

SUMMARY OF THE RANGEL-DINGELL SUBSTITUTE

Title I -- Medicare Prescription Medicine Benefit. The Rangel-Dingell Substitute adds a new Part D in Medicare that provides voluntary prescription drug coverage for *all* Medicare beneficiaries beginning in 2006.

- U **Premium:** \$25 a month
- U **Deductible:** \$100 a year
- U **Co-insurance:** Beneficiaries pay 20%; Medicare pays 80%
- U **Out-of-pocket limit:** \$2,000 out-of-pocket limit per beneficiary per year
- U **Low-income:** Beneficiaries with incomes up to 150% of poverty pay no premium or cost-sharing. Beneficiaries with incomes between 150% - 175% of poverty pay no cost-sharing and receive assistance with the Part D premium on a sliding scale.

Medicare contractors will obtain guaranteed reductions in prices, and the Secretary of Health and Human Services will have the authority to use the collective purchasing power of Medicare's 40 million beneficiaries to negotiate lower drug prices, taking into account prices paid in other countries and by other payors in the United States. The Secretary could also implement measures that will further reduce costs and improve quality for beneficiaries, such as: encouraging use of generic drugs, lowering co-insurance for preferred drugs, disease management, and beneficiary and provider education. Medicare would also require contractors to put in place safeguards to check for adverse drug interactions and proper use of medications.

Title II -- Medicare+Choice. The Rangel-Dingell Substitute does not include the harmful privatization provisions from the Republican legislation. It does, however, include the two-year payment enhancements for Medicare+Choice plans (2004 and 2005) as well as provisions pertaining to specialized plans for special needs beneficiaries and the extension of Medicare cost-contracts.

Title III -- Combatting Waste, Fraud, and Abuse. The Rangel-Dingell Substitute improves payments for oncology providers to administer cancer drugs and also directs the Centers for Medicare and Medicaid Services to pay for drug administration services, chemotherapy support services, therapy management services and related services; these improvements go beyond the Republican bill. The Rangel-Dingell Substitute more appropriately reimburses for the cost of oncology drugs by not involving a new bureaucracy and middle-man and paying 105 percent of the average sales price of medicines. The Rangel-Dingell Substitute protects beneficiaries from undue consequences of competitive bidding for durable medical equipment (DME) by delaying the start of DME competitive bidding until 2009 and phasing it in over three years.

Title IV -- Rural Health Care Improvements. The Rangel-Dingell Substitute includes all of the provisions from the Committee on Ways and Means reported bill pertaining to rural providers. In addition, the Rangel-Dingell Substitute: eliminates the 10 percent cap on disproportionate share hospital payments to rural hospitals; adds a provision providing up to 25 percent increase in low-volume adjustment for small hospitals; increases rural home health payments by 10 percent (rather than 5 percent); allows lab payments on reasonable costs for sole community hospitals; increases the floors for physician work in rural areas to 1.0; eliminates the 35-mile rule for critical access hospital ambulance services; increases the ground ambulance payment rate; increases the critical access hospital bed limit to 25.

Title V -- Provisions Relating to Medicare Part A. The Rangel-Dingell Substitute includes all of the provisions from the Committee on Ways and Means reported bill pertaining to Part A (hospitals) *except* it eliminates the 3-year cut in hospital inpatient reimbursement and adds a boost for indirect medical education (IME) to 6.5 percent for two years. It also replaces the MedPac study on specialty hospitals with the Senate provision that limits physician self-referral to these facilities.

Title VI -- Provisions Relating to Medicare Part B. The Rangel-Dingell Substitute includes all of the provisions from the Ways and Means and Energy and Commerce Committee's reported Republican bills *except* it does not increase the deductible that seniors must pay in order to receive Part B (primarily physicians) services.

Title VII -- Provisions Relating to Medicare Parts A and B. The Rangel-Dingell Substitute includes all of the provisions from the Ways and Means and Energy and Commerce Committee's Republican reported bills *except* it does not include a co-payment for home health care and does not continue the cap on payments for direct graduate medical education for facilities above 140 percent.

Title VIII -- Medicaid. The Rangel-Dingell Substitute replaces the Medicaid DSH provisions in the House Republican bill with the bipartisan Whitfield-DeGette legislation that includes full restoration of funding for DSH and improvements for low-DSH states.

Title IX -- Regulatory Reduction and Contracting Reform. The Rangel-Dingell Substitute includes the Committee on Energy and Commerce reported provision on Medicare contractor and regulatory reform.

Title X -- Importation of Prescription Drugs. The Rangel-Dingell Substitute incorporates the reimportation amendments adopted on the Senate Floor on June 19, 2003, which will allow access to low-cost Canadian drugs if the Secretary of the Department of Health and Human Services certifies that they are safe.

Title XI -- Access to Affordable Pharmaceuticals. The Rangel-Dingell Substitute incorporates the text of S. 1225 as adopted by the Senate, which will make lower cost generic drugs available more quickly.