



CONGRESSWOMAN
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U.S. House Agreement on Medicare Geographic Variations

July 24, 2009: Agreement between House Leadership and members from the Quality Care Coalition.

America's Affordable Health Choices of 2009 (H.R. 3200)

**This document describes the major agreed upon changes to be included in the House version of HR 3200. Technical aspects of the language are currently being refined and finalized.*

THE AGREEMENT

- This agreement will move the nation to a system that will reward high quality, cost-effective care, rather than the current system that has focused on the volume of care. It will fix the existing Medicare geographic payment inequity that will help patients and cover both physicians and hospital payments. This agreement calls for a study of geographic variations and a value system which will be used as recommendations to be implemented for a system based on value that will be implemented by the Secretary of Health and Human Services into the Medicare system. This will help ensure better future for our patients, families, and seniors.

Section by Section:

Section 1157

Geographic Variation Study

The Institute of Medicine will conduct a study to look at geographic adjustment factors in the reimbursement formulas which will be completed one year after enactment.

Section 1158

Revision of Medicare Payment System

The Secretary of HHS will implement a payment rate that takes into account this study that can be implemented immediately after.

This bill invests \$4 billion per year in 2012 and 2013 to make these payment rates adjustments.

No locality will lose money during 2012 and 2013; after 2013 the bill will become budget neutral and the payment rates will be based upon the study.

Section 1159

High Value Study

The Institute of Medicine will also do a study and provide recommendations on changing the Medicare payment system to reward value which will be completed by September 2011.

This would define value as the efficient delivery of high quality, evidence –based, patient centered care.

Section 1160

Implementation plan

Not later than 45 days after the report the Secretary of HHS will submit to Congress an implementation plan based on the IOM studies.

MedPac and GAO will evaluate the report in a timely fashion.

This will automatically go into effect unless the House and Senate pass joint resolutions of disapproval by February 28, 2012.

Note: If the plan is not submitted within the 45 days the deadline will be 145 days from the submission of the plan.