

ONE HUNDRED ELEVENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

MEMORANDUM

June 18, 2010

To: Members of the Subcommittee on Health

Fr: Health Subcommittee Staff

Re: Hearing on the Medicare Payment Advisory Commission's June 2010 Report to Congress: "Aligning Incentives in Medicare"

On Wednesday, June 23, 2010, at 2:00 p.m. in room 2123 of the Rayburn House Office Building, the Subcommittee on Health will hold a hearing entitled "MedPAC's June 2010 Report to Congress: Aligning Incentives in Medicare." The hearing will examine the findings and recommendations contained in the report submitted by the Medicare Payment Advisory Commission (MedPAC) to Congress on June 15, 2010.

I. BACKGROUND ON MEDPAC

MedPAC is a non-partisan, independent legislative branch agency established to provide advice to Congress concerning the Medicare program. Its mandate includes two required reports each year. In its March report, MedPAC analyzes payment policies in the fee-for-service parts of Medicare, as well as payment policies in Medicare Advantage. In its annual June report, MedPAC analyzes issues affecting the Medicare program, sets forth policy options, and makes specific recommendations.

MedPAC is administered by a 17-member, part-time, expert commission appointed by the Comptroller General. Members of the commission include experts in healthcare financing and delivery of services.

II. MEDPAC'S JUNE REPORT TO CONGRESS

In its June report to Congress, MedPAC notes that its recent reports have focused heavily on modifying payment incentives to providers. The recently enacted health reform legislation contained many such MedPAC recommendations. The June report, "Aligning Incentives in Medicare," focuses on opportunities to improve program quality and efficiency by improving the

performance of the Centers for Medicare & Medicaid Services (CMS) and by helping beneficiaries make better decisions about their health care.

Specific topics covered by chapters in the report include

1. Enhancing Medicare's Ability to Innovate. A discussion of options to make Medicare a more efficient purchaser of healthcare services.
2. Improving Traditional Medicare's Benefit Design. An analysis of problems created by Medicare's current structure of cost-sharing and deductibles, and a discussion of options for addressing those problems.
3. Medicare's Role in Supporting Quality Improvement. A discussion of options to leverage Medicare to drive quality improvement in the health care system through direct technical assistance and conditions of participation.
4. Graduate Medical Education Financing: Focusing on Educational Priorities. A set of recommendations to improve the performance of teaching hospitals that receive Medicare funding.
5. Coordinating the Care of Dual Eligible Beneficiaries. A discussion of problems facing dually-eligible beneficiaries (enrolled in both Medicare and Medicaid) and an explanation of major causes of those problems.
6. Inpatient Psychiatric Care in Medicare: Trends and Issues. A discussion of issues related to inpatient psychiatric facilities, hospitals that provide care to patients with severe mental illness.
7. Shared Decision Making and its Implications for Medicare. A discussion of opportunities for Medicare to help beneficiaries make better decisions about the course of their health care treatment.
8. Addressing the Growth of Ancillary Services in Physicians' Offices. A discussion of the rapid growth in spending for services provided under the in-office ancillary services exception to the self-referral laws. Those services include imaging, radiation therapy, physical and occupational therapy, and clinical laboratory tests, among others.

III. WITNESS

The following witness has been invited to testify:

Glenn Hackbarth, J.D.

Chairman

Medicare Payment and Advisory Commission