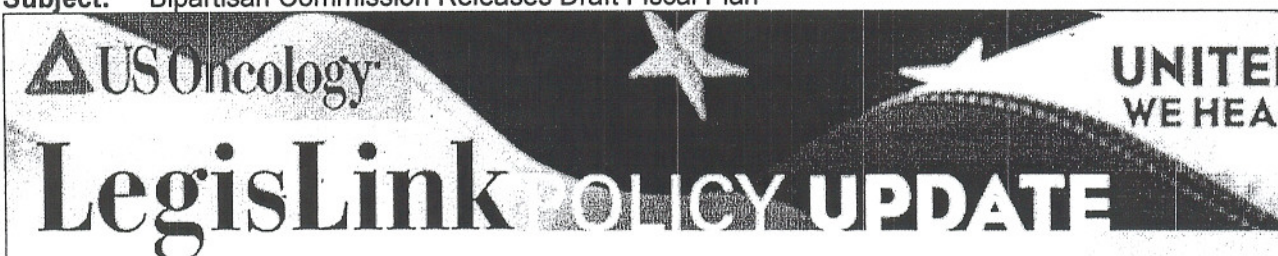


Joseph DiBenedetto

From: "LegisLink Policy Update" <legislink@usoncology.com>
To: <joedibenedetto@msn.com>
Sent: Thursday, November 11, 2010 4:53 PM
Subject: Bipartisan Commission Releases Draft Fiscal Plan

**BIPARTISAN COMMISSION RELEASES DRAFT FISCAL PLAN**

On Wednesday the bipartisan National Commission on Fiscal Responsibility and Reform released a draft proposal of spending cuts and tax increases aimed at bringing down the national deficit. Co-chairmen of the White House appointed Fiscal Commission Erskine Bowles, former White House chief of staff during the Clinton administration, and Alan Simpson, retired Wyoming Republican senator, detailed the proposed cuts federal health care spending, defense spending, social security, federal employee salaries and government earmarks in addition to other areas amounting to \$410 billion in discretionary spending cuts by 2015. The Fiscal Commission released this draft as the basis for the final draft that the panel will send to the President on December 1, 2010.

Without providing much detail, the panel estimates that replacing the sustainable-growth rate (SGR) physician payment formula could save \$24 billions over 10 years. That is in contrast to the projected cost of freezing rates, which costs \$276 billion over the same time frame. The federal health care spending cuts detailed in the plan include the following:

Reductions to Reimbursement

1. Pay doctors, other health providers, and drug companies less and improve efficiency and quality
 - Replace cuts required by sustainable growth rate (SGR) through 2015 with modest reductions while directing CMS to establish a new payment system, beginning in 2015, to reduce costs and improve quality
 - Require rebates for brand-name drugs as a condition of participation in Medicare Part D
2. Increase cost-sharing in Medicare
 - Eliminate first-dollar coverage in Medigap plans
 - Replace existing cost-sharing rules with universal deductible, single coinsurance rate, and catastrophic cap for Medicare Part A and Part B
3. Pay lawyers less and reduce the cost of defensive medicine
 - Enact comprehensive medical malpractice liability reform to cap non-economic and punitive damages and make other changes in tort law

Enhancement of the Independent Payment Advisory Board (IPAB)

- Include all providers (no carve-outs) and recommendations on benefit design and cost-sharing
- Improve savings targets to 1.5% starting in 2015
- Eliminate the trigger that could turn off IPAB in 2019
- Allow cost-savings recommendations even when spending does not exceed the target growth rate
- Allow proposals that apply reforms to health plans in the exchange
- Require affirmative Congressional approval of recommendations or alternative savings, with a "back-to-sequester" increasing premiums and reducing provider payments if IPAB recommendations (or equivalent savings) are not adopted

Medium-Term Health Care Savings

(3)