

106TH CONGRESS  
2D SESSION

# H. R. 5070

To amend title XVIII of the Social Security Act to improve geographic fairness in Medicare+Choice payments and hospital payments under the Medicare Program.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2000

Mr. MINGE (for himself, Mr. BAIRD, Ms. HOOLEY of Oregon, Mr. KIND, Mr. MCINTYRE, Mr. LUTHER, Mr. KANJORSKI, Ms. BALDWIN, Mr. KOLBE, and Mr. SABO) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title XVIII of the Social Security Act to improve geographic fairness in Medicare+Choice payments and hospital payments under the Medicare Program.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Medicare Fairness in Reimbursement Act of 2000”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

- Sec. 1. Short title; table of contents.  
 Sec. 2. Fairness in payments under the Medicare+Choice program.  
 Sec. 3. New hospital wage survey.  
 Sec. 4. Reduction in proportion of payments subject to wage-related geographic adjustments.  
 Sec. 5. Permanently removing application of budget neutrality under the Medicaid+Choice program beginning in 2002.  
 Sec. 6. Allowing movement to 50:50 percent blend in 2002.  
 Sec. 7. MedPAC review of impact of wage and other cost adjustments.

1 **SEC. 2. FAIRNESS IN PAYMENTS UNDER THE**  
 2 **MEDICARE+CHOICE PROGRAM.**

3 Section 1853(c) of the Social Security Act (42 U.S.C.  
 4 1395w-23(c)) is amended—

5 (1) in paragraph (1), by striking “and (7)” and  
 6 inserting “, (7), and (8)”;

7 (2) in paragraph (4), by striking “paragraph  
 8 (1)(A)” and inserting “paragraphs (1)(A) and (8)”;  
 9 and

10 (3) by adding at the end the following new  
 11 paragraph:

12 “(8) FAIRNESS IN PAYMENTS.—The annual  
 13 Medicare+Choice capitation rate for a  
 14 Medicare+Choice payment area for—

15 “(A) 2002, shall not exceed 150 percent  
 16 (or be less than 82 percent) of the input-price-  
 17 adjusted annual national Medicare+Choice  
 18 capitation rate (as computed under paragraph  
 19 (4)) for the year;

20 “(B) 2003, shall not exceed 140 percent  
 21 (or be less than 86 percent) of the input-price-

1 adjusted annual national Medicare+Choice  
2 capitation rate for the year;

3 “(C) 2004, shall not exceed 130 percent  
4 (or be less than 90 percent) of the input-price-  
5 adjusted annual national Medicare+Choice  
6 capitation rate for the year;

7 “(D) 2005, shall not exceed 120 percent  
8 (or be less than 94 percent) of the input-price-  
9 adjusted annual national Medicare+Choice  
10 capitation rate for the year;

11 “(E) 2006, shall not exceed 110 percent  
12 (or be less than 98 percent) of the input-price-  
13 adjusted annual national Medicare+Choice  
14 capitation rate for the year; or

15 “(F) 2007 or any subsequent year, shall be  
16 equal to the input-price-adjusted annual na-  
17 tional Medicare+Choice capitation rate for the  
18 year.”.

19 **SEC. 3. NEW HOSPITAL WAGE SURVEY.**

20 (a) IN GENERAL.—The Secretary of Health and  
21 Human Services shall promptly conduct a new survey of  
22 levels of wages and wage-related costs for different occu-  
23 pational categories of hospital employees.

24 (b) APPLICATION TO HOSPITAL WAGE INDEX.—The  
25 Secretary shall use the data derived from the survey con-

1 ducted under subsection (a) in computing the hospital  
2 wage index applied under section 1886(d)(3)(E) of the So-  
3 cial Security Act (42 U.S.C. 1395ww(d)(3)(E)) for dis-  
4 charges occurring on or after October 1, 2001.

5 **SEC. 4. REDUCTION IN PROPORTION OF PAYMENTS SUB-**  
6 **JECT TO WAGE-RELATED GEOGRAPHIC AD-**  
7 **JUSTMENTS.**

8 (a) **IN GENERAL.**—Notwithstanding any other provi-  
9 sion of law, in applying any wage-related geographic area  
10 adjustment (as defined in subsection (b)) to a portion of  
11 a payment amount or rate under title XVIII of the Social  
12 Security Act, the portion to which the adjustment is ap-  
13 plied shall be 75 percent of the portion otherwise com-  
14 puted and 25 percent of such portion shall not be subject  
15 to any such geographic area adjustment.

16 (b) **WAGE-RELATED GEOGRAPHIC AREA ADJUST-**  
17 **MENT DEFINED.**—For purposes of this section, the term  
18 “wage-related geographic area adjustment” means an ad-  
19 justment in a payment rate by geographic area that is  
20 based on a geographic variation in wages or wage-related  
21 costs or similar costs.

22 (c) **SPECIFIC APPLICATION.**—Subsection (a) applies  
23 to geographic adjustments made under the following provi-  
24 sions of law (as well as other provisions identified by the  
25 Secretary of Health and Human Services):

1           (1) INPATIENT HOSPITAL WAGE INDICES.—The  
2           area wage adjustment made for inpatient hospital  
3           services under section 1886(d)(3)(E) of the Social  
4           Security Act (42 U.S.C. 1395ww(d)(3)(E)) and  
5           under section 1886(b)(3)(H)(iii) of such Act (42  
6           U.S.C. 1395ww(b)(3)(H)(iii)).

7           (2) OUTPATIENT HOSPITAL SERVICES.—The  
8           wage adjustment factors under section  
9           1833(t)(2)(D) of such Act (42 U.S.C.  
10          1395l(t)(2)(D)).

11          (3) HOME HEALTH SERVICES.—The area wage  
12          adjustment under section 1895(b)(4)(A)(ii) of such  
13          Act (42 U.S.C. 1395fff(b)(4)(A)(ii)).

14          (4) ROUTINE COSTS OF SKILLED NURSING  
15          SERVICES.—The wage cost adjustment under section  
16          1888(e)(4)(G)(ii) of such Act (42 U.S.C.  
17          1395yy(e)(4)(G)(ii)).

18          (5) PHYSICIANS' SERVICES.—The geographic  
19          physician work adjustment factor under section  
20          1848(e)(5) of such Act (42 U.S.C. 1395w-4(e)(5)).

21          (6) MEDICARE+CHOICE INPUT-PRICE-AD-  
22          JUSTED ANNUAL NATIONAL MEDICARE+CHOICE  
23          CAPITATION RATES.—The relative input prices relat-  
24          ing to wages and wage-related expenses for input-  
25          price-adjusted annual national Medicare+Choice

1       capitation rates under section 1853(c)(4)(A)(iii) of  
2       such Act (42 U.S.C. 1395w-23(c)(4)(A)(iii)).

3               (7) CLINICAL LABORATORY SERVICES.—The  
4       wage adjustment under section 1833(h)(4)(A) of  
5       such Act (42 U.S.C. 1395l(h)(4)(A)).

6       (c) EFFECTIVE DATE.—Subsection (a) first applies  
7       in the case of items and services for which payment ad-  
8       justments under title XVIII of the Social Security Act are  
9       updated on a—

10              (1) fiscal year basis, to the update made for fis-  
11       cal year 2002; or

12              (2) calendar year basis, to the update made for  
13       2002.

14 **SEC. 5. PERMANENTLY REMOVING APPLICATION OF**  
15                               **BUDGET NEUTRALITY UNDER THE**  
16                               **MEDICAID+CHOICE PROGRAM BEGINNING IN**  
17                               **2002.**

18       Section 1853(c) of the Social Security Act (42 U.S.C.  
19 1395w-23(c)) is amended—

20              (1) in paragraph (1)(A), in the matter following  
21       clause (ii), by inserting “(for years before 2002)”  
22       after “multiplied”; and

23              (2) in paragraph (5), by inserting “(before  
24       2002)” after “for each year”.

1 **SEC. 6. ALLOWING MOVEMENT TO 50:50 PERCENT BLEND IN**  
2 **2002.**

3 Section 1853(c)(2) of the Social Security Act (42  
4 U.S.C. 1395w-23(c)(2)) is amended—

5 (1) by striking the period at the end of sub-  
6 paragraph (F) and inserting a semicolon; and

7 (2) by adding after and below subparagraph  
8 (F) the following:

9 “except that a Medicare+Choice organization may  
10 elect to apply subparagraph (F) (rather than sub-  
11 paragraph (E)) for 2002.”.

12 **SEC. 7. MEDPAC REVIEW OF IMPACT OF WAGE AND OTHER**  
13 **COST ADJUSTMENTS.**

14 (a) IN GENERAL.—Section 1805(b)(2)(B) of the So-  
15 cial Security Act (42 U.S.C. 1395b-6(b)(2)(B)) is  
16 amended—

17 (1) by striking “and” at the end of clause (ii);

18 (2) by striking the period at the end of clause  
19 (iii) and inserting “; and”; and

20 (3) by adding at the end the following new  
21 clause:

22 “(iv) the extent to which the adjust-  
23 ments made (through wage indices and  
24 other measures) in payment rates on a ge-  
25 ographic basis for variations in costs accu-  
26 rately reflect the actual costs of items and

1 services in low reimbursement areas and  
2 the impact of such adjustments on the  
3 health infrastructure in such areas.”.

4 (b) EFFECTIVE DATE.—The amendments made by  
5 subsection (a) take effect on the date of the enactment  
6 of this Act and the Medicare Payment Advisory Commis-  
7 sion shall first report on the review conducted pursuant  
8 to such amendments in its report submitting in June  
9 2001.

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