

The Tax Relief and Health Care Act of 2006

(H.R. 6111, as approved by the House on December 8, 2006 and by the Senate on December 9, 2006, and signed by President Bush on December 20, 2006)
(Public Law 109-432)

Division B: Medicare and Other Health Provisions (Medicare Improvements and Extension Act of 2006)

Title I—Medicare Improved Quality and Provider Payments

<p>Physician Payment and Quality Improvement</p> <p><i>Sec. 101</i></p>	<ul style="list-style-type: none"> • Sets the 2007 conversion factor for physician payment at the same level as in 2006 (\$37.8975), reversing the statutorily mandated 5.0 percent negative update. However, it does not maintain 2007 physician payments at 2006 levels. There are a number of other factors that affect payment rates for 2007. The law has no effect on the calculations for the factor in 2008. [Other factors that affect payment rates under the PFS in CY '07, include: 5-year review of physician work relative value units; 10 percent budget neutrality adjustment to the work RVUs; and revisions to the PE methodology.] • Establishes a voluntary quality reporting system (published by April 1, 2007) for physicians which allows for a one time bonus in 2007 of 1.5% for reporting from July 1, 2007 to December 31, 2007. • For 2008, requires the Secretary of Health and Human Services (Secretary) to establish measures for 2008 for covered professional services and the development of physician identification and a registry-based reporting mechanism. Such measures (which shall include structural measures, such as use of electronic health records and electronic prescribing technology) shall be measures that have been adopted or endorsed by a consensus organization such as the National Quality Forum or AQA. • Establishes limits for the payment amounts for quality measures based on the number of quality measures established. Proposed set of measures shall be published in Federal Register no later than August 15, 2007; final by November, 15, 2007. • Establishes the Physician Assistance and Quality Initiative Fund with \$1.35 billion in 2008 to “be available to the Secretary for physician payment and quality improvement initiatives” which may include adjustments to the physician payment update.
<p>Physician Payment: Extension of Floor on Geographic Adjustment</p> <p><i>Sec. 102</i></p>	<ul style="list-style-type: none"> • Extends for one year, through 2007, the 1.0 floor in the Medicare work geographic index for any locality for which the index is less than 1.0 established in the Medicare Modernization Act.

Extension of Expiring Medicare Modernization Act Provisions:

<p>Payments for Dialysis Services <i>Sec. 103</i></p>	<ul style="list-style-type: none"> • In 2006 and 2007, increases the composite rate component of the current case-mix adjusted system for dialysis services beginning April 1, 2007, by 1.6 percent over previous amounts. • Directs the Government Accountability Office (GAO) to issue a report and recommendations to Congress by January 1, 2009, regarding payments for home dialysis treatment.
<p>Physician Pathology Services <i>Sec. 104</i></p>	<ul style="list-style-type: none"> • Extends direct payments for the technical component for certain physician pathology services furnished by independent laboratories through 2007.
<p>Payments for Clinical Lab Tests in Rural Areas <i>Sec. 105</i></p>	<ul style="list-style-type: none"> • Extends Medicare reasonable cost payments for certain clinical diagnostic lab tests furnished covered under Part B in certain rural areas for one year, through 2007.
<p>Hospital Medical Reports and Clarifications <i>Sec. 106</i></p>	<ul style="list-style-type: none"> • Extends the wage index reclassification for certain hospitals for an additional six months (through September 30, 2007.) • Requires the Medicare Payment Advisory Commission (MedPAC) to issue a report to Congress by June 30, 2007, that studies and provides recommendations on the hospital wage reclassification system. • Requires the Secretary to propose ways to revise the wage index adjustment. • Eliminates unnecessary reports previously directed by Congress.
<p>Payments for Brachytherapy <i>Sec. 107</i></p>	<ul style="list-style-type: none"> • Extends payment rule for brachytherapy on a cost basis through 2007. • Requires CMS to establish separate groups for certain stranded and non-stranded devices as of July 1, 2007. Secretary shall implement amendment by program instruction.
<p>Payments for Drugs Under the Competitive Acquisition Program (CAP) <i>Sec. 108</i></p>	<ul style="list-style-type: none"> • Establishes post-payment review system to ensure all payments for drugs or biologicals under the CAP program are made for products that are actually administered to beneficiaries.

<p>Quality Reporting for Hospitals and ASCs <i>Sec. 109</i></p>	<ul style="list-style-type: none"> • Requires the Secretary to establish quality measures for hospital outpatient services and ASCs for CY 2009. • Starting 2009, reduces payment updates by two percentage points for hospital outpatient services and ambulatory surgery centers (ASCs) that fail to submit required quality data.
<p>Anemia Quality Indicators for Part B Drugs <i>Sec. 110</i></p>	<ul style="list-style-type: none"> • Effective 2008, requires providers to submit information on an individual's hematocrit or hemoglobin levels as a condition for payment for administering Part B covered drugs treating anemia in cancer patients.
<p>Clarification of Hospice Satellite Designation <i>Sec. 111</i></p>	<ul style="list-style-type: none"> • For purposes of calculating the hospice aggregate payment cap for hospice care provided on or after November 1, 2003, and before December 27, 2005, Medicare provider number 29-1511 is deemed to be a multiple location of Medicare provider number 29-1500.

Title II—Medicare Beneficiary Protections

<p>Therapy Caps <i>Sec. 201</i></p>	<ul style="list-style-type: none"> • Provides for a one-year extension of the existing exceptions process for Medicare therapy caps through December 31, 2007.
<p>Administration for Part D Vaccines <i>Sec. 202</i></p>	<ul style="list-style-type: none"> • In 2007, provides payments under Part B to providers that administer Part D covered vaccines. Starting 2008, administration of Part D covered vaccines is paid under Part D.
<p>OIG Study of “Never” Events <i>Sec. 203</i></p>	<ul style="list-style-type: none"> • Directs the Department of Health and Human Services, Office of Inspector General (OIG) to conduct a study and report on “never” events. Requires OIG to submit this report to Congress no later than two years after enactment of this Act. • Defines “never events” to be “an event that is listed and endorsed as a serious reportable event by the National Quality Forum as of November 16, 2006.”

<p>Medical Home Demonstration Project <i>Sec. 204</i></p>	<ul style="list-style-type: none"> • Establishes three-year Medicare Medical Home Demonstration project to reimburse physicians for providing care management and other similar services to high-need populations. • The project is to take place in no more than eight states (shall include urban, rural, and underserved areas and includes participation of physicians in small and larger practices particularly in rural and underserved areas). • Physician group practices that provide medical homes will share 80 percent of savings generated by this project. • Requires the Secretary to submit annual reports to Congress during the duration of the project and a final report after it is completed.
<p>DRA Technical Corrections <i>Sec. 205</i></p>	<ul style="list-style-type: none"> • Provides technical corrections to the Deficit Reduction Act by clarifying the rural Program All-Inclusive Care for the Elderly (PACE) provider grant program and retaining previously appropriated outlier payment funds through 2010.
<p>Medicare Advantage Lock-In <i>Sec. 206</i></p>	<ul style="list-style-type: none"> • In 2007 and 2008, provides Medicare beneficiaries who are enrolled in the Medicare fee-for-service (FFS) program with an opportunity to enroll in Medicare Advantage (MA) plans, that do not provide Part D benefits, outside of the open election period. • Beneficiaries may elect this option to move into MA plans only one time each year. This amendment sunsets in two years. The amendments provides that: <ul style="list-style-type: none"> ➤ FFS enrollees who have not elected Part D may choose to enroll in any MA plan that does not offer Part D coverage. ➤ FFS enrollees who have elected Part D may choose to enroll only in an MA Private Fee-For-Service plan that does not offer Part D coverage or an MA MSA plan.

Title III—Medicare Program Integrity Efforts

<p>MA Stabilization Fund Offset <i>Sec. 301</i></p>	<ul style="list-style-type: none"> • Reduces available money for the MA regional PPO stabilization fund from \$10 billion to \$3.5 billion and limits availability to 2012-2013.
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<p>Medicare Recovery Audit Program</p> <p><i>Sec. 302</i></p>	<ul style="list-style-type: none"> • Adopts the Recovery Audit Contractor Demonstration as part of the Medicare program and implements it nationwide. • Expands the Medicare recovery audit program. The collections from underpayments and overpayments will be used to fund the program and return monies to Parts A and B. • Expands the program to all states and requires the Secretary to submit annual reports on the program including information on the contractors and the amount of overpayments and underpayments. • Provides contractors with access to the Coordination of Benefits Contractor Database.
<p>Medicare Health Care Fraud and Abuse Account</p> <p><i>Sec. 303</i></p>	<ul style="list-style-type: none"> • Increases funding for Health Care Fraud and Abuse Control Account for the Departments of Health and Human Services and Justice and the Federal Bureau of Investigations during 2007-2010 by the consumer price index for all urban consumers from the previous year. Maintains funding at 2010 levels thereafter.
<p>Implementation Funding</p> <p><i>Sec 304</i></p>	<ul style="list-style-type: none"> • For fiscal years 2007-2008, allows for the transfer of \$45 million to CMS for implementing the provisions of the Medicare titles of the act.

Title IV—Medicaid and Other Health Provisions

<p>Extension of Transitional Medical Assistance (TMA) and Abstinence Education Program</p> <p><i>Sec. 401</i></p>	<ul style="list-style-type: none"> • Extends TMA and Abstinence Education Program through June 30, 2007. TMA extends for up to one year Medicaid coverage to certain individuals who would otherwise lose eligibility due to a job or increase in income. Grants and payments may be made pursuant to this authority through the third quarter of June 2007 at the level provided through the third quarter of fiscal year 2006.
<p>Grants for Research on Vaccine against Valley Fever</p> <p><i>Sec. 402</i></p>	<ul style="list-style-type: none"> • Appropriates \$40 million for fiscal years 2007 through 2012 for the Secretary to make grants for research to develop a vaccine against coccidioidomycosis (Valley Fever).

<p>Change in Threshold for Medicaid Indirect Hold Harmless Provision of Broad-Based Health Care Taxes</p> <p><i>Sec. 403</i></p>	<ul style="list-style-type: none"> Amends Section 1903(w)(4)(C) of the Social Security Act to codify the existing 6% regulatory limitation on Medicaid provider taxes that are matched by federal funds. Temporarily reduces the 6% limitation to 5.5% for the period of January 1, 2008 to October 1, 2011.
<p>DSH Allotments for Fiscal Year 2007 for Tennessee and Hawaii</p> <p><i>Sec. 404</i></p>	<ul style="list-style-type: none"> Sets fiscal year 2007 DSH payments for Tennessee at \$280 million and for Hawaii at \$10 million.
<p>Certain Medicaid DRA Technical Corrections</p> <p><i>Sec. 405</i></p>	<ul style="list-style-type: none"> Clarifies that regular cost sharing restrictions and exemptions continue for individuals with family income not exceeding 100% of the federal poverty level. Exempts children in IV-B Foster Care programs from DRA Medicaid citizen documentation requirement provided the state has in effect procedures for verifying the citizenship or immigration status of the child.