

APRIL 11, 2008

Senate Medicare Bill Will Side-Step Committee

In an April 8 interview, Senate Finance Committee Chairman Max Baucus (D-MT) told reporters that long-anticipated Medicare legislation would bypass the committee process and would be considered by the full Senate in mid-May. The bill is expected to provide physicians with an 18-month payment increase, modify the Part D low-income subsidy, phase-in mental health parity co-payment reductions, and reduce co-payments for preventive services. While Baucus said payments to managed care plans will be cut to help finance the legislation, he declined to specify which other Medicare providers may have their funding reduced to offset the package.

Trustees' Report Predicts Medicare Insolvency

On March 25, the Medicare Trustees issued their annual report to Congress, which indicated that Medicare's Part A hospital insurance trust fund will become insolvent in 2019. Part A is projected to begin paying more in benefits than it collects in payroll taxes this year. The trustees projected that Medicare costs will increase from 3.2 percent of GDP in 2007 to approximately 10.8 percent of GDP in 2082. The report blamed the growing cost of Medicare on the continued growth in the volume and medical intensity of services, the beginning of the retirement of the baby boomers around 2010, and the introduction of the Medicare prescription drug benefit in 2004.

CMS Issues E-Prescribing Standards

In the April 7 issue of the Federal Register, CMS published new standards for e-prescribing in Medicare Part D that will take effect April 1, 2009. The standards, which are intended to improve the safety, cost, and efficiency of the program, establish protocols for prescribers to communicate with Part D plans about formularies. This will allow physicians to know at the point of writing a prescription which drugs are covered by their patients' Medicare drug plans. The rule also allows physicians, dispensers, and Part D plans to communicate among one another about which prescription drugs patients are taking to help avoid negative drug interactions and events. The standards call for dispensers to notify doctors when patients pick up or fail to pick up prescriptions and when prescriptions have been partially filled. The final rule also will require physicians, dispensers, and Part D plans to use National Provider Identifier numbers.

House Panel Votes to Delay Medicaid Regulations

The Energy and Commerce Health Subcommittee approved legislation (H.R. 5613) April 9 that would impose a moratorium on seven controversial Medicaid regulations until April 1, 2009. A bipartisan group of legislators crafted an amended version of the proposed "Protecting the Medicaid Safety Net Act" that was approved by voice vote. At the mark up, Rep. Joe Barton (R-TX), the full committee's ranking member, said he is "reasonably confident" that President Bush will not veto the amended bill. The moratorium would apply to recently issued CMS rules that would reduce or prohibit Medicaid reimbursements for public and teaching hospitals; narrow Medicaid coverage for outpatient hospital services, rehabilitation services, school-based administrative and transportation services, and case management services; and restrict how states raise funds for Medicaid. The full committee will likely consider the bill the week of April 14.

