

# Strengthening Medicare through Commonsense Reforms and Providing Certainty for Patients and Physicians

## Overview

The Middle Class Tax Relief & Job Creation Act bill protects and strengthens Medicare through commonsense reforms and gives seniors confidence that doctors will continue to treat them. The plan averts a 27.4 percent cut to physician payment rates and replaces that with an increase in rates by 1 percent in each of the next two years. The legislation also ends the practice of blindly extending Medicare add-on payments. Instead, the plan extends only a few provisions and incorporates long overdue and necessary reforms to ensure that taxpayer dollars and seniors' premiums are being used efficiently. Finally, the plan defunds and repeals provisions of the Democrats' health care law.

## ***Doc Fix: Providing Certainty for Physicians and Patients***

The plan provides stability and certainty for physicians and their patients by:

- Increasing physician payment rates by 1 percent in each of the next two years (2012 and 2013).
- The 2-year payment update is the longest that Congress has provided since 2004, which allows Congress and the medical community time to develop a permanent solution.

## ***Medicare Reforms: Protecting Medicare's Resources***

- For much of the last decade, Congress has blindly extended expiring Medicare add-on payments that cost billions of dollars per year. Rather than continue that expensive trend, the bill extends and reforms only four of the policies.
  - **Ambulance Add-on Payments:** The bill would maintain the add-on payment increases for ground ambulance services.
  - **Outpatient Therapy Caps:** Without Congressional action, the therapy caps exceptions process will expire and Part B outpatient therapy services provided by non-hospital providers would be capped at \$1,880 beginning in 2012. The bill would extend and improve the therapy caps exceptions process through December 2013, while reducing the deficit by \$1.7 billion over the next 10 years.
  - **Physician Work Geographic Adjustment:** The extension in this program maintains a provision that provides for higher physician reimbursements in certain areas by extending a floor on the work component of their payment.
  - **Qualified Individual (QI) Program Extension:** The bill would extend the QI program, which provides assistance to low-income seniors (those with incomes between 120 and 135 percent of poverty) for their Medicare Part B premium.
- The bill includes a requirement that a number of studies be conducted related to the various extended programs to ensure that taxpayer dollars and seniors' premiums are spent wisely so that the Medicare resources seniors depend on are available for future beneficiaries.
- Adopting a recommendation of President Obama, the bill reduces subsidies to high-income seniors by requiring them to pay a greater share of their Part B and D premiums – reducing spending by \$31 billion.

## ***Repealing Key Components of the Democrats' Health Care Law***

The Democrats' health care law is a trillion-dollar, massive expansion of government that has increased costs for families, employers, and seniors. This bill takes steps to reverse this damage by:

- Preventing \$13.4 billion in wasteful overpayments of Exchange subsidies.
- Repealing provisions in the law that hurt physician-owned hospitals.
- Rescinding \$8 billion from the Harkin Prevention Fund.\*
- Reducing Medicaid spending (DSH rebase) by more than \$4 billion.\*

## **By the Numbers**

- Congress has enacted legislation to avert scheduled cuts to physician payment rates that have been called for under the Sustainable Growth Rate every year since 2003.
- Under a Democratic-controlled Congress, the doc fix was extended 9 times.
- The average duration of those extensions was for just over 5 months at less than half of a percentage point.

\*Energy and Commerce has sole jurisdiction over this provision