bid to provide standard Medicare benefits, including prescription drugs	Medicare Competition: • Creates a six-year, six site demonstration program for traditional FFS and private plan competition if two private plans are offered in the area and 25% of Medicare beneficiaries are enrolled in private plans • Part B premiums for traditional FFS can not change more than 5% as a result of competition • Plans, including traditional FFS, would be paid based on the demographic and health risks of enrollees
Competitive bidding for durable medical equipment, other equipment and supplies, and off-the-shelf orthotics	Competitive bidding for durable medical equipment, other equipment and supplies, and off-the-shelf orthotics beginning in limited areas in 2007. Freeze on DME rates from 04-06.
Replaces average wholesale price (AWP) payment system for outpatient drugs with payment (beginning in 2006) based on the average price of the drug in the area	Payments for outpatient drugs of AWP minus 15% in 2004. Average sales price basis for payment beginning in 2005. Option for competitive bidding in 2006.
No income relation of Part B premium	Income relation of Part B premium. Under $80,000 single/$160,000 couple – maintain 75% subsidy as in current law. Subsidy

	phased out for higher incomes, with 20% subsidy for incomes over $200,000 single/$400,000 couple.
Annually indexes the Part B deductible for inflation	Part B deductible set at $110 in 2005 and indexed by growth in Part B expenditures thereafter.
One-year moratorium on therapy caps	One-year moratorium on therapy caps
New home health care co-payment equal to 1.5% of the national average payment per episode of care	No similar provision
Coverage under Part B for initial physical exams and biannual cholesterol screening	Coverage under Part B for initial physical exams and screenings for diabetes and cardiovascular disease
Equalizes the standardized amount under the inpatient PPS for rural and urban hospitals	Equalizes the standardized amount under the inpatient PPS for rural and urban hospitals
5% rural home health payment increase in 2004 and 2005	5% rural home health payment increase in 2004
5% physician payment bonus in areas with few primary physicians or specialists beginning in 2004	5% physician payment bonus in areas with few primary physicians or specialists from 2005 to 2007
Stops scheduled physician payment reductions in 2004 and 2005. Instead physician payments would get 1.5% payment update in 2004 and 2005.	Stops scheduled physician payment reductions in 2004 and 2005. Instead physician payments would get 1.5% payment update in 2004 and 2005.
Inpatient services payment for 2004-2006 of market basket minus 0.4% points; payment equal to market basket in 2007 and beyond	Inpatient services payment for 2004 equal to market basket. Payments reduce by 0.4 percent in fiscal years 05-07 if quality data not provided to CMS.
No similar provision.	18-month moratorium of self-referral whole hospital exemption for new specialty hospitals. Existing hospitals limited on beds that can be added.
New Chronic Care Improvement Program under Parts A and B; Medicare Advantage and EFFS plans must also have chronic care component	New Chronic Care Improvement Program under traditional FFS and Medicare Advantage
No similar provision	Provisions requiring Presidential proposal and House action if general revenue contributions to Medicare expected to exceed 45% of Medicare spending
Replaces Medical Savings Accounts (MSAs) with Health Savings Accounts (HSAs) and Health Savings Security Accounts. HSSA annual contribution limit of $2000 for singles and $4000 for	Replaces MSAs with HSAs. Total yearly tax-free contributions to an HSA are the lesser of the annual deductible under a high deductible plan or $2600 ($5150 for families) indexed annually for inflation.

families. HSA contribution limit based on deductible of catastrophic health plan.	Catch up contributions allowed for individuals over age 55.
Allows pharmacists, wholesalers, and qualifying individuals (an individual who is not a pharmacist or wholesaler) to import prescription drugs into the United States from a variety of countries.	Allows drug reimportation from Canada only if it can be certified by FDA as safe. Requires a study by FDA on major safety and trade issues regarding reimportation.

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