



# Special Alert

February 4, 2002

## Secretary Thompson Unveils President's Budget for HHS FY 2003

On February 4, HHS Secretary Tommy Thompson presented the President's budget proposal for HHS for FY 2003. Among the issues presented in the budget proposal are provisions relating to reimbursement for outpatient drugs and competitive bidding that, if enacted, will affect Medicare providers and beneficiaries. The budget proposal states:

- **Outpatient Drugs:** "While Medicare pays for only a few outpatient drugs, the current Medicare payment mechanism results in the program overpaying billions of dollars, according to the HHS Inspector General, the General Accounting Office, and other witnesses who testified at recent hearings before the House Energy and Commerce Committee. Congress has expressed a clear bipartisan interest in addressing the amount of money Medicare is paying for drugs, they also want to ensure that providers are adequately compensated for the cost of caring for patients. The Administration this year intends to improve the payment system for these drugs consistent with quality care."
- **Competitive Bidding:** "The budget proposes a nationwide competitive bidding system for medical equipment that includes hospital beds and oxygen as well as for prosthetics and orthotics."

AAHomecare has been invited to attend an Open Door Forum with CMS on February 5, lead by Administrator Tom Scully, to discuss the details mentioned in the President's budget proposal as they relate to Medicare and Medicaid services.

"We believe that the issues proposed in the President's budget are very important to AAHomecare members, and we wanted to alert you immediately," stated AAHomecare's President & CEO Tom Connaughton, "We will have more details in the very near future and will provide more information on the budget and what it may mean to homecare providers in our February 8 edition of AAHomecare's *Update* newsletter."

**Download a copy of the budget summary online at:**  
**<http://www.hhs.gov/budget/docbudget.htm>**