Earlier this week, the House passed the Medicare Access and CHIP Reauthorization Act (H.R. 2) by an overwhelming vote of 392-37. After enacting 17 short-term patches since 2003, the House and Senate bipartisan 'doc fix' bill replaces Medicare's Sustainable Growth Rate and phases in over five years new payment mechanisms for physicians accepting Medicare payments. Wisconsin Republicans Grothman and Sensenbrenner voted 'no' with 31 other Republicans and four Democrats. Rep. Grothman released a statement noting he opposed the bill because it was adding to the federal deficit. The Congressional Budget Office estimates that the bill will cost $214 billion over the next ten years, but offsets total $73 billion, thus increasing the deficit by $141 billion.

The Senate is expected to adopt the bill soon after it returns from its two-week spring recess on April 14. The Obama Administration has signaled its support for the measure and has noted that while the current SGR patch expires on March 31, the expected 21 percent cut in reimbursements will not occur before the Senate acts.

A summary of the bill may be found here.

The measure's major provisions include:

- Transitioning Medicare to value-based payment mechanisms over the next five years, with full implementation of the new payment systems after ten years.

- Starting in 2019, providers would have to choose between the Merit-Based system for individual providers who would be given increases or decreases in reimbursements based on performance; or an Alternative Model system, which would provide financial incentives to medical groups choosing to bear some financial risk, such as a single payment for bundled services for a patient.

- Providing a 5% bonus to providers who receive a significant portion of their revenue from an alternative payment model or patient centered medical home.

- Providing 0.5% annual increases to Medicare payments for the next five years to provide a period of stability.
• Requiring the Department of Health and Human Services (HHS) to publish a plan for developing quality measures by May 1, 2016 to be used in Medicare across health care settings.

• Requiring HHS to use four performance categories (quality of care; resource use; clinical practice improvement; and, meaningful use of electronic health care records) when assessing doctors' performance.

• Directing HHS to make public on the Physician Compare website information on the number of Medicare services provided by doctors and the payments made for those services.

• Extending the outpatient therapy cap exemptions through January 1, 2018, giving providers more financial flexibility in providing services such as physical or speech therapies.

• Extending for two years at $60 million each year the Teaching Health Center Graduate Medical Education Payment Program promoting residency training in community health centers.

• Delaying Medicaid disproportionate share payment cuts to safety net hospitals until 2018 and extending the DSH policy through 2025.

• Delaying until Sept. 30 changes in the two-midnight rule on inpatient billing that were set to take effect at the end of this month.

• Fully funding the Children's Health Insurance Program through Sept. 30, 2017.

• Preserving all extenders included in 2014's temporary SGR patch, including additional funding for Community Health Centers through 2017.

One of the savings provisions affects hospitals by phasing in a 3.2 percentage point adjustment scheduled to occur in FY 2018. The bill phases in this one-time increase by 0.5 percentage points per year over six years, saving the federal government $15.1 billion during that time.

**SENATE AND HOUSE ADOPT RESPECTIVE BUDGET RESOLUTIONS**

Before recessing, the House and Senate passed their respective FY 2016 budget resolutions (H.Con.Res.27; S.Con.Res.11). The final votes were largely along party lines, with the House approving its package 228-199, with Wisconsin Representative Sensenbrenner joining 16 Republicans in voting with all the Democrats in opposing the resolution. Across Capitol Hill, the Senate voted 52-46, with two Republicans joining all the Democrats in opposition.

The budget resolution provides broad outlines of spending and policy proposals for future legislation and is non-binding. As in previous years, the House budget proposes to convert both Medicaid and the Supplemental Nutrition Assistance Program (SNAP) into state block grants and
calls for the repeal of the Affordable Care Act (ACA). Those three proposals are estimated to save over $3 trillion in the next ten years -- none of them will be enacted into law. The Senate resolution also contains a similar proposal to block grant Medicaid, but would protect low-income older Americans and persons with disabilities. It also would repeal the ACA.

Both resolutions propose billions of dollars of savings in discretionary programs over the next ten years. The House assumes about $460 billion in unspecified cuts over ten years, while the Senate measure contains about $620 billion over that same period. It remains to be seen whether and how those cuts would be achieved.

The resolutions also contain reconciliation instructions directing certain committees of jurisdiction to find additional savings in entitlement and mandatory spending programs not necessarily subject to the appropriations process. New revenues could also be proposed. Reconciliation is often used to make changes to entitlements, given that the Senate floor procedures effectively prohibit filibusters and require a simple majority for passage. President Obama would still have veto power over any measure reaching his desk.

Both houses will now attempt to craft a concurrent budget resolution so that the overall blueprint setting the broad parameters is the same for spending bills the House and Senate will consider later in the year.