



SUMMARY OF KEY MEDICARE PROVISIONS IN H.R. 3200 AND SENATE FINANCE COMMITTEE CHAIRMAN'S MARK

KEY MEDICARE PROVISIONS	H.R. 3200: America's Affordable Health Choices Act of 2009 (as introduced on July 14, 2009 and amended ¹)	Senate Finance Committee Chairman's Mark: America's Healthy Future Act of 2009 (passed by the Committee on October 13, 2009)
Benefit and Premium Changes (Parts A and B)	<ul style="list-style-type: none"> Eliminates coinsurance and deductibles for prevention benefits; covers all recommended vaccines Increases asset test threshold to determine eligibility for the Medicare Savings Program for low-income beneficiaries Eliminates 36-month limit on coverage of immunosuppressive drugs for kidney transplant recipients 	<ul style="list-style-type: none"> Eliminates coinsurance and deductibles for prevention benefits Provides annual comprehensive health risk assessment and a personalized prevention plan, not subject to coinsurance or deductibles Freezes thresholds for Part B income-related premium through 2019 (at \$85,000/individual; \$170,000/couple) No improvements in eligibility for Medicare Savings Program
Prescription Drug Benefit (Part D) Reforms	<ul style="list-style-type: none"> Modifies initial coverage and catastrophic thresholds to eliminate coverage gap by 2023; provides a 50% discount on brand-name drugs in the gap Increases asset test threshold for the Part D low-income subsidy program Applies Medicaid rebates for dual eligible beneficiaries in Part D plans Allows the government to negotiate with drug manufacturers prices (<i>Energy & Commerce amendment</i>) 	<ul style="list-style-type: none"> Does not modify thresholds to eliminate coverage gap; provides 50% discount on brand-name drugs in the coverage gap; enrollees who pay high-income Part B premium and LIS recipients are ineligible for discount Reduces the Part D premium subsidy for high-income enrollees consistent with Part B income-related thresholds Simplifies and categorizes Part D plan information provided to beneficiaries
Medicare Advantage Reforms	<ul style="list-style-type: none"> Phases Medicare Advantage plan payments to equal the costs of traditional Medicare by 2013; provides bonuses for quality/improved-quality plans Prohibits plans from imposing cost-sharing requirements higher than under traditional Medicare Publishes plans' medical loss ratios, imposes plan penalties for low ratios, and increases plan penalties for marketing rule violations 	<ul style="list-style-type: none"> Restructures payments to Medicare Advantage plans, based on average bids by plans in each area; provides bonuses for quality/improved-quality plans Prohibits plans from imposing cost-sharing requirements higher than under traditional Medicare for some services Establishes new rules for use of rebates and bonuses for additional benefits
Physician Payment Reforms	<ul style="list-style-type: none"> Increases physician payments to prevent 21.5% cut in fees in 2010, and updates fees in future years based on new physician payment formula 5% bonus for some physicians in primary care; 5% bonus for practicing in an underserved area 	<ul style="list-style-type: none"> Increases physician payments to prevent a 21.5% cut in fees in 2010; no change in formula for future years 10% bonuses to some physicians in primary care; 10% bonus for practicing in an underserved area
Other Provider Payment Reforms	<ul style="list-style-type: none"> Reduces annual updates to Medicare payment rates for inpatient hospital, home health, skilled nursing facility and other providers, and incorporates adjustments to reflect expected gains in productivity Reduces payments to hospitals with high rates of preventable readmissions; requires reporting of hospital-acquired infections Additional payments for rural health care providers and facilities 	<ul style="list-style-type: none"> Reduces annual updates to Medicare payment rates for inpatient hospital, home health, skilled nursing facility and other providers, and incorporates adjustments to reflect expected gains in productivity; establishes a hospital value-based purchasing and quality reporting program Reduces payments to hospitals with high rates of preventable readmissions and hospital-acquired infections Additional payments for rural health care providers and facilities
Health System Reforms and Other Key Provisions	<ul style="list-style-type: none"> Establishes pilot programs for bundling payments for post-acute care, accountable care organizations, and medical homes Establishes an Innovation Center within the Centers for Medicare & Medicaid Services to test payment reforms to improve quality and reduce costs (<i>Energy and Commerce amendment</i>) Repeals the "45% trigger" provision established by the Medicare Modernization Act Calls for Institute of Medicine study and recommendations on geographic payment variation 	<ul style="list-style-type: none"> Establishes pilot programs for bundling payments for post-acute care and providing transition services to avoid preventable rehospitalization Payments for coordinated care through accountable care organizations Establishes an Innovation Center within the Centers for Medicare & Medicaid Services to test payment reforms to improve quality and reduce costs Establishes new, independent Medicare Commission to submit proposals to Congress to reduce excess Medicare cost growth by targeted amounts; Commission cannot propose changes in benefits, eligibility, or taxes; if Congress does not act, proposals take effect automatically

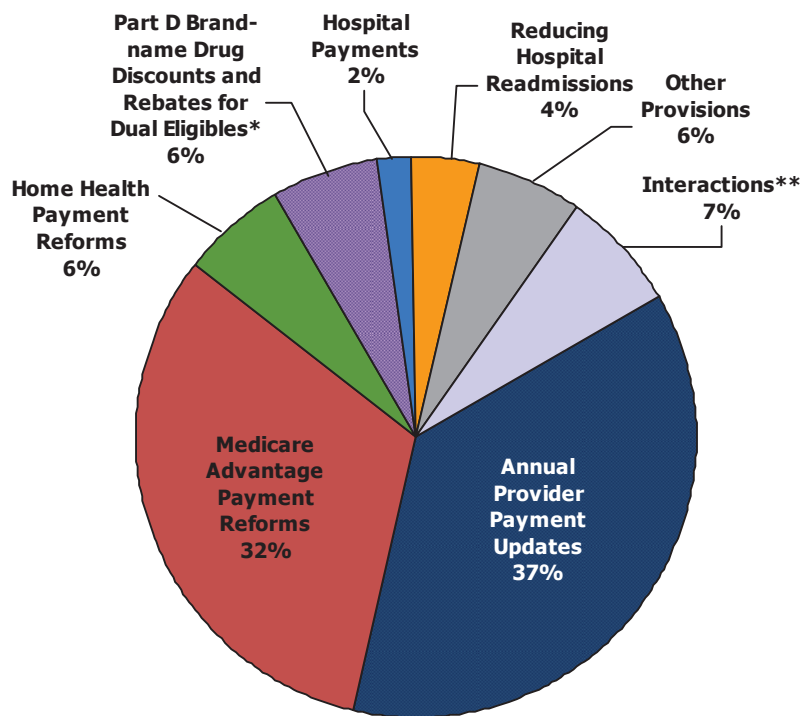
For a detailed description of these and other Medicare provisions, see www.kff.org/healthreform/7948.cfm.

¹As amended by the House Committee on Ways & Means and the House Committee on Energy & Commerce; the House Committee on Education & Labor adopted the bill with no amendments to Medicare-related provisions.

Medicare Savings and Spending in House Bill (H.R. 3200) "America's Affordable Health Choices Act of 2009"

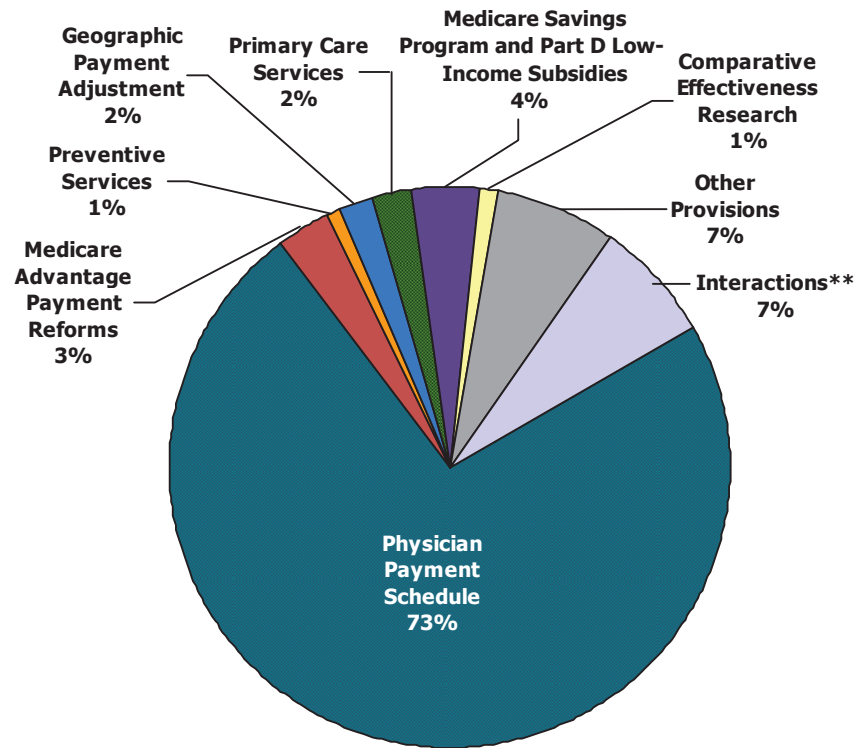
Based on CBO 10-Year Estimates (2010-2019)

Medicare Savings



Ten-Year Savings = \$538.5 Billion

Medicare Spending



Ten-Year Spending = \$320.4 Billion

Source: Kaiser Family Foundation analysis of Congressional Budget Office (CBO) cost estimates as provided on July 17, 2009, and Joint Committee on Taxation (JCT) estimates as provided on July 14, 2009 for H.R. 3200.

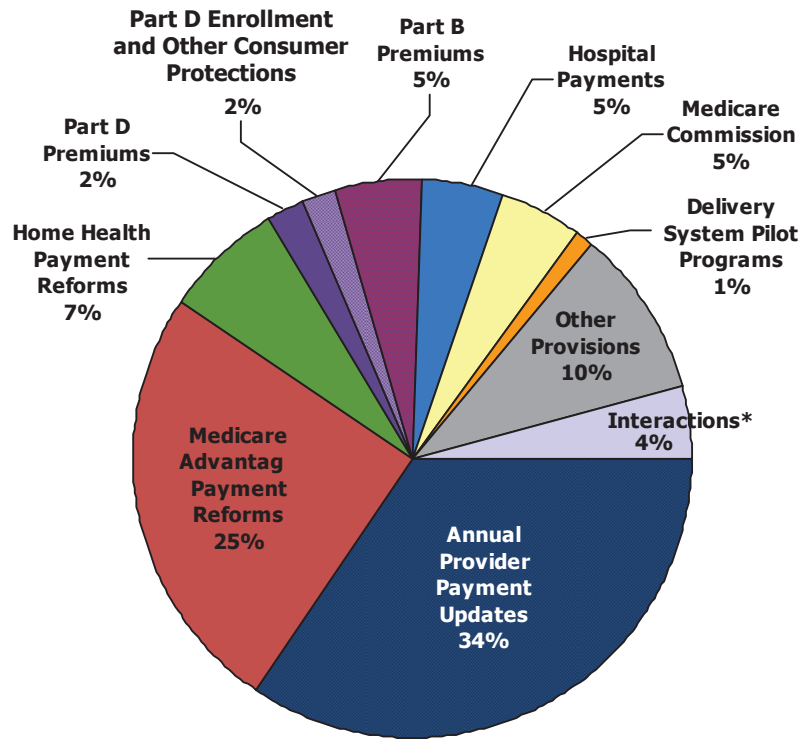
Notes: *Medicare savings for the Part D coverage gap and rebates for dual eligibles includes the spending to close the coverage gap; CBO does not display these estimates separately.

**Savings include interactions with premiums, Medicare Advantage, and 340B; Spending includes interactions with TRICARE and Medicaid.

Medicare Savings and Spending in Senate Finance Committee Chairman's Mark "America's Healthy Future Act of 2009"

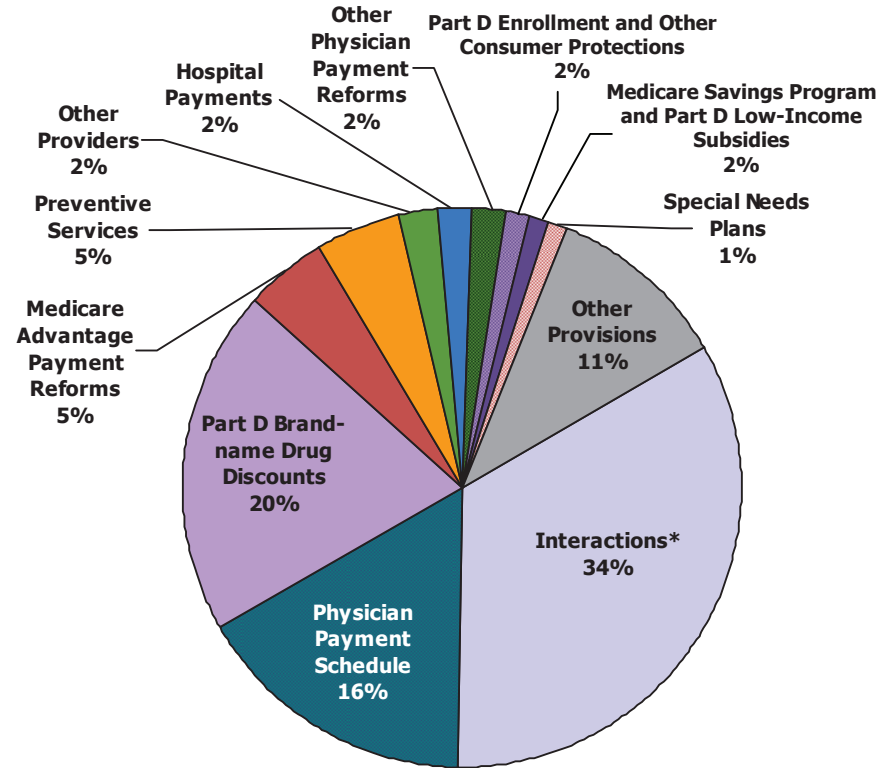
Based on CBO 10-year Estimates (2010-2019)

Medicare Savings



Ten-Year Savings = \$470.2 Billion

Medicare Spending



Ten-Year Spending = \$91.3 Billion

Source: Kaiser Family Foundation analysis of Congressional Budget Office (CBO) cost estimates as provided on October 7, 2009.
Notes: *Savings include interactions with premiums and Medicaid; spending includes interactions with Medicare Advantage and TRICARE.