Summary of the Temporary Payroll Tax Cut Continuation Act of 2011

December 29, 2011

Title I – Temporary Payroll Tax Relief

Sec. 101 Extension of Payroll Tax Holiday (costs $20.1 billion)

The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010* provided a two percentage point employee payroll/self-employment tax holiday during 2011. This means employees pay only 4.2 percent on wages and self-employed individuals pay only 10.4 percent on self-employment income up to the threshold. The proposal would extend the payroll tax cut for 2 months with a pro rata limitation on the amount of earnings eligible for the tax cut of $18,350.

As originally passed by the Senate, the $18,350 cap would be administered by the employer or payroll service provider during the first two months of 2012. The House amendment provides that the $18,350 cap will be administered by the employee, who would pay back any tax reduction on income in excess of the cap at the end of the year on his or her annual tax return. This pay-back provision only applies to employees who earn more than $18,350 during the first two months of 2012 and is moot if the payroll tax relief is extended for the entire year.

Note: The total cost for Title I is $20.1 billion over ten years.

Title II – Temporary Extension of Unemployment Compensation Provisions

Sec. 201 Continuation of Emergency Unemployment Compensation Provisions (costs $8.5 billion)

This provision extends for two months the availability of benefits in all tiers of Federal Emergency Unemployment Compensation (EUC).

Temporary Extension of Extended Benefit Provisions
This provision continues, for 2 months the extended benefits (EB) program, with a 3-year look-back.

Federal UI Benefits Available	
Program	**Additional Weeks**
State Based Regular Benefits	***Up to 26***
EUC under current policy	***Up to 53***
Tier 1: none	20
Tier 2: none	14
Tier 3: at least 6%	13
Tier 4: at least 8.5%	6
EB under current policy (3yr Look-back)	***Up to 20***
Total:	**Up to 99**

Sec. 202 Extended Unemployment Benefits Under the Railroad Unemployment Insurance Act (costs $5 million)
This provision permits for a two month continuation of benefits for railroad workers.

Title III – Temporary Extension of Health Provisions

Sec. 301 Medicare Physician Payment Update (costs $3.6 billion)
Under current law, the Medicare payment formula would cut payments to physicians by 27.4 percent on January 1, 2012. This provision would update physician payments by zero percent for two months, ending February 29.

Sec. 302 2-Month Extension of MMA Section 508 Reclassifications (changes are between $50 million and -$50 million)
Under current law, hospital geographic reclassifications authorized under section 508 of the Medicare Modernization Act expire on September 30, 2011. The bill would extend these reclassifications for two months.

Sec. 303 Extension of Medicare Work Geographic Adjustment Floor (costs $0.1 billion)
This provision would extend the current law work geographic price cost index (GPCI) floor of 1.0 for two months, through February 29, 2012.

Sec. 304 Extension of Exceptions Process for Medicare Therapy Caps (changes are between $50 million and -$50 million)

This provision extends the exceptions process for nonhospital therapy services for two months, until February 29, 2012. Without the exceptions process, therapy services would be capped at an annual amount of $1,880 per beneficiary in 2012.

Sec. 305 Extension of Payment for Technical Component of Certain Physician Pathology Services (changes are between $50 million and -$50 million)

Permits independent labs under a grandfathered arrangement to continue direct billing for pathology services provided to hospitals for two months, until February 29, 2012.

Sec. 306 Extension of Ambulance Add-Ons (changes are between $50 million and -$50 million)

This provision would extend payment add-ons for ambulance services for two months, until February 29, 2012.

Sec. 307 Extension of Physician Fee Schedule Mental Health Add-on Payment (changes are between $50 million and -$50 million)

Extends increased payments by 5 percent for certain Medicare mental health services, until February 29, 2012.

Sec. 308 Extension of Outpatient Hold-Harmless Provision (changes are between $50 million and -$50 million)

Provides "hold harmless" payments for rural hospitals that ensure those hospitals will receive 85 percent of Outpatient Prospective Payment Services payments they would have received had the prior payment system remained in effect.

Sec. 309 Extending Minimum Payment for Bone Mass Measurement (no cost)

Extends an increase in the payment rate for certain X-Ray machines (DEXA), which are used to measure bone mass to identify individuals who may be at risk of having osteoporosis for two months, until February 29, 2012.

Sec. 310 Extension of the Qualifying Individual (QI) Program (costs $0.1 billion)

This provision is a two month extension of the Qualifying Individual (QI) Program. Under the QI program, Medicaid pays the Medicare Part B premium for beneficiaries with incomes between 120 and 135 percent of poverty.

Sec. 311 Extension of Transitional Medical Assistance (TMA) (costs $0.2 billion)

This provision is a two month extension of work-related Transitional Medical Assistance (TMA). TMA allows low-income families to maintain their Medicaid coverage as they transition into employment and increase their earnings. The provision extends TMA until February 29, 2012.

Sec. 312 Extension of the Temporary Assistance for Needy Families Program (no cost)

Extends the Temporary Assistance for Needy Families (TANF) program for two months, until February 29, 2012.

Note: The total cost for Title III is $4.1 billion over ten years.

Title IV – Mortgage Fees and Premiums

Sec. 401 Guarantee Fees
This section increases the guarantee fees that are charged to mortgage lenders by Fannie Mae and Freddie Mac by 10 basis points. Revenue generated by the increase is deposited directly into the United States Treasury. This increase in the annual premium expires in ten years.

Sec. 402 FHA Guarantee Fees
The Federal Housing Administration is required to increase the annual premium charged to homeowners by an amount equal to the increase at the GSEs. This change does not affect the upfront premium charged by FHA for insuring loans. This increase in the annual premium expires in ten years.

Note: These provisions raise a total of $35.7 billion over ten years.

Title V - Other Provisions

Sec. 501 Permit for Keystone XL Pipeline (no cost)
Within 60 days, the President, acting through the Secretary of State, is required to grant a permit for the Keystone XL pipeline project application unless he determines the pipeline would not serve the national interest. Any permit issued shall require the reconsideration of routing the pipeline within the State of Nebraska. Any permit granted is deemed to satisfy all the requirements of the National Environmental Policy Act and any modification required by the Secretary to the construction mitigation and reclamation plan shall not require supplementation of the final environmental impact statement.

Sec. 511 Senate Point of Order against Emergency Designation (no cost)
This provision fixes a technical problem that occurred when the Budget Control Act passed. Because of an oversight, that legislation changed a long-standing 60-vote point of order against emergency designations in appropriations bills that had been a longstanding procedure in the Senate. This provision simply reinstates that procedure and it has bipartisan support.

Sec. 512 PAYGO Scorecard Estimates (no cost)
This provision directs OMB not to include the budgetary effects of this bill on the scorecard for Statutory Pay-As-You purposes. The provision is needed to avoid a possible sequester associated with the five-year PAYGO requirements.