

Dateline Washington

prepared by the Division of Advocacy and Health Policy

Congress fails to halt Medicare pay cut

Congress adjourned for the year on December 20 without taking action on S. 1707/H.R. 3351, the Medicare Physician Payment Fairness Act. This legislation, introduced by Sens. Jim Jeffords (I-VT) and John Breaux (D-LA), and by Reps. Michael Bilirakis (R-FL) and Sherrod Brown (D-OH), would have shaved 4.8 percentage points off the 5.4 percent across-the-board reduction in Medicare physician payments that took effect in January 2002.

Beginning January 1, the Medicare fee schedule conversion factor was set at approximately \$36.20, down from \$38.26 in 2001. The loss occurred despite a broad-reaching grassroots lobbying campaign involving the College's active participation, which generated support from majorities in both the Senate and House. The payment reduction occurred because of major flaws in the formula that is used to calculate Medicare physician payments.

Trauma funding increases in 2002

During the last days of its first session, the 107th Congress approved \$3.5 million in fiscal year (FY) 2002 funding for the Trauma Care Systems Planning and Development Act (Title XII of the Public Health Service Act), which provides federal grants to assist states in planning, developing, and coordinating statewide trauma systems. The trauma care program funding was included as part of a larger spending bill for the Departments of Health and Human Services, Labor, and Education.

For FY 2001, Congress had approved \$3 million for the trauma program, most of which has been used by the Health Resources and Services Administration (HRSA) to conduct a state-by-state needs assessment of trauma system capabilities around the country. Trauma funding advocates anticipate that the results of the study, expected shortly, will clearly illustrate the patchwork nature of the nation's trauma care network and bolster the argument for significantly increased program funding.

The College is taking initial steps toward persuading Congress to reauthorize the program for an additional four years. It also is working with Congress to address trauma care system needs as part of new efforts to improve the nation's preparedness to respond to acts of bioterrorism. H.R. 3448, the Public Health Security and Bioterrorism Response Act of 2001, recently passed by the House, includes a provision that would authorize increased funding to "develop and implement the trauma care component of the State plan for the provision of emergency medical services." A Senate-passed bioterrorism package does not include this provision. Legislators hope to resolve differences between the two bills as soon as possible.

Congress passes nursing shortage bills

On December 20, the Senate passed by unanimous consent a bill introduced earlier in the day by Sen. Barbara Mikulski (D-MD) that is intended to address the nation's current nursing shortage. The Nurse Reinvestment Act, S. 1864, combines two proposals passed by the Senate Health, Education, Labor, and Pensions Committee on November 1—S. 721, originally sponsored by Senator Mikulski and Sen. Tim

CMS says health care spending increased in 2002

Hutchinson (R-AR), and S. 1597, sponsored by Sens. John F. Kerry (D-MA) and James Jeffords (I-VT).

The Senate-passed legislation would create nursing scholarship programs to cover tuition, school expenses, and a \$400 monthly stipend for students who commit to serve at least two years in geographic areas with a critical shortage of nurses. It would also provide scholarships for graduate-level education in exchange for service teaching at an accredited school of nursing.

In addition, the Senate bill calls for creating a public awareness campaign to promote nursing as a career and for establishing a national commission to study and make recommendations on solutions to the nursing shortage. Grant programs would also be established to improve workplace conditions for nurses and create nurse retention and outreach programs. Finally, the measure calls for "career ladder" programs to encourage additional training and advancement within the profession.

The House introduced and passed similar but less sweeping legislation on December 20. Also titled the Nurse Reinvestment Act, H.R. 3487 was introduced by Rep. Michael Bilirakis (R-FL). Differences between the two bills will need to be resolved by a House-Senate conference committee.

According to a report issued by the Centers for Medicare & Medicaid Services (CMS) on January 8, health care spending in the U.S. rose to \$1.3 trillion in 2000, a 6.9 percent increase over the previous year. The increase for 2000 was notably higher than the 5.7 percent growth rate experienced in 1999 and was the highest annual increase recorded since 1993, when spending rose by 7.4 percent. CMS economists said the increase primarily reflected a rise in economy-wide inflation.

Health care spending averaged \$4,637 per person in 2000, compared to \$4,377 in 1999. Spending for prescription drugs once again led the pace of growth in 2000, although at a slower rate than recent years. Drug spending increased by 17.3 percent to a total of \$121.8 billion in 2000, compared with a 19.2 percent increase to a total of \$103.9 billion in 1999.

Spending for Medicare, the federal program for senior citizens and disabled individuals, was \$224 billion in 2000, an increase of 5.6 percent for the year. Medicare accounted for 38 percent of public spending on health care and 17 percent of overall health spending. Increases in Medicare spending were attributed largely to changes in provider payments, including those enacted in the Balanced Budget Refinement Act of 1999.

Federal and state spending for Medicaid totaled nearly \$202 billion in 2000, an increase of 8.3 percent from 1999. Federal and state spending for the State Children's Health Insurance Program was \$2.8 billion in 2000, a 55 percent increase from the 1999 level.

The growth in expenditures in 1999 and 2000 slightly outpaced growth in gross domestic product. The share of GDP spent on health care increased from 13.1 percent in 1999 to 13.2 percent in 2000.