



SENATE PASSES MEDICARE PHYSICIAN FEE FIX VETO THREATENED

After returning from the 4th of July recess, the Senate took action last week to pass the Medicare Physician Fee fix by a 69-30 vote with **Sen. John McCain** not voting. The bill includes an 18 month fix for Medicare payments.

It reverses the 10.6% cut that took effect July 1st and the projected 5.4% cut scheduled for 2009. It would continue the 0.5% payment increase for 2008 and provides an additional 1.1% increase in 2009. (Ed. note: The stage is now set for a scheduled 20% reduction for 2010 unless Congress takes action to permanently fix the formula for calculating payments.)

The Administration then took an unprecedented step and said that it would hold-up payments for physician services rendered from July 1-15th, pending action by the Congress. The **Department of Defense** is maintaining **TriCare** fee levels pending a final resolution. **President Bush** has announced that he will veto the bill and the Congress is promising an immediate response.

The bill contains a number of other provisions in addition to physician payments. Of primary importance to many Coloradans, it contains a 'continuation' for Medicare 'Cost' contracts keeping **Rocky Mountain HMO's** current Medicare product alive. Of note, the financing for the 'fee fix' will come from a reduction in scheduled increases in payments to **Medicare Advantage** plans.

BREAKING NEWS: As this issue goes to press, the President vetoed and then the House and Senate voted to override his veto of the Medicare Physician Fee fix.

KAISER ENTERS INTO SETTLEMENT WITH STATE

Kaiser Permanente has agreed to give future members a credit worth \$155 million after the **Colorado Division of Insurance** (DOI) expressed concern about the amount of money the health maintenance organization had been sending to California 'parent', particularly given its non-profit status. It currently serves 420,000 members in the Denver and Boulder area and another 45,000 in Southern Colorado. It has agreed to expand its service area to more of southern Colorado.

The agreement came after DOI's recent examination of Kaiser's financials for 2001-2005. The DOI expressed "concern" about Kaiser's rising net worth (excessive reserves?) and the amount it was sending to 'parent' in California.

Kaiser agreed to the settlement because it 'meshes' with its efforts to provide affordable health care and expand in southern Colorado. It has recently announced plans to open a new office in Parker, and will now expand into more of **El Paso, Pueblo, Teller** and **Fremont** counties. Under the agreement, it will provide a credit to 'paying groups or subscribers' equivalent to roughly one month of coverage for members enrolled for 12 months of coverage in 2009 and in 2010.

PRESIDENT SIGNS BILL PRESERVING DSH FUNDING

As part of a war funding bill, the Congress included a moratorium on six proposed changes to Medicaid that would have reduced scheduled funding by \$787 million over five years. In Colorado, the cuts would have hurt a number of publicly owned hospitals including **Denver Health, University of Colorado Hospital** and **Memorial Hospital** in Colorado Springs. The **Legislature** had passed a law in its final days extending taxing authority to these facilities in the event that this effort had failed.

HEALTHCARE PANEL NAMED BY GOVERNOR

Gov. Bill Ritter has named 19 people to serve on the **Centennial Care Choices Program Panel**. They include: **Marcy Morrison** of Manitou Springs; **Joan Henneberry, Steve Bieringer, Douglas Clinkscales, Judith Glazner, Grant Jones, Elizabeth Leif, Lorez Meinhold, Carl Miller** and **Lucy Trujillo** of Denver; **Dr. Ned Calonge** of Greenwood Village; **Laura Hershey** of Englewood, **Peter Leibig** of Boulder; **Arnold Salazar** of Alamosa; **Michael Stengler** of Pueblo; **Dr. Mark Wallace** of Greeley; **Debbie Welle-Powell** of Centennial; and **Robert Wilson** of Grand Junction. HCPF Executive Director Joan Henneberry and Insurance Commissioner Marcy Morrison will co-chair the group. The panel was created by **Senate Bill 08-217** and is tasked to seek information from health insurance companies and other interested parties to help design value benefit

