

<b>Issue</b>	<b>S. 1</b>	<b>H.R. 1</b>
<b>AWP</b>	<p>Drugs would be reimbursed at 85% of AWP in 2004 updated by the CPI in 2005 and subsequent years. The Secretary can determine through a survey of market prices that the payment amount for a drug should be lower. For any drug payment reduction exceeding 15% there would be a transition period during which a drug payment would be reduced in 15% increments a year.</p> <p>The Secretary has the discretion to make separate payments for the administration of infusion and Nebulizer drugs. Payments for infusion drugs and the administration of the drugs in a year could not exceed what spending would have been without the AWP reforms. Payments for administration of inhalation drugs could not exceed 10% of the savings achieved through AWP reform. <i>Sec. 432</i></p>	<p>None for nebulizers and infusion drugs. Nebulizer and infusion drugs are included in national competitive bidding. <i>Sec. 303</i></p>
<b>CPI Freeze</b>	<p>7 Year freeze in the CPI update for DME and off-the-shelf orthotics. <i>Sec. 430</i></p>	
<b>Standards</b>	<p>Requires Secretary to establish and implement quality standards developed by an independent accrediting organization. Secretary to consult with an expert outside panel including industry representatives when selecting the accrediting organizations. Suppliers must comply with the standards to participate in the program and furnish and receive payment for DME. Three year implementation phase. <i>Sec. 430</i></p>	<p>Requires the development of quality standards for DME products as part of national competitive bidding. Creates a Program Advisory and Oversight Committee to consult with the Secretary in the development of the standards. The Secretary has discretion to appoint members of this committee. Committee will oversee competitive bidding. <i>Sec. 302</i></p>
<b>Competitive Bidding</b> • <b>Phase-in</b>		<p><i>Sec. 302</i> • Requires a 3-year phase-in of competitive acquisition areas with at least 1/3 of such areas by</p>

		2005 and 2/3 by 2006.
<ul style="list-style-type: none"> <li>• <b>Covered items and services</b></li> </ul>		<p>High cost, high utilization items are to be subject to competitive bidding first.</p> <ul style="list-style-type: none"> <li>• Durable medical equipment items used for infusion, drugs and supplies used in conjunction with durable medical equipment, and off-the-shelf orthotics covered under Part B of Medicare, and parental nutrients, equipment and suppliers.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Exemptions</b></li> </ul>		<ul style="list-style-type: none"> <li>• Exempts rural areas that are not competitive, and urban areas that would not be competitive due to low population density, unless there is a significant national mail order market in that area.</li> </ul> <p>Exempts items for which cost savings would not materialize under competitive bidding.</p>
<ul style="list-style-type: none"> <li>• <b>Beneficiary Protections</b></li> </ul>		<ul style="list-style-type: none"> <li>• Requires that beneficiaries have access to multiple suppliers. Limits beneficiary liability to 20% unless there has been an upgrade ABN; and allows Secretary to contract with entities for education, outreach and complaint services.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Administration</b></li> </ul>		<ul style="list-style-type: none"> <li>• Requires that the total amounts to be paid under the contract (including costs associated with administration of the contract) be lower than the total amounts that would otherwise be paid; requires Secretary to re-bid contracts every 3 years; allows Secretary to limit the number of contractors in a competitive acquisition area to the number necessary to meet product demand; requires the Secretary to award contracts to multiple entities in each area for an item or service. Requires that entity to meet quality and financial standards.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>New Demonstration Authority</b></li> </ul>		<ul style="list-style-type: none"> <li>• Requires the Secretary to conduct a demonstration project on the applicability of competitive bidding to clinical laboratory services</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Reports</b></li> </ul>		<ul style="list-style-type: none"> <li>• Requires the Secretary to conduct a study to</li> </ul>

		<p>determine whether suppliers under competitive bidding influence physician prescribing practices based on profitability of products.</p> <p>Requires the GAO to report on the Standards Professional Services and related functions necessary for safe and effective home infusion and home inhalation therapy. Report due on May 1, 2004. GAO findings are to be used in developing quality standards.</p> <p>Requires the Secretary to report to Congress annually on the competitive acquisition program. Each report shall include information on cost savings, reductions in beneficiary cost sharing, access to and quality of items, and beneficiary satisfaction. No initial report date included.</p>
<ul style="list-style-type: none"> <li>• <b>Determination of Bid Categories</b></li> </ul>		<ul style="list-style-type: none"> <li>• Secretary must consider clinical efficiency and value of codes before delineating the categories and products to be bid.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Inherent Reasonableness</b></li> </ul>		<ul style="list-style-type: none"> <li>• The Secretary would have the authority to apply competitive bidding prices for an item nationally. If the Secretary exercises this authority, then IR will not apply to those items.</li> </ul>