

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. (Sec. 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. (Sec. 6041-6045.)
- ***Achieves savings, preserves services, protects beneficiaries.***
 - Helps state Medicaid programs obtain millions in payments owed by third party payors each year. (Sec. 6021.)
 - Ends drug manufacturer gaming of the system by closing the authorized generic loophole so that appropriate rebates are paid to states. (Sec. 6003.)
 - Balances savings from pharmacy payment changes with an increase in the rebate paid by drug manufacturers to 17%. (Sec. 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. (Sec. 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. (Sec. 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. (Sec. 6026.)
- ***Ends overpayments to pharmacies*** by reforming the broken AWP system used to reimburse pharmacists for prescription drugs. (Sec. 6001.)
- ***Protects Medicaid benefits for long term care coverage.***
 - Provides new options for private coverage of long term care through Long-term Care Partnerships. (Sec. 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. (Sec. 6011.)
 - Promotes availability of PACE in rural areas. (Sec. 6113)

- *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. (Sec. 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. (Sec. 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. (Sec. 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. (Sec. 6108.)
 - Ensures access to ESRD facilities that provide high quality dialysis services to over 430 thousand beneficiaries with kidney disease. (Sec. 6107.)
- *Fights waste in the Medicare program* by preventing unnecessary payments to durable medical equipment suppliers for maintenance of capped rental equipment. (Sec. 6109.)
- *Protects access for international volunteers.*
 - Waives the Part B late enrollment penalty for international volunteers and provides a special enrollment period. (Sec. 6114.)
- *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. (Sec. 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. (Sec. 6101.)
 - Expands coverage of additional preventive benefits under Federal Qualified Health Centers. (Sec. 6115.)
- *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. (Sec. 6104.)

Package Totals:

Medicaid	Savings: \$-8.007 billion	Medicare	Savings: -\$18.637 billion
	Spending: \$3.722 billion		Spending: \$12.916 billion
	Net: -\$4.285 billion		Net: -\$5.721 billion

(Figures are over five years.)

Package Net Savings: - \$10.006 billion over five years.