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Client Alert

November 26, 2003

HEALTH LAW

Congress Passes Major Medicare Reform Bill

Yesterday morning, the United States Senate passed, by a vote of 54 to 44, the most sweeping changes to the Medicare program that that body has approved since the program was created in 1965. The legislation was passed after hours of procedural maneuvering. Although Senate Democrats raised five budgetary points of order against the bill and attempted a filibuster, supporters of the legislation were able to defeat these obstacles. The House of Representatives had already passed the bill, 220-215, after an intense all-night session last Friday. The legislation now heads to the President, who yesterday eagerly vowed to sign it into law. Democrats are already promising to revisit some key issues in future sessions of Congress.

The cornerstone of the \$395 billion package is the addition of an outpatient prescription drug benefit – “Medicare Part D.” The bill will also provide assistance to low-income seniors, introduce more competition into the program, and incorporate cost-containment measures. Although the measure’s prescription drug coverage will not begin until 2006, seniors will have the opportunity before then to purchase a drug discount card established by the Bush Administration, which supporters say will save participants up to 25% on their drug costs. In addition to the prescription drug benefit, the bill contains a multitude of significant reforms to the existing Medicare program, including provisions affecting hospitals, physicians, durable medical equipment providers, home health care providers, and clinical laboratories, to name a few. The legislation also addresses generic drug exclusivity, tax incentives, drug reimportation, rural provider concerns, and fraud and abuse issues.

Mintz Levin has been monitoring the development of the legislation over the course of this year, and we are currently reviewing the nearly 700 pages of text included in the bill, as well as the conference report. We will provide you with a more detailed analysis of the measure’s wide-ranging provisions in an advisory to be published next week. In the meantime, if you have specific questions or are interested in particular topics, we invite you to e-mail us at medicaredrugbill@mintz.com or contact one of our health care lawyers. We would be pleased to hear from you and plan to address your issues in next week’s and future Advisories.

And finally, but of no less significance, we wish you all a wonderful Thanksgiving tomorrow.