




Michael D. Maves, MD, MBA, Executive Vice President, CEO

Memo to: Executive Directors
State Medical Associations
County Medical Societies
National Medical Specialty Societies

From: Michael D. Maves, MD, MBA 

Date: December 19, 2007

Subject: Key Elements of 2007 Medicare Package

Replaces 10.1% cut with 0.5% increase through June 30, 2008

Authorizes additional 1.5% bonus for Medicare physician quality reporting initiative (PQRI) activities through December 31, 2008

Extends floor for work geographic adjustment and physician scarcity bonus through June 30, 2008

Budget offsets: remove \$1.5 billion from Medicare Advantage stabilization fund; eliminate physician payment fund carried over from last year's Medicare package, and reduce payments for some Part B drugs

Permits physicians in the armed services to engage in substitute billing arrangements for longer than sixty days when they are ordered to active duty

Extends therapy cap exceptions, pathology billing exception and premium assistance for some low-income seniors for six months

Extends SCHIP funding through March 31, 2009 (adequate funding for current enrollment)

Key Policies Not Included in Senate Medicare package

Limitations on physician owned hospitals

Electronic prescribing requirement or reductions in payments for paper scripts

Imaging provisions to reduce payments, mandate accreditation or establish appropriateness demonstration projects

Change direction of QIO program to focus on enforcement and require changes in QIO boards

Provisions to alter or supplant the role of the Relative Value Update committee and provide Medicare with authority to make arbitrary cuts in rapidly growing services

Create specialty specific expenditure targets

Revised 12/19/07