



**December 2011**

## **House Republican Extenders Bill: Health Provisions**

**Committee on Energy and Commerce, Democratic Staff**

### **MEDICARE EXTENDERS**

#### Section 2201 – Medicare Physician Payment Rates

This provision would prevent the 27.4 percent cut in the Medicare physician payment rates slated to beginning on January 1, 2012 and instead increase payment rates by 1 percent in 2012 and again in 2013. *CBO estimates this provision would increase spending by \$38.9 billion over 10 years.*

#### Section 2202 – Ambulance Add-On Payments

This provision would extend the add-on payments for ambulance services through December 31, 2012. *CBO estimates this provision would increase spending by \$100 million over 10 years.*

#### Section 2203 – Outpatient Therapy Caps

This provision extends the exceptions process to the annual caps on the amount of outpatient therapy services that may be provided to a Medicare beneficiary by non-hospital providers through 2013. It also extends this cap to outpatient hospital providers for the first time. *CBO estimates this provision would reduce spending by \$1.7 billion over 10 years.*

#### Section 2204 – Physician Work Geographic Adjustment

This provision provides a floor on the work GPCI, such that physicians in all areas are protected from the downward adjustment and instead receive payments based on the national average. *CBO estimates this provision would increase spending by \$500 million over 10 years.*

### **OTHER HEALTH PROVISIONS**

#### Section 2211 – Qualified Individual (QI) Program

This extends the QI Program through December 31, 2012. *CBO estimates this program would increase spending by \$700 million over 10 years.*

#### Section 2212 – Transitional Medical Assistance (TMA)

This provision extends the TMA program that provides Medicaid for those transitioning from welfare to work for 1 year and makes changes in the requirements of the program that would reduce those covered by 100,000. *CBO estimates this policy to cost \$1.2 billion over 10 years.*

#### Section 2213 – Physician –Owned Hospitals

This provision would allow physician-owned hospitals that were under construction but did not have Medicare provider numbers as of December 31, 2010, to open and expand under the whole hospital exception to the Stark antitrust laws. *CBO estimates this provision would increase spending by \$300 million over 10 years.*

### **HEALTH OFFSETS**

Section 2221 – Exchange Tax Credit and Subsidies

The provision requires greater repayment of premium tax credits and subsidies that working class families receive under the Affordable Care Act if their situation changes, for example they get a raise or bonus during the year. Additionally, this would result in 170,000 newly uninsured people. *CBO estimates this provision will save \$13.4 billion over 10 years.*

Section 2222 – Prevention and Public Health Fund (PPHF)

This provision reduces the authorization of funds to the PPHF by nearly \$11 billion. *CBO estimates this provision will reduce expenditures by \$8 billion over 10 years.*

Section 2223 – Hospital Outpatient Department Office Visit Services

This provision reduces the hospital facility fee payment, equalizing total Medicare payments for identical services, regardless of where it is furnished beginning in 2012. *CBO estimates this provision would reduce spending by \$6.8 billion over 10 years.*

Section 2224 – Bad Debt

This provision phases down the reimbursement of bad debt over 3 years beginning in 2013 to 55 percent for all providers without any protection for the bad debt resulting from dual eligible beneficiaries, disproportionately affect safety net providers. *CBO estimates this provision would reduce spending by \$10.6 billion over 10 years.*

Section 2225 – Medicaid Disproportionate Share Hospital (DSH)

This provision would continue ACA payment reductions for FY2021 and beyond. *CBO estimates this provision would reduce spending by \$4.1 billion over 10 years.*

Section 5601 and 5602 – Increasing Medicare Premiums for High Income Beneficiaries

Currently, Medicare premium shares for Parts B and D can be 35 percent to 80 percent, depending on a beneficiary's income (above \$85,000/year for individuals and \$170,000 for couples). This plan 1) increases the premium shares for the income brackets to 40.25 percent to 90 percent, beginning in 2017 and 2) freezes the income brackets beyond what was already done in ACA until 25 percent of Medicare beneficiaries are paying higher premiums in Medicare. *CBO estimates this provision would reduce spending by \$31 billion over 10 years.*