



H.R. 3590, “Patient Protection and Affordable Care Act”
Passed U.S. Senate December 24, 2009 – 60 to 39

Doctors / Hospitals / Other Providers

- Cuts Medicare and Medicaid DSH payments by a total of \$43 billion¹
 - Medicare: \$24.4 billion
 - Medicaid: \$18.5 billion

- Medicare provider cuts include the following²:
 - Home health facilities (Section 10315 and Section 3131)
 - Secretary of Health and Human Services will conduct a study of home health agency costs for Medicare beneficiaries and issue payment changes
 - Skilled Nursing Facilities (Section 3006 and Section 10325)
 - Long-term care hospitals, inpatient rehabilitation hospitals, and hospice programs (Section 3004)

- Implements value-based payment modifier to physician payments beginning in 2015 and all payments to physicians in 2017 (Section 3007)
 - Provides for differential payment to a physician or group of physicians under a fee schedule based on the quality of care furnished as opposed to cost

- Increases payments up to 10 percent for primary care physician practice expenses in low-cost areas with a shortage of such professionals (Section 3102)
 - Health and Human Services Secretary required to revise the payment schedule beginning in 2012 in a budget neutral manner

- Strikes a provision of the underlying bill that provided for a 0.5 percent increase in Medicare reimbursements to physicians Sustainable Growth Rate (Section 10310)
 - The Senate passed a separate bill that freezes Medicare physician payment rates at for January 2010 and February 2010 at 2009 levels, leaving intact the scheduled 21 percent cut beginning March 1, 2010

- Allows physician group practice demo to participate in Medicare Shared Savings Program as an Accountable Care Organization (Section 10307)

- Institutes value-based purchasing for hospitals and requires plans to be developed for other providers (Section 3001)
 - Value-based incentive payments are made to hospitals that meet performance standards in a given fiscal year, including achievement and improvement, timing, and considerations in establishing standards

- Redistributes 65 percent of unused residency slots, mostly being redirected toward rural hospitals and exempts most rural teaching hospitals from having unused residency slots redistributed (Section 749B)

¹ Congressional Budget Office. *An Analysis of Health Insurance Premiums Under the Patient Protection and Affordable Care Act*, available at <http://cbo.gov/ftpdocs/107xx/doc10781/11-30-Premiums.pdf>. 30 November 2009.

² See CBO, above note 1.