

Committee on Ways and Means

H.R. 6111, Tax Relief and Health Care Act of 2006

Providing a Floor on the Work Geographic Adjustor

- Medicare's payment for physicians' services under the current payment has three components.
- A service's relative value is made up of a physician work component, a practice expense component, and a malpractice expense component.
- Each of these components is then adjusted by a separate geographic adjustment factor.
- The *Medicare Modernization Act of 2003* (MMA) increased the value of the work geographic adjustor for certain areas by providing a floor under payments for the work Geographic Practice Cost Index (GPCI).
- The *Tax Relief and Health Care Act of 2006* extends the MMA policy an additional year.
- This one-year extension reduces the variability in payment related to the value of a physicians' work in different areas.