

washingtonpost.com

Add-Ons Expand Medicare Measure

Special Interests' Lobbying Pays Off

By Dan Morgan
Washington Post Staff Writer
Monday, July 14, 2003; Page A01

Congress's \$400 billion Medicare prescription drug bill, advertised as a way to help elderly Americans pay for their medicine, has become a magnet for dozens of unrelated provisions benefiting hospitals, doctors, medical equipment companies and an array of other health care interests.

Tucked into the small print of the 1,043-page Senate version, for example, is a "demonstration project" allowing selected chiropractors to bill Medicare for many services not now covered. If the experiment shows that chiropractors can save money for Medicare by steering patients away from costlier services, it could be instituted nationwide.

Other provisions -- many of them dropped into the legislation in the small hours of June 27, just before Senate passage -- would benefit marriage counselors, the weight-management industry, rural ambulance services, Hawaii's Medicaid program and doctors in Alaska.

The stampede by lawmakers to add unrelated provisions to the bill received scant attention at the time. Interest focused instead on the historic attempt to expand Medicare to help elderly Americans pay for their medicine, a goal that will become law if negotiators can resolve differences between the House and Senate versions.

But the legislation proved to be an irresistible target for an army of health care lobbyists lured by the first major Medicare bill to move through Congress in three years. Proposed changes in the basic Medicare program now consume about 200 pages in the Senate bill, one-fifth of the total. Preliminary estimates suggest the special provisions will add tens of billions of dollars to the legislation's cost, although Republicans say the bills also contain offsetting savings.

The House version includes provisions sought by the American Physical Therapy Association, the Advanced Medical Technology Association, the Federation of American Hospitals and dozens of other groups. The lobbying is sure to intensify in the weeks ahead as House-Senate negotiations move forward.

"It's a vehicle, a train moving down the tracks, and many ideas that haven't had homes are catching a ride," said Robert Reischauer, president of the Urban Institute in Washington. "In terms of the costs, this is still overwhelmingly a prescription drug bill. But there are lots of bells and whistles attached representing the wishes of other components of the health sector."

The White House budget office has criticized "provisions that would increase the cost of the program and that are unrelated to strengthening and improving Medicare." It cited an expansion of payments to teaching hospitals that train clinical psychologists and the Senate bill's chiropractor demonstration project.

The Congressional Budget Office has not finished calculating the cost of all the changes, but it is certain to be in the billions of dollars. To keep the price tag of the overall prescription drug measure below a

\$400 billion ceiling, congressional leaders are relying, in part, on some budgetary sleight of hand.

For example, the Senate bill counts on \$8 billion in savings from more rigorous enforcement of a long-standing rule that says a Medicare recipient must tap all of his or her private insurance (such as an automobile policy) before Medicare will pay. The extent of those savings is questionable, administration health officials say.

Lawmakers strongly defend the added provisions.

Language in the Senate bill that eases the disparity between Medicare reimbursements for rural and urban hospitals was a top priority for Sen. Charles E. Grassley (R-Iowa), the Finance Committee chairman who ushered the Medicare bill through the Senate. The estimated cost of the rural package is \$17 billion to \$19 billion over 10 years. The House bill contains similar provisions.

Another senator from a rural state, Kent Conrad (D-N.D.), used his influence as senior member of the Finance Committee and ranking Democrat on the Budget Committee to press for the hospital provisions and others that he deemed essential to rural health care.

"Rural parts of the country are disadvantaged by formulas that are badly out of date because they were based on costs of 20 years ago," Conrad said.

Conrad was principal sponsor of a provision that for the first time would cover some drugs that patients inject themselves. He said it would save patients in his and other rural states from long drives to doctors' offices, where Medicare covers the treatment.

The North Dakota senator said 44 patient groups supported the change, which would cover drugs used by individuals suffering from diseases such as multiple sclerosis, rheumatoid arthritis, deep vein thrombosis and hepatitis C. But Conrad said his staff was also heavily lobbied by the pharmaceutical industry, including Biogen, which makes the multiple sclerosis drug Avonex.

The provision would expire in 2006, when self-injected drugs would be covered by the new Medicare prescription drug plan.

The cost to the Medicare program would be about \$500 million during the next two years, according to a preliminary estimate of the Congressional Budget Office. But Conrad said a private estimate suggested it actually could save \$86 million by reducing the use of doctors and, in some cases, substituting drugs that are less costly to administer.

Along with Sens. Tom Harkin (D-Iowa) and Craig Thomas (R-Wyo.), Conrad inserted a provision to provide a temporary fee increase for rural ambulance services that are stretched thin. Another provision would benefit air ambulance services, of particular interest in states such as Montana and Alaska. An increase in Medicare reimbursement rates has been a top priority of the American Ambulance Association, which called on members in February to begin an all-out lobbying effort for relief under Medicare.

Since the Senate included language sought by the American Chiropractic Association, that organization has asked for "immediate grassroots action" to ensure that House conferees accept the demonstration project.

"ACA efforts to win inclusion of this provision are being strongly opposed by the powerful physical

therapy lobby and certain medical interests," says the ACA Web site. "We can win this issue but only if there is a strong expression of support for our provision."

Medicare now covers only "spinal manipulation" performed by chiropractors. The six pilot projects in the Senate bill could open the way for all services to be covered eventually. Chiropractors say they provide preventive care that saves Medicare large sums in the long run. But administration officials said last week they feared it was a backdoor effort to expand the Medicare program.

The stakes are also high for the Advanced Medical Technology Association, also known as AdvaMed, which represents more than 1,000 manufacturers of medical devices, including Johnson & Johnson, Medtronic, Baxter and Abbott Laboratories. The House bill would expand the eligibility for Medicare coverage of innovative devices used in various procedures.

Both houses also have language that, for the first time, would allow Medicare to pay partly for clinical trials of "breakthrough" devices. "It's all about bringing Medicare into the 21st century," said Stephen Ubl, AdvaMed's executive vice president for government relations.

A key champion of the provisions is Rep. Jim Ramstad (R), whose home state of Minnesota is a center of medical technology.

While numerous groups are lobbying hard to keep beneficial provisions in either the House or Senate bills or both, other groups are trying just as hard to undo provisions that House and Senate leaders wrote into their bills to curb the rising cost of Medicare.

The National Association of Home Care is aiming its lobbying at trying to remove a House provision that would make patients receiving home care services pay part of the bill themselves, a charge known as a co-payment. The provision is estimated to save \$3 billion to \$4 billion over 10 years.

National Home Care Association President Val J. Halamandaris has made a video appeal on the group's Web site, asking members "to push the Senate as far as we can to stay by their version of the bill."

To fight Senate language that would require patients to make a similar co-payment for work done by independent laboratories outside hospitals, the College of American Pathologists, the American Society of Microbiology and other organizations have formed the Clinical Laboratory Coalition.

The government has estimated the co-payment would save Medicare \$18 billion in a decade, but that is disputed by Robert J. Waters, a lobbyist hired by the coalition. The co-payment would have to be collected by labs testing blood, urine or other specimens and would be a major burden on the industry and patients, Waters argues.

"If a medical beneficiary needs a test, he should be able to get one," he said.

His coalition, he added, "may be doing some print, and maybe radio" advertising aimed at members of Congress.

© 2003 The Washington Post Company