



COMPANION LEGISLATION TO HEALTH REFORM

As the House considers the Affordable Health Care for America Act, it will also take up legislation to permanently reform the way Medicare pays physicians. The legislation will repeal a 21 percent fee reduction scheduled for January 2010 and replace it with a stable system that ends the cycle of threats of ever-larger fee cuts followed by short-term patches. Permanent reform of physician payments in Medicare will guarantee that Medicare beneficiaries continue to enjoy the excellent access to care that they do today. It will also follow the President's lead by ending a budget gimmick that artificially reduces the deficit by assuming physician payments will be cut by 40 percent over the next several years even though Congress has consistently intervened to prevent those cuts from occurring.

PERMANENT PHYSICIAN PAYMENT REFORM

- **Preserves seniors' access to their doctors with a guaranteed update in 2010.** Replaces the pending 21 percent fee cut with an update for 2010 based on the Medicare economic index while a new payment system is being put in place.
- **Fairer growth targets to keep doctors' pay steady.** Wipes away accumulated deficits from current spending targets to provide for a fresh start, but still holds physicians accountable for spending growth. Excludes items not paid under the Medicare physician fee schedule such as chemotherapy drugs and laboratory services from revised growth targets.
- **Promotes primary care that can keep you healthier longer.** Provides an extra growth allowance for primary care services to promote access to primary care practitioners in Medicare and throughout the health care system.
- **Encourages integrated care so your doctors communicate on your care.** Encourages the formation of Accountable Care Organizations which incentivize physicians to take responsibility for improving quality and reducing costs. Accountable Care Organizations may "opt out" of the national spending targets and establish their own organization-specific targets.

FISCAL RESPONSIBILITY

The Medicare Physician Payment Reform legislation will be considered in the House under a procedure which will add the text of H.R. 2920, the Statutory PAYGO Act of 2009, as passed by the House on July 22nd before being sent to the Senate. The "pay as you go" principle of budget discipline requires Congress to find a way to pay for any new spending, outside of an economic crisis. The Statutory PAYGO Act would make that principle law. A previous Congress established the policy for paying Medicare doctors, so the update for 2010 is not a new policy to be paid for. The Statutory PAYGO Act would apply this principle to all new tax and spending policies, and would allow Congress to exclude the impact of continuing policies currently in place, including Medicare payments to physicians. The Medicare Physician Payment Reform Act would not increase total payments to physicians above what they are today and therefore, would not be subject to the paygo requirement.