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Baucus, Grassley Reach Tentative Deal On Medicare Fix

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by Anna Edney

With just a few days to go before Congress goes home and physicians are hit with a Medicare pay cut, Senate Finance Committee leaders reached a tentative bipartisan deal on Medicare legislation and are awaiting CBO scores, Senate Finance Chairman **Max Baucus** said today. The news coincided with House passage of a version of Baucus' original Medicare bill with a veto-proof majority, 355-59, despite expectations that Democrats would not get the two-thirds majority needed to pass the bill under suspension of the rules. The White House today issued a veto threat against the measure. Shortly after the House vote, **Senate Majority Leader Reid** said the Senate will take up the House bill, despite news of the possible Senate deal.

Baucus did not discuss details of the compromise he worked out with Senate Finance ranking member **Charles Grassley**, but industry sources say the compromise prevents a 10.6 percent Medicare physician pay cut for 18 months by giving physicians a 0.5 percent Medicare payment increase in 2008 and freezing payments in 2009. By contrast, the House-passed measure bumps up physicians' pay 1.1 percent in 2009. Baucus and Grassley agreed to scale back expanding Medicare low-income assistance that was originally in Baucus' bill. Industry sources said the compromise measure is not paid for with reductions in government payments for Medicare Advantage private fee-for-service plans -- a provision included in Baucus' original bill and in the House-passed measure that attracted an administration veto threat. Instead, the Senate agreement will further cut payments to plans for duplicative Medicare Advantage indirect medical education.

The Senate compromise also includes a \$600 million cut in Medicare payments for oxygen suppliers on top of a 9.5 percent cut imposed to pay for a Medicare durable medical equipment competitive bidding program delay. When Baucus was attempting to garner support during the Senate's cloture vote on his original bill, he offered to cut the stand-alone oxygen cut, but the offer did not extend through negotiations. Oxygen suppliers floated numbers showing that the two cuts in the compromise language, coupled with a cut implemented by the Deficit Reduction Act, would result in a 33 percent reduction in Medicare payments to oxygen providers next year. When the Senate recently took up Baucus' original bill, Democrats came close to gaining enough Republicans to limit debate on the measure. House Ways and Means Chairman **Charles Rangel** said today the House vote puts the chamber on record regardless of what happens in the Senate.

