THE ENDOCRINE SOCIETY

'MEDICARE PRESCRIPTION DRUG, IMPROVEMENT, AND MODERNIZATION ACT OF 2003'

By a vote of 54-44, the Senate approved the Medicare prescription drug plan (HR 1) on November 25, 2003. Passage of this legislation will clear the way for the most significant restructuring of Medicare since its creation in 1965. The House of Representatives narrowly approved the $395 billion plan in the early morning hours of November 22, 2003. While the primary component of the bill includes a prescription drug benefit for seniors, it also features several payment issues important to Endocrine Society members.

The major physician payment and endocrine-related provisions in the bill include:

- Reversing pending cuts to the physician fee schedule. Rather than the 4.5 percent cut recently announced by the Centers for Medicare & Medicaid Services (CMS), the rate would increase by 1.5 percent for 2004 and 2005.

- Including Medicare Part B coverage of diabetes diagnostic screenings for seniors at risk for diabetes as well as coverage of a one-time, preventive "Welcome to Medicare Physical" for seniors upon entry into the Medicare program.

- Providing prescription drug coverage to assist seniors living with diabetes by providing coverage for insulin and syringes, a critical component for seniors that take insulin to manage their diabetes.

- Providing funding for the National Institute of Diabetes and Digestive and Kidney Disorders to conduct a clinical investigation of pancreatic islet cell transplantation which includes Medicare beneficiaries.

- Providing qualified prescription drug coverage for medication therapy management to those who have multiple chronic diseases (such as diabetes, asthma, hypertension, hyperlipidemia, and congestive heart failure).

- Providing coverage for Initial Preventive Physical Examination (IPPE), including diabetes outpatient self-management training services and diabetes screening. IPPE is described as physicians' services consisting of a physical examination (including measurement of height, weight, and blood pressure and an electrocardiogram) with the goal of health promotion and disease detection and includes education, counseling and referral with respect to screening and other preventive services.

- Establishing a new five percent incentive payment program for both primary care and specialist care physicians in counties that have the fewest physicians. The Secretary of the Department of Health and Human Services (HHS) will identify scarcity areas in primary and specialty care.

- Raising the Medicare payment levels for hospitals in rural and small urban areas under the in-patient hospital prospective payment system to those of large urban hospitals.

- Outlining criteria for the HHS Secretary to modify evaluation and management guidelines and requiring the Department to conduct a series of pilot projects to examine the effect of modified guidelines on cost of compliance. An additional provision requires HHS to conduct a study of an alternate system for documenting physician claims, which must be submitted to Congress by October 1, 2005.

- Including due process protections for Medicare carrier audits include deferring any financial penalties until physician appeal rights are exhausted, no penalties when a physician relies on guidance from Medicare officials, an opportunity to correct errors before repayment demands are made and limits on extrapolation or small-scale audits to generate large overpayment demands.

- Increasing tax benefits to patients of all ages that enroll in medical savings accounts (now known as Health Savings Accounts).

- Making electronic prescribing voluntary instead of mandatory.

- Providing that physicians can continue to use their current coding system, preventing a move from some 7,000 codes to 170,000 used in ICD 10.