

**Senate Finance Health Care Reform Bill
Preliminary Summary of Selected Items
Based on Chairman's Mark**

(This is preliminary only – better information will be available when bill language is released.

Selected Medicare Physician Payment Provisions

SGR – 0.5% increase in 2010. No permanent fix. (p 110)

Work GPCI floor – extended for 2 years (p111)

PQRI – Extends 2% participation bonus to 2012 and adds a 1% non-participation penalty (p 79-80)

Primary Care and General Surgery Bonuses – 10% bonuses on selected procedures to selected physicians in HPSAs, partially offset by reductions in all other fees. (p101)

Therapy Caps – Extends exceptions for two years. p112

Radiology – Slowly phase in higher equipment utilization assumptions.

Expanded Physician Feedback Program – CMS would develop analysis and reports using episodes of care to compare physician resource use. Reports should eliminate the effect of geographic fee adjustments and account for differences in demographic characteristics and health status. *(Note: It's not clear that all these factors can be accurately adjusted.)* Program would begin in 2012. In 2015, physicians fees would be reduced by 5% if their resource use is above the 90th percentile. (p80-81)

RVUs – CMS charged to periodically adjust “misvalued” RVUs . (p112)

Medicare Commission – Tasked with finding methods to cut Medicare spending and given some unusual powers to get proposals heard and implemented. (p156-158)

Selected Revenue and Cost Cutting Provisions

Clinical Lab fees - \$750 million annual fees divided by market share among all providers of clinical lab services with revenues exceeding \$500,000.

Health Insurance companies -\$4 billion annual assessment divided by market share

Pharmaceutical companies – \$2.3 billion annual assessment divided by market share.

Medical Device companies - \$4 billion annual assessment divided by market share.

Tax on High-Cost Plans – Tax is imposed on the insurer or employer. Tax is 35% of the total benefit cost that exceeds \$8,000 for individual plans or \$21,000 for family coverage. Total benefit cost calculation includes premiums for health plans, dental and vision coverage plus the total FSA, HRA and excludable HSA contributions. CBO calculations predict growing revenues from this, totaling \$215 Billion over the 10-year period.

Disproportionate Share Payments to Hospitals – Cut 75%. CBO predicts \$25 B in savings over 10 years.

Medicare Advantage plans - Transition to competitive bidding. CBO projects \$123B savings over 10 years.

Medicare Part D Premium Subsidies – Higher-income Medicare beneficiaries will get reduced premium subsidies in Part D.

Physicians – annual enrollment fee to participate in Medicare of \$350

Other Selected Provisions

Insurance Reforms - Will establish federal rules which require guaranteed issue and prohibit rescissions or preexisting condition exclusions. Will also limit rate variability but not as tightly as HR3200. (p2) National plans can preempt state mandates but must be licensed in every state where they operate (p13). Plans offered must meet one of four defined benefit designs plus a fifth that would only be available up to age 25. Plans must cover preventive care with no cost sharing. (p17) Adds some transparency and accountability rules. (p38-40)

High Risk Pools - Gives immediate but temporary access to a high-risk pool for anyone who has been denied coverage, providing some funds to subsidize coverage. (p2)

Health Exchanges - Will be operated by the states and state insurance commissioners will be responsible for oversight of both state and federal rules. (p10) Exchanges must include all insurers except mini-med plans. (p15)

Keeping Current Coverage - Current coverage would be temporarily grandfathered in a way similar to HR 3200. (p12)

Interstate Purchasing of health insurance could be allowed if the states enter into “health care choice compacts” (p12)

Tax Credits – Up to 300% of federal poverty level based on “modified adjusted gross income. Credits can be paid out in advance to pay premiums. Requires eligibility verification to prevent illegal immigrants from receiving credits. (p20-21) A separate credit is available for small employers (up to 25 FTEs). (p23)

Individual Mandate - enforced with excise tax of \$750 – \$3,800. Exceptions made if premium cost net of employer contribution and tax credits exceeds 10% of AGI or for individuals below federal poverty level. (p29)

Employers – If more than 50 employees and do not offer coverage, might be subject to an assessment capped at \$400 per employee. (p31-32)

No Public Option – But creates Health Care Co-ops (p36-38)

Medicaid – Expands eligibility to all adults up to 133% of FPL, with increased federal match. Other changes. (p42, p47 - 64) Expansion of coverage for preventive care. (p73)

CHIP – Expanded eligibility and other changes. (p46)

Medicare Benefits – Expanded access to some preventive care and reduced cost sharing (p69, 70), potential elimination of payment for some services (p71). Incentives for healthy lifestyles (p72)

Accountable Care Organizations – Eligible to share in cost savings. (p89-90)

Physician-Owned Hospitals – Expands the ban on self-referral to new physician-owned hospitals. Limits growth and expansion of existing physician-owned hospitals (p174-176).