

Committee on Ways and Means

Medicare Prescription Drug, Improvement, and Modernization Act of 2003

How the Medicare Bill Helps Physicians and Other Providers

Payment Increase Instead of a Payment Cut. All physicians and providers such as physician assistants, nurse practitioners, occupational therapists, physical therapists and other providers paid under the Medicare Physician Fee Schedule will see a 1.5% payment rate increase under the House Bill instead of a 4.5% payment cut in 2004. This produces a net increase of 6.0% in payment rates in 2004. An additional 1.5% increase will replace another projected cut in 2005.

Reform of the Physician Payment System. To address the volatility in physician payment updates over time, the formula will be changed to use a 10-year rolling average measure of GDP instead of the current single year measure.

New 5% Bonus Payment to Physicians in Scarcity Areas. To help rural and other areas with few physicians recruit and retain more physicians, Medicare will pay a 5% bonus to physicians providing care in scarcity areas from 2005 through 2007. Both primary care doctors and specialists would be eligible for this bonus if they provide care in scarcity areas.

Floor on Geographic Adjuster for Physician Work. All areas with geographic adjusters below 1.0 will have those adjusters raised to 1.0 from 2004 through 2006. This will increase Medicare payments to physicians, and other providers under the fee schedule, in areas with below-average reimbursement.

Moratorium on Therapy Caps. Therapy caps will not apply in 2004. This moratorium ensures that beneficiaries needing extensive therapy are not denied services while Congress and the Administration work to devise an alternative to the caps.

Regulatory Reform. This bill takes sensible steps to educate providers, clarify provider rights, improve the contracting process and help educate beneficiaries. Many of these provisions will help providers better understand Medicare's program rules and regulations. Equally important are provisions that will help beneficiaries receive information on their benefits and coverage.