

U.S. House – White House Agreement to Address Medicare Geographic Payment Inequities and Reward Value in Care

Manager's Amendment to H.R. 4872, Health Care and Education Affordability Reconciliation Act

Regional Diversity

- \$800 million secured for doctors and hospitals
 - Includes about \$400 million, in 2010, to accelerate the phase - in of a Medicare physician practice expense adjustment for areas with below average practice expense payment rates.
 - Includes about \$400 million, in 2011 and 2012, to provide an additional payment under the Medicare inpatient prospective payment systems to hospitals located in counties in the bottom quartile of counties as ranked by risk - adjusted spending per Medicare enrollee.

White House Commitment to Quality Care Coalition: Letter from the Secretary of Health and Human Services

On March 20, 2010 the Secretary of HHS sent a letter to the Members of the Quality Care Coalition with a commitment and plan to address the current geographic variation in Medicare reimbursement and advance health care quality and value to bend the cost curve that meets the goals outlined in Section 1157 and 1158 of the *Affordable Health Care for America Act* (H.R. 3962), which passed on November 7, 2009.

Geographic Study and Implementation Plan

The Institute of Medicine (IOM) will evaluate and make recommendations to improve the geographic adjustment factors in the Medicare physician payment and hospital wage index reimbursement formulas. The Secretary of HHS will implement the findings and make changes in the rates by December 31, 2012.

National Summit on Geographic Variation and Value

The Secretary of HHS will convene a National Summit on Geographic Variation, Cost, Access, and Value in Health Care in 2010.

Independent Advisory Payment Board (IPAB)

The President will work to appoint members to IPAB who have an expertise in geographic, value, and quality disparities as they reform Medicare.

High Value Study and Implementation Plan

The IOM will do a second study and provide recommendations on changing the Medicare payment system to reward value and quality. IPAB will be urged to consider the recommendations of both studies in making additional payment adjustments to incentivize value and quality by 2014.

Center for Medicare and Medicaid Innovation

The Secretary of HHS will direct the Center for Medicare and Medicaid Innovation to test innovative models based on IOM recommendations.