

## Part B Insider (Multispecialty) Coding Alert

### POLITICS & POLICY: Senate Rural Health Plan Goes Back To The Barn

A U.S. Senate amendment to the Republican tax bill that would have boosted payments to rural providers, including physicians, died in a conference committee with the House of Representatives.

Sponsored by Sen. **Charles Grassley** (R-Iowa), the package would have brought rural physicians up to the level of their urban counterparts. But the lowman ran into House opposition, notably from **Ways and Means** chairman **Bill Thomas** (R-Calif.) and **Energy and Commerce** chairman **Billy Tauzin** (R-La).

The Grassley plan would have modified the Medicare incentive payment program and set a floor for the geographic adjustments that Medicare makes on payments for physicians' services, which would boost rural physicians' payments.

And the Grassley amendment would have bolstered a current program that pays a 10 percent bonus to physicians in medically underserved areas.

Finally, the Grassley bill would have paid for its \$25 billion in relief over 10 years by reducing payments for Medicare-reimbursed drugs. The drug formula would have dropped from 95 percent of average wholesale price to 85 percent of either AWP or the amount payable for the drug during the past year, whichever is lower. The plan also would have frozen inflation updates for durable medical equipment, prosthetics and orthotics, and impose copayments and deductibles on clinical lab tests.

These cost offsets attracted the ire of Thomas and Tauzin. "By failing to include any provisions that would allow for the adjustment of payments to physicians who administer drugs," Grassley's proposed drug-cost reduction "places Medicare patients at grave risk of having their access to quality chemotherapy and related services sharply reduced," Tauzin wrote in a May 21 letter to House Speaker **Dennis Hastert** (R-Ill.) and Senate Majority Leader **Bill Frist** (R-Tenn.). Tauzin says he and Thomas "expect to have a final proposal prepared within the next two weeks that will take into account many of the concerns identified by physicians, while also eliminating the excessive payments for drugs."

As a consolation prize, Grassley got a May 22 presidential letter. "I will support the increased Medicare funding for rural providers contained in your amendment as a part of a bill that implements our shared goal for Medicare reform," the president wrote to Grassley.