



# Medicare: Today's Issue

March 31, 2004

## *BETTER BENEFITS – MORE CHOICES*

*Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!*

### Quality Provisions in the Medicare Modernization Act:

#### ❖ **Market Basket Update is Tied to Submission of Quality Data:**

The Secretary established 10 hospital quality measures on November 1, 2003. For fiscal years 2005 through 2007, hospitals will receive the full market basket update if they submit these measures. The measures are those currently being used as part of the Centers for Medicare & Medicaid Services' (CMS) National Voluntary Hospital Reporting Initiative. The initiative is intended to make critical information about hospital performance accessible to the public and to inform and invigorate efforts to improve quality. If hospitals do not submit the 10 quality measures, they will receive an update of market basket minus 0.4 percentage points.

#### ❖ **Expanded Responsibilities of Quality Improvement Organizations (QIOs):**

Currently, Medicare Quality Improvement Organizations (QIOs) are responsible for monitoring and evaluating the quality of activities of health care providers under Medicare Part A and Part B. Under the Medicare Modernization Act (MMA), QIOs' responsibilities will also include providing quality improvement assistance for prescription drug therapy to Medicare Advantage plans and Prescription Drug Plans.

#### ❖ **Electronic Prescribing:**

Medication errors will be sharply reduced by the electronic prescribing provisions in the MMA. The Secretary of Health and Human Services is directed to develop a national standard for electronic prescriptions with the National Committee on Vital and Health Statistics and in consultation with health care providers including hospitals, physicians, pharmacists and other experts. A one-year pilot project in 2006 will measure how effective the proposed national standard is, and the Secretary may revise the standard based on the industry's experience. Once the final standard is set (and no later than April 2008), any prescriptions that are written electronically for Medicare beneficiaries will have to conform to the standard. There is, however, no requirement that prescriptions be written electronically. Electronic prescribing is entirely voluntary for doctors. The Act also authorizes the federal government to give grants to doctors to help them buy computers, software, and training to get ready for electronic prescribing.

#### ❖ **Long-Term Care Facility Employee Background Checks:**

The MMA appropriates \$25 million for a 3-year pilot program for national and state background checks on employees of long-term care facilities or providers. The pilot program will identify efficient, effective and economical processes for long-term care facilities or providers to conduct background checks on employees with direct access to residents and patients. The facilities and providers included in the pilot include nursing homes, home health agencies, providers of hospice care, providers of personal care services, residential long-term care providers, and intermediate care facilities for the mentally retarded. No more than 10 states can be selected for the pilot.