



H.Res. 1368 - Delay of Implementation of Section 803 of the Medicare Modernization Act of 2003

FLOOR SITUATION

H.Res. is a stand alone rule, as required by the Medicare Prescription Drug, Modernization, and Improvement Act. It is expected to be considered by the House on July 24, 2008.

SUMMARY

The rule provides that section 803 of the MMA shall not apply during the remainder of the 110th Congress, effectively turning off the Medicare Trigger for the remainder of this Congress. Section 803 of the MMA contains the procedures the House of Representatives must follow once the Medicare funding warning is triggered.

BACKGROUND

The Medicare Prescription Drug, Modernization, and Improvement Act of 2003 (P.L. 108-173, MMA) included a provision that requires Presidential and Congressional action if general taxpayer revenues provide more than 45 percent of Medicare funding for two consecutive years. In 2006, the Medicare Board of Trustees reported that the percentage of general revenue that funds Medicare exceeds 45 percent. The 2007 Medicare Trustees report echoed the findings from the previous year and officially triggered the "Medicare funding warning."

**Note: According to the 2007 Medicare Trustees Report, "Medicare expenditures were \$408 billion in 2006 and are expected to increase in future years at a faster pace than either workers' earnings or the economy overall."*

Once the Medicare funding warning has been issued, the President is required to submit a legislative proposal to lower the percentage of general revenue used to fund Medicare to Congress within fifteen days of submitting the fiscal year 2009 Budget. Congress is then required by the MMA to expedite consideration of a proposal (not necessarily the Administration's proposal) to lower the percentage of general revenue used to fund Medicare.

On February 15, 2008, the President submitted the Medicare Funding Warning Response Act of 2008 to Congress. The proposal requires the Secretary of Health and Human Services (HHS) to develop and implement a system of interoperable electronic health records, to make information about prices and payments for Medicare services more transparent, to develop an incentive program for Medicare providers and suppliers that ties a portion of their Medicare payments to the quality and efficiency of care provided. In addition, the President's proposal included medical liability reform provisions, and a Medicare Part D income threshold.

As required by the MMA, Majority Leader Steny Hoyer and Republican Leader John Boehner (along with their Senate counterparts) introduced the President's proposal (H.R. 5480) on February 25, 2008 – three legislative days after the President submitted his proposal to Congress. The bill was referred to the House Committee on Energy and Commerce, Committee on the Judiciary, and the Committee on Ways and Means, but was not considered by any of them.

The MMA requires that legislation be voted on in the House by July 30, 2008. If the House has not considered the legislation by that date, a motion to discharge the bill from committee may be made by a Member that supports the legislation, may be made only if supported by one-fifth of the total membership of the House, and is highly privileged in the House.



The Democrat majority has failed to act on the Medicare trigger and as a result is facing a July 30, 2008, deadline with nothing to offer to control Medicare spending. In 2008, Medicare spending is expected to top \$400 billion.

ADDITIONAL VIEWS

Michael O. Leavitt, Secretary of the Department of Health and Human Services, "The Medicare program is on an unsustainable path, driven by two principal factors: projected growth in its per-capita costs, and increases in the beneficiary population as a result of population aging. Excess cost growth will not be brought under control until there is comprehensive reform changing Medicare's underlying structure. The funding warning is merely one near-term signal illuminating a small piece of a much larger problem. That problem is an unsustainable design in which government controls too many aspects of health care." ([Letter of Transmittal to Speaker Pelosi](#))

Representative Joe Barton (R-TX), Ranking Member of the Committee on Energy and Commerce, "the Medicare trustees have reported that if current policies are not changed within the next 11 years, the Medicare trust fund will go bankrupt. What that means is if you are 54 years old or younger, when you retire there will be no money in the Medicare trust fund to pay your Medicare benefits which you are, by law, entitled to at age 65. This is a problem that we can't put off for 20 years or 50 years. In my opinion, we can't put it off for any years. Again, we need to begin to address it immediately, we need to address it in this Congress, and we need to hopefully address it in a bipartisan fashion." (Press Release, 3/5/2008)

Representative Jim McCrery (R-LA), Ranking Republican of the Committee on Ways and Means, "Medicare is not sustainable on its current path. Soaring costs and a growing number of beneficiaries threaten to overwhelm the program. Recognizing this problem is one thing but we must do more than just that. We must take action." (Press Release, 2/25/08)

STAFF CONTACT

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