



Health Policy Briefing

December 16, 2013

House Recesses After Passing Two-Year Budget Deal; The Doc “Fix” Is In!

Senate Set to Take Up House-Passed Budget Deal

On Thursday the House voted 332-94 to pass H.J.Res. 59, the Bipartisan Budget Act of 2013 and Pathway for Sustainable Growth in Medicare (SGR) Reform Act of 2013, which includes a three-year 0.5% increase in Medicare physician payments and greases the skids for House/Senate appropriators to allocate \$1.012 trillion in fiscal year (FY) 2014 federal spending to federal agencies. The Senate is scheduled to begin debate on the budget deal this Tuesday before wrapping up this measure, the National Defense Authorization Act (NDAA) and other matters before the scheduled adjournment at week’s end. **Senate Majority Leader Harry Reid (D-NV)** is counting on his caucus and a handful of Republicans to pass the bill, given that the Senate Republican leadership objects to the bill’s spending which is above Budget Control Act (BCA)-mandated sequestration levels. **House Speaker John Boehner (R-OH)** said about the deal “While modest in scale, this agreement represents a positive step forward by replacing one-time spending cuts with permanent reforms to mandatory spending programs that will produce real, lasting savings.” The President also endorsed the bill, saying that it is “a good sign that Democrats

and Republicans in Congress were able to come together and break the cycle of shortsighted, crisis-driven decision making to get this done.” The budget deal--worked out mainly by the House and Senate Budget Committee chairs, **Rep. Paul Ryan (R-WI)** and **Sen. Patty Murray (D-WA)**,-- raises federal discretionary spending above the sequestration levels by \$45 billion in FY 2014 (to \$1.012 trillion) and by \$18 billion in FY 2015 (to \$1.014 trillion). The \$63 billion in increased spending would be evenly split between domestic and military accounts. The increased spending is offset over ten years, resulting in a net deficit reduction of \$23 billion over the period by, among other things--

continued on page 2

Inside

- House and Senate Tax Committees Approve SGR Reform Legislation.....2
- Health Legislation Advances in the House.....3
- Republicans Continue Oversight and Criticism of Health Law.....3
- CMS Asks for Comments on CMPs.....4
- CMS Considering New Rule for Hospices.....4
- CMS Clarifies SNF Coverage Rules.....4
- MedPAC on ASC, HHA, Hospice and MD Payments.....4
- MACPAC Discusses Recommendations to Congress....4
- Administration Announces Mental Health Initiative....4
- Upcoming Health-Related Hearings and Markups.....5
- Health Legislation Recently Introduced.....5
- Appendix I.....9

continued from page 1

extending the BCA-mandated cut in Medicare reimbursements for another two years, through 2023; decreasing the cost of living adjustments (COLAs) for military retirees under age 62; increasing by 1.3% new Federal employee retirement contributions, and increasing Pension Benefit Guaranty Corporation (PBGC) premiums, etc. (see a full summary in Appendix I). The SGR reform provisions were added to the bill under a rule adopted by the House Rules Committee on a vote of 9-3. In general, the amendment would delay until April 1, 2014 the Medicare physician payment cuts scheduled for January 1st and also allow for an increase in such payments by 0.5% over three years. The three-month delay of Medicare physician cuts is intended to allow Congress to finish the process of passing long-term SGR reform legislation (see below). The Congressional Budget Office (CBO) estimates the 10-year cost of the temporary payment “fix” to be \$8.7 billion, although the offsets included in the measure would actually result in about a \$300 million savings over the period. Among the offsets: changing the 2% BCA Medicare payment cut to 2.9% for the first six months and 1.1% for the next six months; delaying Medicaid disproportionate share hospital (DSH) payment cuts to FY 2016 while increasing the amount from \$600 million to \$1.2 billion and extending them through FY 2023; and lowering long-term care hospitals (LTCHs) payments to inpatient rates for patients who stay only 1-3 days or are not on ventilators (others would receive higher rates). The amendment also includes extensions of the following provisions and programs: therapy cap exceptions process; ambulance add-ons; Medicare inpatient hospital payment adjustment for low-volume hospitals; Medicare-dependent hospital (MDH) program; authorization for special needs plans (SNPs); Medicare reasonable cost contracts; existing funding for contract with consensus-based entity; funding outreach and assistance for low-income programs; and work Geographic Practice Cost Index (GPCI) floor. Although the budget legislation gives House and Senate appropriators the overall FY 2014 spending levels they need to assemble an omnibus appropriations bill for passage before the January 15, 2014 deadline set under current law, if they do not then another short-term continuing resolution (CR) may need to be passed when Congress reconvenes early next year. Congress also faces another key deadline in mid-February when the current extension of the federal debt limit expires.

House and Senate Tax Committees Approve SGR Reform Legislation

Both the House Ways and Means and Senate Finance Committees passed modified versions of the long-term Medicare physician payment reform proposal the two committees jointly released the prior week. Neither bill includes an offset for the estimated cost of the legislation’s replacement of the current sustainable growth rate (SGR) payment regime with a value-based pay for performance system. Nonetheless, Senator Orrin Hatch (R-UT) said the bill “will be paid for” and that the principals will sit down to arrive at a solution before the bills are taken up in each chamber. CBO said the House bill, H.R. 2810 (the Medicare Patient Access and Quality Improvement Act of 2013), would cost \$153.2 billion over ten years and that the Senate bill would cost \$148.6 billion over the same period. The lower cost of the Senate bill is at least partially due to freezing current physician payment levels over the ten year period while the House bill would increase payments by 0.5% for three years through 2016 and then freeze payments for seven years. The Ways and Means “chairman’s mark” (which can be found [here](#)) was not altered in the process, but the Senate did add several amendments to Chairman Baucus’ markup document (which can be found [here](#)). Among other things the Senate Finance amendments would: extend by five years the Medicaid Transitional Medical Assistance program; make permanent the Medicare physician fee schedule’s floor for the physician work index; make permanent the Medicare Dependent Hospital program and the Low Volume Hospital program; create a five-year demonstration project providing payments to behavioral health providers, including federally qualified mental health centers, for treating mental health and substance abuse medical issues; create a demonstration project on remote patient monitoring/telehealth in Medicare to help prevent hospital readmissions; and require the U.S. Department of Health and Human Services (HHS) to conduct an education and outreach campaign informing providers and beneficiaries of the benefits of coordinating treatment for chronic illnesses. The House Ways and Means Committee is expected to work with the House Energy and Commerce Committee in an attempt to meld the two bills passed in each committee before taking a combined bill to the House floor early next year. Of note, the E&C bill would increase physician payments by 0.5% over five years rather than three years.

Health Legislation Advances in the House

The House passed H.R. 2019, legislation that authorizes the National Institutes of Health (NIH) to grant \$126 million over ten years for pediatric research. The legislation is paid for by redirecting funds from the Presidential Election Campaign Fund that are currently used for political party conventions. The House Energy and Commerce Committee also favorably reported HR 3527, the Poison Center Network Act; H.R. 1098, the Brain Injury Reauthorization Act of 2013; and H.R. 1281, the Newborn Screening Saves Lives Reauthorization Act of 2013. The Senate Health, Education, Labor and Pensions (HELP) Committee plans to mark up the poison control center and newborn screening bills this week.

PPACA Health Reform Update

Republicans Continue Oversight and Criticism of Health Law

The passage in the House of the above-described budget deal will likely have the intended effect that Republicans had hoped in clearing the way for their continued opening of a holiday gift that keeps giving, that is, the continuing problems surrounding the implementation of the Patient Protection and Affordable Care Act (PPACA). At a House Energy and Commerce Health Subcommittee hearing held last week, HHS Secretary Kathleen Sebelius said that in hindsight she wished she “would have probably done a slower launch, maybe with fewer people, and maybe done some additional beta testing” and saved millions of people from having a very frustrating experience with the HealthCare.gov website. Perhaps presaging actions that may be taken next year, Republican Rep. Tim Murphy (R-PA) asked the HHS Secretary for recommendations on how Congress could help in addressing the law’s problems. She answered that the Administration will know more about what needs to be done as the enrollment period continues and that 365,000 individuals have “selected” a health plan on the federal and state health insurance exchanges (during October and November, a total of 1.2 million individuals were determined to be eligible for Medicaid, CHIP and exchange coverage). Republican members were skeptical, however, whether the enrollment process for such individuals has gone forward to the point where they have paid their premiums and been guaranteed by insurers to have their coverage begin on January 1st. Secretary Sebelius responded that the payment systems connected to the website are in the process of being put together and that CMS is “hand matching” individuals with insurance companies (information from HHS indicates that about 25% of the enrollment forms sent to insurers have errors). She also said that the HHS Inspector General has been asked to investigate the management, acquisition and contractor performance aspects of the early rollout in order to identify the source of the website’s problems. In the meantime, CMS has been directed to create a new CMS Chief Risk Officer whose responsibility will be to reduce risks across the agency’s programs. To address some of the lingering problems with the law, HHS announced that the federal Pre-existing Condition Insurance Plan (PCIP) will be extended for one month to help transition coverage for high-risk individuals. In addition, the HHS Secretary announced that the agency is “encouraging” insurers to give individuals additional time to pay their premiums while still extending them coverage on January 1. The delay until next year of the Small Business Health Options Program (SHOP) also came under fire in a hearing held by the House Small Business Committee. The CMS Director for the Center for Consumer Information and Insurance Oversight (CCIIO) testified that the delay does not extend to the state-based exchanges, many of which now offer small businesses multiple plan choices. In the continuing saga on the Administration’s announced intent to exempt Taft-Hartley union-negotiated multiemployer health plans from having to pay PPACA reinsurance contributions, Republican leaders on the House Education and Workforce Committee sent a letter to HHS asking the agency to respond by December 17th with all legal analyses and documents related to the agency’s decision. Republicans on the House Energy and Commerce Committee also sent a letter to state Medicaid directors seeking information by year-end on their waiting lists for enrollment and patient access to health care providers.

Medicare/Medicaid/PHSA Corner

CMS Asks for Comments on CMPs

CMS issued an Advance Notice of Proposed Rulemaking (ANPR) seeking comments on proposals for when certain group and non-group health plans should be subject to civil monetary penalties for failures to comply with Medicare Secondary Payer reporting requirements. Comments on the notice are due by February 10th.

CMS Considering New Rule for Hospices

CMS alerted hospice providers and Medicare Part D plan sponsors that the agency is considering the issuance of future guidance that would impose an independent review to resolve disputes between such entities on who should have the responsibility to pay for drugs prescribed in hospice settings. In the meantime, such entities are to coordinate their benefits and provide written documentation that satisfies Part D prior authorization rules.

CMS Clarifies SNF Coverage Rules

In response to a lawsuit, *Jimmo v. Sebelius*, CMS issued revisions to its Medicare payment guidelines clarifying that a patient does not have to meet “improvement” standards in order to be covered for skilled nursing and therapy care.

MedPAC on ASC, HHA, Hospice and MD Payments

At a recent meeting, the Medicare Payment Advisory Commission (MedPAC) members appeared to be resolved to recommend to Congress in March that ambulatory surgical centers (ASCs) should not receive a pay increase in 2015. They will vote in January on this and other recommendations such as a requirement that ASC providers submit cost data to CMS. The organization also is expected to include previous recommendations on reforming the Medicare physician payment system, including: a 10-year path of legislative updates changing pay levels, in which primary care services would receive a higher update than other services; the collection of data to improve the relative valuation of physician services; the identification of overpriced and underpriced services in the fee schedule for doctors; and the encouragement of accountable care organizations through greater opportunities for shared savings. The commission members may also include recommendations previously made in connection with home health agencies which would recommend reducing rates for home health agencies (HHAs) which have high readmission rates to hospitals. It also appeared that MedPAC will include recommendations that the update for hospice services in 2015 be frozen at FY 2014 levels.

MACPAC Discusses Recommendations to Congress

The Medicaid and CHIP Payment and Access Commission (MACPAC) is also poised to issue recommendations to Congress in March. Among the proposals will be a recommendation that legislation be passed to allow adults to be continuously enrolled in Medicaid for one year after meeting eligibility requirements. The commission is also likely to propose other changes to the Children’s Health Insurance Program (CHIP), including the elimination of waiting periods and the payment of premiums by families having income less than 150% of the federal poverty level (FPL).

Administration Announces Mental Health Initiative

Vice President Biden announced that the President’s latest initiative to address mental health issues includes \$50 million to be made available under the PPACA for community health centers (CHCs) and \$50 million from the Department of Agriculture to construct new or expand current mental health facilities in rural areas over the next three years.

Upcoming Health-Related Hearings and Markups

House Oversight and Government Reform Committee will hold a hearing on *implementation of the Health Care Law*. 1:30 p.m., Charles W. Eisemann Center for Performing Arts, 2351 Performance Dr., Richardson, Texas; December 16.

Senate Special Aging Committee will hold a hearing titled “*The Future of Long-Term Care Policy: Continuing the Conversation*.” 2:15 p.m., 562 Dirksen; December 18

Senate HELP Committee will hold a markup to consider a *newborn screening bill and poison control legislation*, as well as several nominations; 10:00 a.m., 4:30 Dirksen Building; December 18.

Health Legislation Recently Introduced

H.R. 3630 (HIV/AIDS), to establish a research program under the Congressionally Directed Medical Research Program of the Department of Defense to discover a cure for HIV/AIDS; HIMES; jointly, to the committees on Armed Services and Energy and Commerce, Dec. 2.

H.R. 3631 (DRUGS), to authorize the commissioner of food and drugs to waive or reduce certain fees applicable to generic drug facilities where the fees would present a significant barrier to market entry because of limited resources available to such facilities or other circumstances; HURT; to the Committee on Energy and Commerce, Dec. 2.

H.R. 3633 (PAYMENT), to clarify that certain recipients of payments from the federal government related to the delivery of health-care services to individuals shall not be treated as federal contractors by the Office of Federal Contract Compliance Programs based on the work performed or actions taken by such individuals that resulted in the receipt of such payments; WALBERG; to the Committee on Education and the Workforce, Dec. 3.

H.R. 3639 (SEQUESTRATION), to eliminate sequestration for the security-related functions, to be offset through reductions in payments under Medicare, agricultural subsidies, federal retirement and the application of chained CPI, and for other purposes; BRIDENSTINE; jointly, to the committees on the Budget, Ways and Means, Energy and Commerce, Agriculture, Oversight and Government Reform and House Administration, Dec. 3.

H.R. 3640 (RESEARCH), to amend the Internal Revenue Code of 1986 to increase and make permanent the research credit; BROWNLEY of California; to the Committee on Ways and Means, Dec. 3.

H.R. 3647 (VETERANS' HEALTH), to amend Title 38, U.S. Code, to improve the provision of guide dogs to veterans blinded by a service-connected injury; AMODEI; to the Committee on Veterans' Affairs, Dec. 4.

H.R. 3652 (IDENTITY THEFT), to amend Title 18, U.S. Code, to provide for penalties for aggravated identity theft facilitated by employment at an agency implementing the Affordable Care Act; HOLDING; to the Committee on the Judiciary, Dec. 4.

H.R. 3659 (MEDICAID), to amend Title XIX of the Social Security Act to clarify policy with respect to collecting reimbursement from third-party payers for medical assistance paid under Medicaid, and for other purposes; BURGESS; to the Committee on Energy and Commerce, Dec. 4.

H.R. 3662 (MEDICARE), to amend Title XVIII of the Social Security Act to provide for the coverage of marriage and family therapist services and mental health counselor services under Part B of the Medicare, and for other purposes; GIBSON; jointly, to the committees on Energy and Commerce and Ways and Means, Dec. 5.

Health Legislation Recently Introduced cont.

H.R. 3665 (MEDICAL NUTRITION), to provide for the coverage of medically necessary food under Federal health programs, and for other purposes; DELANEY; jointly, to the committees on Energy and Commerce, Ways and Means, Armed Services and Oversight and Government Reform, Dec. 5.

H.R. 3667 (MEDICAID), to amend Title XIX of the Social Security Act to increase by 10 percentage points the required state match for certain newly eligible individuals under Medicaid and to apply savings against sequestration reductions otherwise required, and for other purposes; HARRIS; jointly, to the committees on Energy and Commerce and the Budget, Dec. 5.

H.R. 3668 (MEDICARE/MEDICAID/CHIP), to amend the Medicare, Medicaid, and CHIP Extension Act of 2007 to make permanent the exemption of grandfathered long-term care hospitals from the Medicare 25 percent threshold payment adjustment; KILDEE; to the Committee on Ways and Means, Dec. 5.

H.R. 3673 (MEDICAL CARE EXPENSES), to amend the Internal Revenue Code of 1986 to treat amounts paid for umbilical cord blood banking services as medical care expenses; SCHOCK; to the Committee on Ways and Means, Dec. 5.

H.R. 3679 (REFORM), to amend the Affordable Care Act to prohibition on payment of bonuses and pay increases for executives of a state exchange funded through federal grants, and for other purposes; GARDNER; to the Committee on Energy and Commerce, Dec. 9.

H.R. 3681 (MEDICARE), to amend Title XVIII of the Social Security Act to promote health-care technology innovation and access to medical devices and services for which patients choose to self-pay under Medicare, and for other purposes; PAULSEN; jointly, to the committees on Ways and Means and Energy and Commerce, Dec. 9.

S. 1787 (MEDICAID), to require a medical loss ratio of 85 percent for Medicaid managed care plans, and for other purposes; ROCKEFELLER; to the Committee on Finance, Dec. 10.

S. 1791 (MEDICARE), to provide for the treatment of certain hospitals under Medicare; ROCKEFELLER; to the Committee on Finance, Dec. 10.

S. 1798 (EMERGENCY SERVICES VOLUNTEERS), to ensure that emergency services volunteers aren't counted as full-time employees under the shared responsibility requirements in the Affordable Care Act; WARNER; to the Committee on Finance, Dec. 10.

H.R. 3685 (EMERGENCY SERVICES VOLUNTEERS), to ensure that emergency services volunteers aren't counted as full-time employees under the shared responsibility requirements in the Affordable Care Act; BARLETTA; to the Committee on Ways and Means, Dec. 10.

H.Res. 438 providing for consideration of the Senate amendment to the joint resolution (H.J. Res. 59) making continuing appropriations for fiscal year 2014, and for other purposes; providing for consideration of motions to suspend the rules; providing for proceedings during the period from Dec. 14, 2013, through Jan. 6, 2014; and for other purposes (H. Rept. 113-290).

H.R. 3698 (MEDICARE), to delay the enforcement of the Medicare two-midnight rule for short inpatient hospital stays until the implementation of a new Medicare payment methodology for short inpatient hospital stays, and for other purposes; GERLACH; to the Committee on Ways and Means, Dec. 11.

H.R. 3705 (MEDICARE), to amend Title XVIII of the Social Security Act to establish appropriateness requirements for certain advanced diagnostic imaging services, and for other purposes; PAULSEN; jointly, to the committees on Energy and Commerce and Ways and Means, Dec. 11.

H.R. 3709 (GENERIC DRUGS), to prohibit brand name drug companies from compensating generic drug companies to delay the entry of a generic drug into the market, and for other purposes; RUSH; jointly, to the committees on Energy and Commerce and the Judiciary, Dec. 11.

Health Legislation Recently Introduced cont.

H.R. 3710 (MEDICARE), to amend Title XVIII of the Social Security Act to provide for coverage of continuous glucose monitoring systems (CGMS) as durable medical equipment under Medicare, and for other purposes; SHEA-PORTER; jointly, to the committees on Energy and Commerce and Ways and Means, Dec. 11.

H.R. 3712 (FAMILY AND MEDICAL LEAVE), to provide paid family and medical leave benefits to certain individuals, and for other purposes; DELAURO; to the Committee on Ways and Means, Dec. 12.

H.R. 3714 (PRESCRIPTION DRUG TAKE-BACK PROGRAM), to provide for a prescription drug take-back program for members of the armed forces and veterans, and for other purposes; CARTWRIGHT; jointly, to the committees on Energy and Commerce, Armed Services, the Judiciary and Veterans' Affairs, Dec. 12.

H.R. 3715 (PRESCRIPTION DRUG COSTS), to reduce prescription drug costs by allowing the importation and reimportation of certain drugs; ELLISON; to the Committee on Energy and Commerce, Dec. 12.

H.R. 3717 (MENTAL HEALTH), to make available needed psychiatric, psychological and supportive services for individuals diagnosed with mental illness and families in mental health crisis, and for other purposes; MURPHY of Pennsylvania; jointly, to the committees on Energy and Commerce; the Judiciary; Education and the Workforce; Ways and Means; and Science, Space, and Technology, Dec. 12.

H.R. 3722 (MEDICAL SERVICES PROVIDERS), to provide protections for certain sports medicine professionals who provide certain medical services in a secondary state; LATHAM; jointly, to the committees on Energy and Commerce and the Judiciary, Dec. 12.

H.R. 3723 (VIRAL HEPATITIS/ LIVER DISEASE), to amend the Public Health Service Act to revise and extend the program for viral hepatitis surveillance, education, and testing in order to prevent deaths from chronic liver disease and liver cancer, and for other purposes; CASSIDY; jointly, to the committees on Energy and Commerce and Veterans' Affairs, Dec. 12.

H.R. 3731 (REFORM), to require an exchange established under the Affordable Care Act to notify individuals in the case that personal information of such individuals is known to have been acquired or accessed as a result of a breach of the security of any system maintained by the exchange; BLACK; to the Committee on Energy and Commerce, Dec. 12.

H.R. 3737 (MEDICARE), to amend Title XVIII of the Social Security Act to provide for an option for any citizen or permanent resident of the U.S. to buy into Medicare; GRAYSON; to the Committee on Ways and Means, Dec. 12.

H.R. 3742 (DRUGS/BIOLOGICAL PRODUCTS), to provide for approval of certain drugs and biological products indicated for use in a limited population of patients to address increases in bacterial and fungal resistance to drugs and biological products, and for other purposes; GINGREY of Georgia; to the Committee on Energy and Commerce, Dec. 12.

H.R. 3745 (REFORM), to ensure that individuals who attempted to, or who are enrolled in, qualified health plans offered through an exchange have continuity of coverage, and for other purposes; KIRKPATRICK; jointly, to the committees on Energy and Commerce and Ways and Means, Dec. 12.

H.R. 3749 (MEDICARE), to provide for a Medicare demonstration project to evaluate the fiscal impact of covering low vision devices as durable medical equipment under Part B of Medicare; CAROLYN B. MALONEY of New York; jointly, to the committees on Energy and Commerce and Ways and Means, Dec. 12.

H.R. 3750 (TELEHEALTH), to promote the provision of telehealth by establishing a federal standard for telehealth, and for other purposes; MATSUI; to the Committee on Energy and Commerce, Dec. 12.

H.R. 3755 (REFORM), to provide that the reinsurance fee for the transitional reinsurance program under the Affordable Care Act be applied equally to all health insurance issuers and group health plans; PERRY; to the Committee on Energy and Commerce, Dec. 12.

Health Legislation Recently Introduced cont.

H.R. 3757 (BIOTECHNOLOGY RESEARCH), to amend the Internal Revenue Code of 1986 to extend the research credit one year, to increase and make permanent the alternative simplified research credit, and to provide a 20 percent credit for payments to biotechnology research consortiums for biotechnology research; PETERS of California; to the Committee on Ways and Means, Dec. 12.

H.R. 3769 (MEDICARE), to extend the non-enforcement instruction for the Medicare direct supervision requirement for therapeutic hospital outpatient services insofar as it applies to critical access hospitals and rural hospitals, to require a study of the impact on critical access hospitals and rural hospitals of a failure to extend such instruction, and for other purposes; SMITH of Nebraska; jointly, to the committees on Energy and Commerce and Ways and Means, Dec. 12.

H. CON. RES. 79 (FEDERAL BUDGET), resolution providing for corrections to the enrollment of H. J. Res. 59; RYAN; considered and agreed to, Dec. 12.

Appendix I

Summary of the Bipartisan Budget Act of 2013 December 10, 2013

BUDGET ENFORCEMENT

The budget proposal authorizes an increase in discretionary spending for fiscal year 2014 and fiscal year 2015. The revisions for defense discretionary and non-defense discretionary spending are shown in Table 1.

Table 1. Caps on Discretionary Budget Authority

Defense Discretionary Spending	Non-Defense Discretionary Spending
2014	2015

Current

Law

\$498,082,000,000	\$512,046,000,000	\$469,391,000,000	\$483,130,000,000
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Proposed

Cap

\$520,464,000,000	\$521,372,000,000	\$491,773,000,000	\$492,456,000,000
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The budget proposal saves \$28 billion over ten years by requiring the President to sequester the same percentage of mandatory budgetary resources in 2022 and 2023 as will be sequestered in 2021 under current law.

PREVENTION OF WASTE, FRAUD, AND ABUSE

Improving the collection of unemployment insurance overpayments

This provision expands the use of the Treasury Offset Program (TOP) to all states so they can recover certain unemployment-insurance (UI) debts, such as overpayments because of fraud or failure to report earnings.

Strengthening Medicaid third-party liability

This provision reinforces Medicaid's standing as the payer of last resort by letting states delay paying for certain claims—to the extent that it doesn't harm the beneficiary's access to care—to ensure payment. It allows states to collect medical child support in cases where health insurance is available from a non-custodial parent. And it lets Medicaid recuperate costs from beneficiary-liability settlements.

Restriction on access to the Death Master File

This provision creates a program under which the Secretary of Commerce restricts access to information contained on the Death Master File (a list of deceased individuals and their Social Security numbers, dates of birth, and dates of death, maintained by the Social Security Administration) for a three-year period beginning on the date of an individual's death—except to persons who are certified under the program to access such information sooner. A penalty of \$1,000 is imposed for each improper disclosure or misuse of information obtained from the DMF, up to a maximum of \$250,000 per person per calendar year. The Secretary is required to establish and collect user fees sufficient to recover all costs associated with the certification program.

Identification of inmates requesting or receiving improper payments

This provision gives Treasury the legal authority to obtain Prisoner Update Processing System (PUPS) data and make it available for those programs in which prisoners are ineligible for benefits.

NATURAL RESOURCES

Ultra-deepwater and unconventional natural gas and other petroleum resources

This provision repeals the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Resources Research Program—a research and development program created in 2005—and rescinds the program's remaining funds.

Amendment to the Mineral Leasing Act

This provision makes permanent a requirement that states receiving mineral revenue payments help defray the costs of managing the mineral leases that generate the revenue. It saves \$415 million over ten years.

Approval of agreement with Mexico and Amendment to the Outer Continental Shelf Lands Act

This provision approves the U.S.–Mexico Transboundary Agreement, which will set up a framework to explore, develop, and share revenue from hydrocarbon resources that lie in waters beyond each country's exclusive economic zones.

Another provision gives the Secretary of Interior the authority to implement the U.S.–Mexico agreement and any future transboundary hydrocarbon reservoir agreements entered into by the President and approved by Congress.

Federal oil and gas royalty prepayment cap

This provision limits the amount of interest payable to lessees on royalty overpayments to up to 110 percent of the amount due.

Strategic Petroleum Reserve

This provision rescinds all available funds in the “SPR Petroleum Account.” This provision permanently repeals the federal government’s authority to accept oil through the royalty-in-kind program to fill the SPR.

FEDERAL CIVILIAN AND MILITARY RETIREMENT

Federal Retirement

These sections increase federal-employee contributions to their retirement programs by 1.3 percentage points. The proposal affects new employees hired after December 31, 2013 with less than five years of service.

Annual adjustment of retired pay and retainer pay amounts for retired members of the Armed Forces under age 62

This provision modifies the annual cost-of-living adjustment for working-age military retirees by making the adjustments equal to inflation minus one percent. This change would be gradually phased in, with no change for the current year, a 0.25 percent decrease in December 2014, and a 0.5 percent decrease in December 2015. This would not affect service members who retired because of disability or injury. Service members would never see a reduction in benefits from one year to the next.

HIGHER EDUCATION

Default Reduction Program

This provision reduces the compensation guaranty agencies receive for rehabilitating a loan from the Federal Family Education Loan (FFEL) program, beginning July 1, 2014.

Elimination of nonprofit servicing contracts

This provision eliminates the mandatory spending for payments to non-profit student-loan servicers, and instead ensures they will be paid with discretionary funds in the same manner as other student-loan servicers.

TRANSPORTATION

Aviation security service fees

This provision increases Transportation Security Administration (TSA) fees and simplifies how the fees are assessed.

Transportation cost reimbursement

Under current law, the Maritime Administration must reimburse other federal agencies for the extra costs associated with shipping food aid on U.S. ships. This proposal repeals that requirement.

Sterile areas at airports

This provision requires TSA to continue monitoring exits from the sterile area at the 155 airports that currently receive this service. The section has no effect on approximately two-thirds of airports.

MISCELLANEOUS PROVISIONS

Extension of customs user fees

This provision allows the Bureau of Customs and Border Protection (CBP) to continue collecting user fees through FY 2023.

Limitation on allowable government contractor compensation costs

This provision limits how much a contractor could charge the federal government for an employee’s compensation to \$487,000.

Pension Benefit Guaranty Corporation premium rate increases

This provision raises the premiums that private companies pay the federal government to guarantee their pension benefits.

Cancellation of unobligated balances

Department of Justice Assets Forfeiture Fund

This provision permanently cancels a portion of the unobligated balances in the Department of Justice’s Assets Forfeiture Fund.

Treasury Forfeiture Fund

This provision will permanently cancel a portion of the unobligated balances in the Treasury Forfeiture Fund.

Conservation planning technical assistance user fees

This provision allows the Natural Resources Conservation Service to charge a fee for providing technical and financial

assistance on the development of individualized, site-specific conservation plans.

Self plus one coverage

This provision allows the Office of Personnel Management to offer a self-plus-one option in the Federal Employees Health Benefits program.