

Democratic Health Wins in Conference Report

Final Conference Report Drops Harmful Republican Offsets

- **PROTECTS MEDICARE BENEFICIARIES:** Democrats successfully fought Republican efforts to enact \$31 billion in major cost increases for Medicare beneficiaries. The House Republican bill would have increased income related premiums for certain beneficiaries; if applied today, this policy would have significantly increased premiums on Medicare patients with incomes below \$40,000.
- **PRESERVES THE AFFORDABLE CARE ACT:** Democrats prevented Republican attempts to undermine health reform’s mission of expanding coverage to millions of Americans. The House Republican bill would have raised \$13.4 billion by increasing taxes on people purchasing healthcare coverage in the exchange, revising the so-called “true up” policy in the Affordable Care Act. Doing so would require middle-income recipients of premium tax credits to repay more through increased taxes when they receive a pay raise, new job, or other boost in salary. The Joint Committee on Taxation estimates the House Republican provision would have resulted in 170,000 individuals losing health coverage.
- **AVOIDS CUT THAT DISPROPORTIONATELY HIT TEACHING HOSPITALS.** Democrats were able to remove a policy from the bill that would have disproportionately cut payments to teaching hospitals by lowering reimbursement for Medicare outpatient hospital evaluation and management (E&M) services. Approximately 25 percent of outpatient services at teaching hospitals are E&M, more than double the national average of 11.8 percent. In addition to training our nation’s physicians, teaching hospitals typically serve high rates of uninsured and medically complex cases, while also providing important services such as Level I burn and trauma units; payment cuts make it harder for these facilities to continue serving as safety net providers.
- **MITIGATES CUTS TO SAFETY NET PROVIDERS.** Democrats succeeded in mitigating Republican-proposed cuts to bad debt reimbursement. While the cuts are harmful for providers serving lower income patients, the policy is less austere than in the original House Republican bill. Under current law, certain providers receive reimbursement for unpaid Medicare cost-sharing and deductibles at rates of 70 to 100 percent. The House Republican bill would have lowered Medicare reimbursement for this “bad debt” to 55 percent but the conference report modifies that policy so that bad debt will be reimbursed at 65 percent. Cuts to bad debt disproportionately hurt providers that serve low-income beneficiaries, as well as those who are dually eligible for Medicare and Medicaid. Going from 55 percent reimbursement to 65 percent reimbursement reduces the savings from \$10.6 billion to \$5.9 billion over ten years.
- **SCALES BACK PERMANENT EXTENSION OF THERAPY CAPS TO OUTPATIENT HOSPITALS.** Current law places arbitrary dollar limits on the amount of physical, occupational, and speech language therapy Medicare beneficiaries can receive in non-hospital settings House Republicans wanted to expand this policy to apply the arbitrary caps to the outpatient hospital setting on a permanent basis. While the final bill does newly apply the arbitrary caps to outpatient hospital departments, as a result of Democratic

objections, the policy is only for one year, not permanently. The bill provides for a medically necessary exceptions process for patients receiving care in both the non-hospital setting and the hospital outpatient setting.

- **REMOVES BARRIERS TO TRANSITIONAL MEDICAL ASSISTANCE.** Democrats were successful in forcing House Republicans to drop a provision that would have created barriers to health coverage for low-income families transitioning from welfare to employment. Under current law, Transitional Medical Assistance (TMA) allows low-income families to maintain their Medicaid coverage up to a year, ensuring the loss of health insurance is not a disincentive to work. The House Republican bill would have increased the burden on States and families and as a result caused 100,000 individuals to lose Medicaid coverage. The conference report provides a clean extension of this policy through December 31, 2012.
- **ELIMINATES SPECIAL INTEREST GIVEAWAY.** Democrats halted House Republican attempts to insert a special interest earmark for certain physician-owned hospitals. Evidence shows that these physician-owned facilities result in increased utilization of health services without a corresponding increase in outcomes. While House Republicans were pushing to significantly increase costs for beneficiaries, they were willing to spend \$300 million on this special interest giveaway.
- **EXTENDS ADDITIONAL MEDICARE POLICIES.** Democrats were successful in reinstating three Medicare extenders that House Republicans were willing to let expire, including a provision that assists rural hospitals with outpatient hospital costs, section 508 hospital reclassifications that help hospitals cover wage costs so they can compete for skilled staff, and additional payments that increase payments for independent laboratories providing pathology services. While the latter two provisions only receive extensions for a total of six months each, the policy is an improvement over the arbitrary Republican package that allowed these policies to expire at the end of 2011. In addition, House Republicans refused to extend other Medicare provisions that help to maintain beneficiary access to mental health services and osteoporosis screening.
- **MITIGATES CUTS TO ACA PREVENTION AND PUBLIC HEALTH FUND.** Democrats were successful in restoring \$3 billion in funding that Republicans proposed cutting from the ACA Prevention and Public Health Fund, and ensuring that the Fund will become fully operational at \$2 billion each year beginning in FY 2022. This Fund provides support for various CDC public health programs, including state and local proven community-based initiatives and public health infrastructure efforts.