

House leaders work toward bipartisan Medicare deal

March 13 2015, by Alan Fram

In a rare show of unity, top House Republicans and Democrats are working toward a \$200 billion agreement revamping how doctors are paid for treating Medicare patients, a package that would be largely financed by adding to the federal deficit, lobbyists said Friday.

Because of that red ink, some conservatives have already come out against the plan, though others back it. That means House Speaker John Boehner, R-Ohio, could need votes from House Minority Leader Nancy Pelosi, D-Calif., for the agreement, just weeks after he needed Democratic support for legislation preventing the Homeland Security Department from shutting down.

The potential Medicare deal could change as House leaders gauge support and make adjustments to win votes, said the lobbyists, who spoke on condition of anonymity to reveal details of congressional negotiations.

But its basic elements seem generally set, including an end to an 18-year-old formula that has long bedeviled Congress, repeatedly prompting lawmakers to block unrealistically deep cuts in doctors' Medicare reimbursements.

Without congressional action, the next cut—21 percent—would begin April 1. Racing that deadline, House aides have been crafting the plan behind closed doors, with Senate staff from both parties being kept informed.

Congressional passage before that deadline remains uncertain, and a temporary measure may be needed to block the cuts and give lawmakers more time to write a final package. Since allowing a 4.8 percent Medicare fee cut in 2002, Congress has passed 17 bills temporarily averting the reductions.

The new package is also expected to include money for a children's health program whose budget will soon run dry. Some lobbyists say the agreement would include around \$5 billion for the Children's Health Insurance Program, which is popular with both parties but especially so among Democrats, enough to keep it running another two years.

Under the emerging agreement, lawmakers would not pay for the roughly \$140 billion expense of eliminating fee cuts that would otherwise occur over the next 10 years, said the lobbyists.

An additional \$60 billion in the package would pay for a new system of annually updating how doctors are paid under Medicare; some other expiring Medicare and Medicaid programs; and the children's health program.

Those expenses would be financed with savings divided roughly evenly between Medicare beneficiaries and providers, though that could change, the lobbyists said.

For beneficiaries, those savings are expected to include larger premiums for the highest-earning Medicare recipients and increased out-of-pocket costs for people with Medigap policies, which cover costs not insured by Medicare.

Reimbursement cuts are possible for some nursing homes, home health providers and perhaps hospitals facing debt from patients' unpaid bills.

Both parties have long favored eliminating the 1997 Medicare formula for reimbursing doctors but clashed over how to finance that.

Conservative groups including Heritage Action for America and the Club for Growth criticized the budding proposal for its red ink, suggesting that some of the House's most conservative Republicans might continue their pattern of rebelling against their leaders.

"Americans didn't hand Republicans a historic House majority to engage in more deficit spending and budget gimmickry," said Heritage spokesman Dan Holler. He said a measure that isn't fully paid for would be "a nonstarter for conservatives."

Other conservatives said the existing formula was so harsh that its promised cuts were never real, making it unnecessary to find savings to pay for eliminating it.

"Simply removing a theoretical spending cut which will never, ever happen is a non-event," said Ryan Ellis, tax policy director for Americans for Tax Reform. "As a non-event, it does not require a pay-for."

Also expected to back the plan were many of the 17 doctors in Congress, most of them Republicans.

"I'm all in," said one of their leaders, Rep. Phil Roe, R-Tenn., saying approval would remove a time-consuming issue and clear the way for other Medicare changes Republicans want.

Another doctor, Sen. John Barrasso, R-Wyo., said he favored permanently resolving the issue and would consider whatever the House produces, even if it did not finance some costs. He said the formula was always "a phony plan."

At the same time, congressional Republicans are working on a 2016 budget that will claim that higher Medicare reimbursement rates for doctors will be paid for with cuts elsewhere in the program. That is only partly true under the potential House Medicare agreement.

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