

Committee on Ways and Means

Medicare Prescription Drug and Modernization Act of 2003

How the House Medicare Bill Helps Physicians and Other Providers

Payment Increase Instead of a Payment Cut. All physicians and providers such as physician assistants, nurse practitioners, occupational therapists, physical therapists and other providers paid under the Medicare Physician Fee Schedule will see a 1.5% payment rate increase under the House Bill instead of a 4.2% payment cut in 2004. This produces a net increase of 5.7% in payment rates in 2004. An additional 1.5% increase will replace another projected cut in 2005.

Reform of the Physician Payment System. To address the volatility in physician payment updates over time, the formula will be changed to use a 10-year rolling average measure of GDP instead of the current single year measure.

New 5% Bonus Payment to Physicians in Scarcity Areas. To help rural and other areas with few physicians recruit and retain more physicians, Medicare will pay a 5% bonus to physicians providing care in scarcity areas. This provision increases physician payments in rural areas by \$6 billion over 10 years. The bonus program is permanent, unlike the Senate provisions to help physicians in rural areas, which sunset after 4 years.

Floor on Geographic Adjuster for Physician Work. All areas with geographic adjusters below 1.0 will have those adjusters raised to 1.0 for 2004 and 2005. This will increase Medicare payments to physicians, and other providers under the fee schedule, in areas with below-average reimbursement.

Moratorium on Therapy Caps. Therapy caps will not apply in 2004. This moratorium ensures that beneficiaries needing extensive therapy are not denied services while Congress and the Administration work to devise an alternative to the caps.

Regulatory Reform. The House bill takes sensible steps to educate providers, clarify provider rights, improve the contracting process and help educate beneficiaries. Many of these provisions will help providers better understand Medicare's program rules and regulations. Equally important are provisions that will help beneficiaries receive information on their benefits and coverage.