

Senate Finance Committee Reconciliation Package

ACHIEVES SIGNIFICANT BUDGET SAVINGS, REDUCES WASTEFUL SPENDING, TARGETS RESOURCES TO IMPROVE MEDICAID AND MEDICARE

Strengthens and Improves Medicaid and SCHIP:

- *Directs resources where they are needed* by achieving state and federal savings and improving access to health care for vulnerable populations.
- *Promotes access to health care.*
 - Ensures continuity of health coverage for low income children by providing funding to states that face shortfalls in the State Children’s Health Insurance Program (SCHIP) and expanding outreach and enrollment activities to get more kids covered. (Sections 6051-6054.)
 - Expands Medicaid benefits through the Family Opportunity Act so that parents of severely disabled children can go to work and earn above-poverty wages while maintaining vital services for their severely disabled children. (Sections 6041-6045.)
- *Achieves savings, preserves services, protects beneficiaries.*
 - Helps state Medicaid programs obtain millions in payments owed by third party payors each year. (Section 6021.)
 - Ends drug manufacturer gaming of the system by closing the authorized generic loophole so that appropriate rebates are paid to states. (Section 6003.)
 - Balances savings from pharmacy payment changes with an increase in the rebate paid by drug manufacturers to 17%. (Section 6002.)
- *Cracks down on Medicaid fraud and abuse.*
 - Encourages states to aggressively pursue Medicaid fraud by implementing state false claims acts, which at the federal level is the single most important tool U.S. taxpayers have to recover the billions of dollars stolen through fraud every year. (Section 6023.)
 - Requires employers who do business with Medicaid to have a false claims act education program so that those with evidence of fraud against Medicaid know they may pursue claims, on behalf of the government, in order to recover the stolen funds. (Section 6024.)
 - Dramatically increases resources to fight fraud and abuse in Medicaid, which will protect state and federal budgets and generate savings of at least 13:1 from this investment. (Section 6026.)
- *Ends overpayments to pharmacies* by reforming the broken AWP system used to reimburse pharmacists for prescription drugs. (Section 6001.)
- *Protects Medicaid benefits for long term care coverage.*
 - Provides new options for private coverage of long term care through Long-term Care Partnerships. (Section 6012.)
 - Closes loopholes that permit the unscrupulous “gaming” of Medicaid eligibility rules to intentionally shelter assets to qualify for taxpayer-financed long term care coverage in Medicaid. (Section 6011.)

- *Makes a down payment to respond to the health care needs of low income families affected by Hurricane Katrina* by providing \$1.8 billion to protect Medicaid benefits in Alabama, Louisiana, and Mississippi. (Section 6032.)

Preserves and Protects Medicare for Future Generations:

- *Begins implementation of Value-based Purchasing in Medicare*, which makes critical and necessary systematic changes to Medicare payment policies to encourage and reward quality and patient safety while controlling rising health care costs. (Section 6110.)
- *Preserves access to health care* for seniors and individuals with disabilities in Medicare:
 - All providers paid under the Medicare Physician Fee Schedule will see a 1.0% payment rate increase instead of a 4.4% payment cut in 2006. (Section 6105.)
 - Ensures beneficiaries are not denied access to critical inpatient rehabilitation facility services by freezing implementation of the “75% rule” at the 50% level.
 - Ensures all beneficiaries needing extensive therapy services are not denied these needed services by extending the moratorium on therapy caps. (Section 6108.)
 - Ensures access to ESRD facilities that provide high quality dialysis services to over 430 thousand beneficiaries with kidney disease. (Section 6107.)
- *Fights waste in the Medicare program* by preventing unnecessary payments to durable medical equipment suppliers for maintenance of capped rental equipment. (Section 6109.)
- *Protects access for rural beneficiaries.*
 - Extends the hold-harmless provisions for small rural hospitals and sole community hospitals from implementation of the hospital outpatient prospective payment system. (Section 6106.)
 - Extends the Medicare Dependent Hospital program, which provides financial protections to rural hospitals with less than 100 beds that have a greater than 60 percent share of Medicare patients. (Section 6101.)
- *Preserves access to community hospital care* by ending unfair competition from physician-owned limited service hospitals. Prohibits new physician-owned limited service hospitals from having any ownership or investment interest by physicians who refer Medicare and Medicaid patients to the facility. (Section 6104.)

Package Totals:

Medicaid	Savings: -\$7.577 billion	Medicare	Savings: -\$18.577 billion
	Spending: \$3.317 billion		Spending: \$12.819 billion
	Net: -\$4.260 billion		Net: -\$5.758 billion

(Figures are over five years.)

Package Net Savings: - \$10.018 billion over five years.