

STATEMENT FOR THE RECORD ON THE CONFERENCE REPORT TO
ACCOMPANY H.R.3630, THE TAX RELIEF AND JOB CREATION ACT

Mr. KERRY. Mr. President, I am pleased that the conference committee was able to reach agreement to provide critical tax relief for American workers and to extend unemployment benefits for out of work Americans.

In a letter to conferees earlier this month, I urged the committee to include a permanent repeal of Medicare's sustainable growth rate (SGR) formula and offset the cost with savings from capping a portion of the spending for Overseas Contingency Operations (OCO) below amounts in the Congressional Budget Office (CBO) baseline.

Every Medicare expert knows that the SGR formula is irreparably flawed and needs to be repealed. If the conference committee was unable to reach agreement, doctors serving Medicare beneficiaries would face a 27.4 percent cut on March 1st.

While I am disappointed that conference committee was unable permanently repeal the SGR, I am grateful that they averted the latest crisis by including a ten-month fix, freezing payments to physicians through the end of the year.

However, the latest Medicare physician payment fix comes at a great cost to hospitals, clinical laboratories, and preventive health initiatives.

The conference report offsets the cost of the SGR with \$9.6 billion in Medicare cuts, \$4 billion in Medicaid cuts, and \$7.5 billion in cuts from provisions in the Affordable Care Act (ACA).

Massachusetts hospitals and skilled nursing facilities will be negatively impacted by the cuts to bad debt payments, which reimburse providers for beneficiaries' unpaid coinsurance and deductible amounts after reasonable collection efforts. Because of this provision, Massachusetts hospitals will be cut by approximately \$94 million over the next decade.

Clinical laboratories in Massachusetts will also bear disproportionate cuts because of offsets in the conference report. They will see their Medicare payments reduced by two percent in 2013 and will see additional reductions in the future. There are over 630 medical laboratories in Massachusetts and I'm concerned that these cuts will delay or deny patient access to life-saving and life-enhancing innovative diagnostic tests.

The conference report substantially reduces funding for the Prevention and Public Health Fund created in the Affordable Care Act by \$5 billion. Massachusetts supports public health funding solely from grants and has received over \$24 million in grants from the Prevention Fund since enactment of health reform. Cuts to the Prevention Fund will jeopardize preventive care initiatives throughout the state, including a program by UMass School of Public Health and Health Sciences to provide diabetes care trainings throughout western Massachusetts.

I'm also disappointed that the conference report will eliminate the extension of funds for Section 508 hospitals on April 1, 2012. This will cause approximately \$4 to \$7 million in annual cuts to Berkshire Medical Center, the only section 508 hospital in Massachusetts.

However, I'm supporting the conference report because it is imperative for Congress to pass tax relief, extend unemployment protections, and prevent damaging cuts to physicians. The Medicare physician payment fix is particularly important to the Massachusetts economy. One in five workers in Massachusetts is employed in health care. Nearly 15 percent of my state's economy is based on health care. This issue directly impacts 20,000 physicians, their 64,724 employees, and every health care constituency which depends on Medicare, including the 187,000 employees of Massachusetts hospitals.

I am concerned about a provision that was included in the conference report that would increase by 2.3 percent retirement contributions for some federal employees. This provision will reduce pay for federal workers who have already been faced with a freeze in salary.

I look forward to working with my colleagues to permanently repealing the SGR later this year.