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Republicans Anti-Regulatory Agenda Blocks Patient Protections and Denies Payments to Medicare and Medicaid Providers

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H.R. 4078, the Regulatory Freeze Act, would imperil Medicare and Medicaid, block implementation of key patient protections, and have other deleterious impacts on health care in the United States. By stopping regulations, court settlements, and consent decrees from moving forward, the legislation would:

- Undermine the efficient operation of Medicare, Medicaid, and private insurance, leaving providers without payment updates for their services and, in turn, potentially causing significant job layoffs;
- Jeopardize patient safety and quality of care by stopping pending rules and regulations designed to advance health care quality and raise the bar for provider performance;
- Raise health insurance costs and undermine critical consumer protections in the insurance marketplace allowing insurer abuses to continue.

Impacts on Health Reform

H.R. 4078 is a backdoor attempt by Republicans to further pursue their hyper-partisan efforts to stop the Affordable Care Act by any means possible. Despite a clear decision from the Supreme Court that the Act is constitutional, Republicans are yet again trying to make the law go away.

Blocks Patient Protections. The Republican bill would deprive consumers of important new protections provided in the Affordable Care Act, as federal agencies would be limited in their ability to promulgate regulations that guarantee access and end discrimination by insurers against people with pre-existing conditions.

May Cause Higher Premiums. Without key regulations, insurers, employers, and states would face uncertainty as to what the future insurance marketplace, called “exchanges,” will look like, hindering states’ ability to set up their own exchanges. In response to such uncertainty, insurers may raise premiums or not offer quality competitive insurance products. Additionally, regulations that implement premium stabilization protections provided in the Affordable Care Act would be delayed, further exacerbating premiums increases and harming middle class families.

Stalls Access to Health Insurance and Raises Health Care Costs for Millions of Americans. According to the Congressional Budget Office (CBO), “delaying... regulatory actions could delay implementation of health insurance exchanges.” The delay in setting up exchanges -- the delivery mechanism for the tax credits -- means millions of people could be denied assistance with premium costs, assistance to which they are entitled under the law. Regulations setting forth details of cost-sharing reductions would also be delayed, further depriving millions of Americans of additional financial assistance to help them access necessary health benefits.

Impacts on Medicare

Denies Hundreds of Millions in Payments to Medicare Providers. According to CBO, H.R. 4078 would prevent annual updates for many Medicare providers. These providers would see a freeze in their payment rates, contrary to existing laws, which would deny them updates that allow Medicare payments to keep pace with inflation. These cuts could, in fact, further worsen the unemployment rate by making it harder for providers to maintain existing staffing levels. For example:

- 3,400 acute care hospitals would lose \$175 million in payments that are meant to cover the rising cost of providing care;
- 440 long-term care hospitals would be denied \$100 million in payment updates;
- Hospital outpatient departments in more than 4,000 hospitals would lose inflationary increases in their payments of approximately 2.1%;
- 5,000 ambulatory surgical centers would be denied inflationary updates of 1.3%;
- Over 5,600 dialysis facilities would lose \$320 million in Medicare payments.

Blocks Efforts to Modernize Delivery of Health Care. The Center for Medicare and Medicaid Innovation (CMMI) is a central player in the move to modernize the delivery of health care and reward value over volume. Under the law, CMMI may expand new models of care if they are proven to lower costs or improve quality. The Republican anti-regulatory agenda would freeze these efforts, preventing CMMI from expanding the duration or scope of promising new delivery models.

Impacts on Medicaid

The Medicaid program provides affordable health insurance coverage to more than 60 million Americans, including one in three children, 11 million individuals with disabilities, and 5 million poor seniors. Medicaid is also the primary payer of long term care supports and services and provides the quality and safety standards for nursing facilities.

Blocks Increased Payments for Primary Care. The Affordable Care Act provided an increase in payments for primary care providers in Medicaid in 2013 and 2014. The bill would effectively block CMS from finalizing details for this important boost for primary care services offered by physicians, such as pediatricians, leaving states without the guidance needed for implementation. This puts in doubt over \$10 billion of increased primary care payments to providers over the next two years.

Blocks Increased Payments for Physicians that Provide Vaccines to Children. The Vaccines For Children (VFC) program provides free vaccines for children with Medicaid coverage, Native American children, and children who are uninsured or who receive vaccines through Federally Qualified Health Centers or Rural Health Centers in order to ensure that they are immunized and can grow up healthy. The reimbursement for these vaccines has not been updated since 1994. A CMS proposed rule updates payments for vaccine administration, increasing payments for 2013 and 2014 by \$970 million. The Republican bill would prevent CMS from moving forward to update payment rates, which could be a disincentive for participating in VFC since providers may not be adequately compensated for immunizing children.

Leaves States in Limbo on Eligibility Changes that Help States Provide Insurance to Residents. The Affordable Care Act expands coverage to 17 million of the lowest income Americans over the next decade through Medicaid. If CMS is unable to move forward with the rules that will finalize important details, states will not have clear guidance for building information technology and eligibility systems and getting these low-income people covered. With the Federal government financing 100% of the expansion in the first three years and then 90% over time, this bill puts into question over \$600 billion of support to states that will help to reduce the number of uninsured and lower uncompensated care costs. Putting such significant investments in question would depress jobs, not increase them.