

Conservative Wins in Bipartisan Permanent SGR Package

Prepared by the House Republican Leadership and the Energy and Commerce and Ways and Means Committees

Ends the Cycle of Cliffs and Provides Stability to the Medicare Program for Seniors and Providers

- The bicameral bipartisan SGR repeal and replace policy provides stability to the program and ensures seniors will have access to their doctors through transitioning away from volume-based towards a new system focused on quality, value and accountability.
- Since 2003, Congress has spent nearly \$170 billion on 17 short-term patches, showing no intention of allowing unsustainable cuts imposed by the flawed SGR formula to go into effect. This legislation acknowledges that reality and budget gimmick and pays for all new future spending.
- The GOP Budget accounts for “buying-out” of the SGR cliff to ensure we balance even with SGR spending.
- This package finally ends the cycle of cliffs and “must-pass” legislation that often serve as vehicles for increased federal spending and new government programs, allowing Congress to go through regular order and legislate thoughtfully.

Keeps Americans from Being Pushed into Obamacare Exchanges. This package keeps more than 3 million people from becoming uninsured or enrolling in the Obamacare exchanges over the next decade.

Offsets All New Spending with Permanent Structural Reforms and Other Medicare Spending Reductions

- This bipartisan agreement, for the first time, includes two historic permanent structural Medicare reforms without tax increases also being on the table.
- These permanent reforms drive more competition into the program, bending the cost curve and putting us on a sustainable path over the long-term by generate significant savings that more than offset the cost of the SGR fix.
- The House GOP budget, numerous bipartisan fiscal commissions, MedPAC, and even the President’s budgets have supported similar structural reforms. While additional reforms are necessary, these policies are an essential first step and foot in the door to premium support and other larger reforms.
 - **Increased Means-Testing for Medicare Part B and D Premiums.** The portion of the Medicare Part B and Part D premiums that a beneficiary pays is based on the beneficiary’s income. This policy would increase income-relating of Medicare premiums for the program’s wealthiest seniors starting in 2018. House Republicans voted on similar provisions as part of the *Middle Class Tax Relief & Job Creation Act of 2011* (H.R. 3630).
 - **Prohibition of Medigap “First-Dollar” Coverage.** Some Medigap plans on the market today (including those sold by AARP) provide first-dollar coverage for beneficiaries which many have argued increases unnecessary utilization. Beginning in 2020 – for new enrollees only – this provision would limit coverage to costs above the amount of the Part B deductible (currently \$147).
- The bipartisan package institutes reductions in hospital and post-acute updates to help shore up the Medicare program while also allowing Congress time to go through regular order, working with key stakeholders, and put in place common sense policy changes that ensure access to care for seniors.

Fights Fraud, Waste and Abuse

- **The Protecting Integrity in Medicare Act (H.R. 1021).** Includes the bipartisan *Protecting Integrity in Medicare Act* (H.R. 1021), which strengthens Medicare's ability to fight fraud and builds on existing program integrity policies. Among other things, this bill removes Social Security numbers from beneficiaries' Medicare cards eliminating this unnecessary threat to their identity; prevents Medicare payments for ineligible individuals (like deceased or incarcerated); allows Medicare beneficiaries to select electronic Medicare Summary Notices to more quickly catch billing mistakes and save the program money; and removes redundant and burdensome reporting policies for employers.
- **Increase Levy Authority on Payments to Medicare Providers with Delinquent Tax Debt.** This good government provision will permit the IRS to impose a levy of up to 100 percent on tax delinquent Medicare service providers.

Children's Health Insurance Program (CHIP), Medicare, Medicaid, and Other Health Extenders

- Extends CHIP and traditional Medicare extenders for two years to allow Congress to work through regular order and institute good reforms under a new President. Passing this package removes the chance of the Senate jamming the House with an entirely unpaid for SGR with longer-term CHIP extensions and spending.
- **CHIP Extension.** Extending CHIP will keep roughly 2.5 million children or pregnant women from becoming uninsured or enrolling in Obamacare's exchanges (MACPAC). The package also includes a mandated report by HHS's Office of the Inspector General on the degree to which Express Lane Eligibility has resulted in individuals enrolling in Medicaid or CHIP who do not meet eligibility criteria.
- **Medicare Extenders.** This legislation takes steps to end the cycle of extending "temporary" Medicare policy by making changes to Medicare Reasonable Cost Reimbursement Contracts that successfully winds down this "extender." This provision allows for a smooth transition policy for cost plans that no longer meet statutory requirements to operate under Medicare to transition to Medicare Advantage plans while protecting beneficiaries from any loss to access or care.
- **Medicaid Extenders.** Extends permanently the Transitional Medical Assistance (TMA) program which keeps more than 600,000 individuals out of Obamacare's exchanges over the coming decade according to initial CBO estimates.
- **Additional Extenders.** Extends abstinence only programs through 2017 at \$75 million per year, an increase of \$25 million annually, providing funding parity with Personal Responsibility Education Program (PREP) and applies the traditional Hyde protections to funding for the Community Health Centers, National Health Service Corps (NHSC), and teaching Health Centers.

Groups Supporting the Package

- Conservatives, including, Americans for Tax Reform, American Action Forum, Galen Institute & National Taxpayers Union
- 755 Physician Groups, including the American Medical Association, American College of Surgeons & American College of Physicians