

## **CQ TODAY – HEALTH**

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**Direct Talks on Medicare Reimbursement Plan Reflect End-of-Session Urgency**

**By Drew Armstrong, CQ Staff**

Medicare legislation that was slated for a Senate Finance Committee markup is now headed for direct negotiations with the House instead, the panel's chairman announced Wednesday.

The statement followed weeks of negotiations by Finance Committee staff and members on a Medicare measure. Chairman Max Baucus, D-Mont., promised to continue working with panel members, including Republicans, but the tyranny of the calendar was clearly on his mind.

“It's important to move as quickly as possible toward a final Medicare bill before the end of this year,” he said in a statement.

Baucus' partner in negotiations with the House will be Pete Stark, D-Calif. Stark, the chairman of the Ways and Means Health Subcommittee, had a hand in crafting a children's health care bill ([HR 3162](#)) with a far-reaching Medicare component; that bill passed the House in August.

Stark's bill included a provision that would halt a 10 percent cut in Medicare physician payments, and such a provision will certainly be at the center of any new Medicare bill. Many doctors say they will stop treating Medicare patients if the scheduled Jan. 1 payment cut, mandated by a 1997 law ([PL 105-33](#)), takes effect. Stark's bill also slashed government payments to private health insurers that are currently paid to run a private version of Medicare, known as Medicare Advantage. Legislation being drafted by the Finance Committee would have used cuts in Medicare Advantage to pay for cancellation of pay cuts for doctors.

Baucus and Charles E. Grassley of Iowa, the ranking Republican on the Finance Committee, were close to a rough agreement on a Senate package and were working to win over Senate Republicans, despite a letter this week from Health and Human Services Secretary Michael O. Leavitt threatening a veto.

One advocacy lobbyist working on the bill described Leavitt's letter as a White House effort to prevent the Senate from ever reaching an agreement. Whatever its intent, the administration letter clearly had a hand in Baucus' decision to do away with the markup. “If you want to read between the lines, it says that the administration doesn't care if doctors take a 10 percent cut,” said Grassley.

In the letter, Leavitt made several demands on the bill — including no cuts in the government payments to Medicare Advantage that Democrats have long eyed as a way to pay for other priorities.

Baucus said Finance members will still have input to the bill, but a product developed with Stark is likely to be less favorable to the Medicare Advantage programs many Republicans hope to protect.

“I don't even know whether I'll be a part of that process,” said Grassley, when asked about Baucus' decision to proceed. “It could become simply a Democrat thing.”

**With Baucus and Grassley largely in agreement, a markup may not have been necessary. The bill was never expected to come to the floor but rather be inserted into another moving piece of legislation that President Bush would be reluctant to veto. According to the advocacy lobbyist, “It’s just as easy to skip the markup if you have an agreement going into discussions with the House.”**

**But the calculus may not be that simple. Without a markup, Senate Republicans will not have a chance to offer amendments and will see their influence on the bill diminished. Although the Baucus decision will speed work on a package and allow Democrats to begin moving on an actual bill, it could also irk Republicans and endanger the measure’s chances of getting a filibuster-proof 60 votes in the Senate, much less a veto-proof margin in either chamber.**

**If time runs out for 2007, Congress could also simply opt to punt until next year and let the payment cuts go through. But doctors aren’t likely to give up, and Congress could still come back early in 2008 and pass a retroactive package halting the cuts.**

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