

House leaders work on \$213B plan on doc Medicare payments

March 17 2015, by Alan Fram And Andrew Taylor

Bipartisan House leaders are working on a \$213 billion plan to permanently change how doctors are paid for treating Medicare patients, a costly problem that's vexed Congress for years, a document circulating among lawmakers showed Tuesday.

Many of the tentative plan's details had already been disclosed by lobbyists, legislators and congressional aides. Some particulars were new, such as setting a 2020 starting point for higher out-of-pocket expenses for people buying new Medigap policies, which cover costs not insured by Medicare.

Lobbyists and aides have said negotiators discussed requiring Medigap beneficiaries to pay \$250 out of pocket, which proponents say would discourage people from unneeded medical expenses.

Around \$140 billion of the proposal's 10-year costs would be financed by adding to federal deficits, the paper says. That has led to criticism by some conservatives reluctant to drive up federal red ink that has fallen significantly in recent years.

Of the roughly \$70 billion remaining, around half would be paid for by boosting some beneficiaries' costs. That would include the higher Medigap costs and raising premiums that people earning over \$133,000 yearly pay for Medicare doctors and drugs.

AARP, the politically potent organization representing seniors, warned

Tuesday that the emerging deal "is not a fair deal for America's more than 50 million Medicare beneficiaries." The group has generally supported efforts to permanently rewrite the law for reimbursing doctors because physicians have threatened to treat fewer Medicare patients because of the constantly threatened cuts.

Because seniors vote in disproportionately large numbers, criticism by AARP could make it harder for some lawmakers to support the package.

The remaining \$35 billion in savings would come from Medicare providers and hospitals, though the document provides no details about that. Lobbyists have said nursing home would be among the targets for added costs.

In what appears to be a budget gimmick, the document says a shift would be made in the payments that Medicare makes to Medicare Advantage programs, private plans that some seniors choose instead of traditional Medicare.

Medicare makes such payments monthly. In the past, congressional budget writers have claimed savings by delaying payments by enough days to shift them into a new fiscal year, falling outside the 10-year window that is officially used to determine the cost of legislation.

Under a 1997 law, Medicare payments to doctors are scheduled to drop by 21 percent on April 1. Congress has repeatedly headed off similar cuts for more than a decade, and past efforts to permanently change the formula have foundered, usually over disagreements about how to pay the expenses.

Aides to House Speaker John Boehner, R-Ohio, and Minority Leader Nancy Pelosi, D-Calif., have been working behind closed doors on the agreement, which aides, lawmakers and lobbyists have said could change

as party leaders seek votes.

Numerous congressional aides and lobbyists have said the package would total \$200 billion or slightly more over a decade. But while one aide confirmed the document's \$213 billion figure Tuesday afternoon, another said later that it was not right.

Lawmakers and aides said a House vote is unlikely until at least next week. Prospects in the Senate, which has largely been a bystander in this process, are unclear.

Congress is slated to leave town for a spring break in late March. A stopgap measure to temporarily forestall the Medicare payments cuts remains possible.

The agreement would also provide extra funding for a popular program that provides health care for around 8 million low-income children a year but runs out of money Oct. 1. The document does not specify how much extra money the agreement would contain for the Children's Health Insurance Program.

Lobbyists and others have said the deal would extend the program's funding for two more years, though many Democrats say they want a four-year extension.

Under the potential agreement, the existing formula that has been forcing those cuts would be erased. A new system would give doctors an annual 0.5 percent payment increase for the first five years, followed by steps aimed at giving physicians incentives to charge patients based on the quality of their care, not the number of services they provide.

Those incentives would include 5 percent bonuses for doctors who move their billing systems away from fee-for-service, which bills patients for

the treatments they receive.

Those changes largely follow a bipartisan bill written in 2014 that failed after lawmakers could not agree on how to pay for it.

The deal would also make permanent the Qualifying Individual program, which helps some low-income seniors pay Medicare premiums for doctors, the paper says.

A host of programs that Congress typically renews temporarily, such as aid for community hospitals, would be extended for two more years.

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