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AN ACT

To amend title XVIII of the Social Security Act to reform the Medicare SGR payment system for physicians and to reinstitute and update the Pay-As-You-Go requirement of budget neutrality on new tax and mandatory spending legislation, enforced by the threat of annual, automatic sequestration.

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

3 **DIVISION A—MEDICARE PHYSI-**
 4 **CIAN PAYMENT REFORM ACT**
 5 **OF 2009**

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

7 (a) SHORT TITLE.—This division may be cited as the
 8 “Medicare Physician Payment Reform Act of 2009”.

9 (b) TABLE OF CONTENTS.—The table of contents for
 10 this Act is as follows:

DIVISION A—MEDICARE PHYSICIAN PAYMENT REFORM ACT OF
 2009

Sec. 1. Short title; table of contents.
 Sec. 2. Medicare sustainable growth rate reform.

DIVISION B—STATUTORY PAY-AS-YOU-GO ACT OF 2009

Sec. 101. Short Title.
 Sec. 102. Purpose.
 Sec. 103. Definitions.
 Sec. 104. PAYGO estimates and PAYGO scorecards.
 Sec. 105. Annual report and sequestration order.
 Sec. 106. Calculating a sequestration.
 Sec. 107. Current policy adjustment to the CBO estimates.
 Sec. 108. Application of BBEDCA.
 Sec. 109. Technical corrections.
 Sec. 110. Conforming amendments.
 Sec. 111. Exempt programs and activities.

11 **SEC. 2. MEDICARE SUSTAINABLE GROWTH RATE REFORM.**

12 (a) TRANSITIONAL UPDATE FOR 2010.—Section
 13 1848(d) of the Social Security Act (42 U.S.C. 1395w–
 14 4(d)) is amended by adding at the end the following new
 15 paragraph:

16 “(10) UPDATE FOR 2010.—The update to the
 17 single conversion factor established in paragraph

1 (1)(C) for 2010 shall be the percentage increase in
 2 the MEI (as defined in section 1842(i)(3)) for that
 3 year.”.

4 (b) REBASING SGR USING 2009; LIMITATION ON
 5 CUMULATIVE ADJUSTMENT PERIOD.—Section 1848(d)(4)
 6 of such Act (42 U.S.C. 1395w–4(d)(4)) is amended—

7 (1) in subparagraph (B), by striking “subpara-
 8 graph (D)” and inserting “subparagraphs (D) and
 9 (G)”; and

10 (2) by adding at the end the following new sub-
 11 paragraph:

12 “(G) REBASING USING 2009 FOR FUTURE
 13 UPDATE ADJUSTMENTS.—In determining the
 14 update adjustment factor under subparagraph
 15 (B) for 2011 and subsequent years—

16 “(i) the allowed expenditures for 2009
 17 shall be equal to the amount of the actual
 18 expenditures for physicians’ services during
 19 2009; and

20 “(ii) the reference in subparagraph
 21 (B)(ii)(I) to ‘April 1, 1996’ shall be treat-
 22 ed as a reference to ‘January 1, 2009 (or,
 23 if later, the first day of the fifth year be-
 24 fore the year involved)’.”.

1 (c) LIMITATION ON PHYSICIANS' SERVICES IN-
2 CLUDED IN TARGET GROWTH RATE COMPUTATION TO
3 SERVICES COVERED UNDER PHYSICIAN FEE SCHED-
4 ULE.—Effective for services furnished on or after January
5 1, 2009, section 1848(f)(4)(A) of such Act is amended by
6 striking “(such as clinical” and all that follows through
7 “in a physician’s office” and inserting “for which payment
8 under this part is made under the fee schedule under this
9 section, for services for practitioners described in section
10 1842(b)(18)(C) on a basis related to such fee schedule,
11 or for services described in section 1861(p) (other than
12 such services when furnished in the facility of a provider
13 of services)”.
14

15 (d) ESTABLISHMENT OF SEPARATE TARGET
16 GROWTH RATES FOR CATEGORIES OF SERVICES.—

17 (1) ESTABLISHMENT OF SERVICE CAT-
18 EGORIES.—Subsection (j) of section 1848 of the So-
19 cial Security Act (42 U.S.C. 1395w–4) is amended
20 by adding at the end the following new paragraph:

21 “(5) SERVICE CATEGORIES.—For services fur-
22 nished on or after January 1, 2009, each of the fol-
23 lowing categories of physicians’ services (as defined
24 in paragraph (3)) shall be treated as a separate
‘service category’:

“(A) Evaluation and management services that are procedure codes (for services covered under this title) for—

“(i) services in the category designated Evaluation and Management in the Health Care Common Procedure Coding System (established by the Secretary under subsection (c)(5) as of December 31, 2009, and as subsequently modified by the Secretary); and

“(ii) preventive services (as defined in section 1861(iii)) for which payment is made under this section.

“(B) All other services not described in subparagraph (A).

Service categories established under this paragraph shall apply without regard to the specialty of the physician furnishing the service.”.

(2) ESTABLISHMENT OF SEPARATE CONVERSION FACTORS FOR EACH SERVICE CATEGORY.—

Subsection (d)(1) of section 1848 of the Social Security Act (42 U.S.C. 1395w-4) is amended—

(A) in subparagraph (A)—

(i) by designating the sentence beginning “The conversion factor” as clause (i)

1 with the heading “APPLICATION OF SIN-
2 GLE CONVERSION FACTOR.—” and with
3 appropriate indentation;

4 (ii) by striking “The conversion fac-
5 tor” and inserting “Subject to clause (ii),
6 the conversion factor”; and

7 (iii) by adding at the end the fol-
8 lowing new clause:

9 “(ii) APPLICATION OF MULTIPLE CON-
10 VERSION FACTORS BEGINNING WITH
11 2011.—

12 “(I) IN GENERAL.—In applying
13 clause (i) for years beginning with
14 2011, separate conversion factors
15 shall be established for each service
16 category of physicians’ services (as de-
17 fined in subsection (j)(5)) and any
18 reference in this section to a conver-
19 sion factor for such years shall be
20 deemed to be a reference to the con-
21 version factor for each of such cat-
22 egories.

23 “(II) INITIAL CONVERSION FAC-
24 TORS.—Such factors for 2011 shall be
25 based upon the single conversion fac-

tor for the previous year multiplied by the update established under paragraph (11) for such category for 2011.

“(III) UPDATING OF CONVERSION FACTORS.—Such factor for a service category for a subsequent year shall be based upon the conversion factor for such category for the previous year and adjusted by the update established for such category under paragraph (11) for the year involved.”; and

(B) in subparagraph (D), by striking “other physicians’ services” and inserting “for physicians’ services described in the service category described in subsection (j)(5)(B)”.

(3) ESTABLISHING UPDATES FOR CONVERSION FACTORS FOR SERVICE CATEGORIES.—Section 1848(d) of the Social Security Act (42 U.S.C. 1395w-4(d)), as amended by subsection (a), is amended—

(A) in paragraph (4)(C)(iii), by striking “The allowed” and inserting “Subject to paragraph (11)(B), the allowed”; and

1 (B) by adding at the end the following new
2 paragraph:

3 “(11) UPDATES FOR SERVICE CATEGORIES BE-
4 GINNING WITH 2011.—

5 “(A) IN GENERAL.—In applying paragraph
6 (4) for a year beginning with 2011, the fol-
7 lowing rules apply:

8 “(i) APPLICATION OF SEPARATE UP-
9 DATE ADJUSTMENTS FOR EACH SERVICE
10 CATEGORY.—Pursuant to paragraph
11 (1)(A)(ii)(I), the update shall be made to
12 the conversion factor for each service cat-
13 egory (as defined in subsection (j)(5))
14 based upon an update adjustment factor
15 for the respective category and year and
16 the update adjustment factor shall be com-
17 puted, for a year, separately for each serv-
18 ice category.

19 “(ii) COMPUTATION OF ALLOWED AND
20 ACTUAL EXPENDITURES BASED ON SERV-
21 ICE CATEGORIES.—In computing the prior
22 year adjustment component and the cumu-
23 lative adjustment component under clauses
24 (i) and (ii) of paragraph (4)(B), the fol-
25 lowing rules apply:

1 “(I) APPLICATION BASED ON
 2 SERVICE CATEGORIES.—The allowed
 3 expenditures and actual expenditures
 4 shall be the allowed and actual ex-
 5 penditures for the service category, as
 6 determined under subparagraph (B).

7 “(II) APPLICATION OF CATEGORY
 8 SPECIFIC TARGET GROWTH RATE.—
 9 The growth rate applied under clause
 10 (ii)(II) of such paragraph shall be the
 11 target growth rate for the service cat-
 12 egory involved under subsection (f)(5).

13 “(B) DETERMINATION OF ALLOWED EX-
 14 PENDITURES.—In applying paragraph (4) for a
 15 year beginning with 2010, notwithstanding sub-
 16 paragraph (C)(iii) of such paragraph, the al-
 17 lowed expenditures for a service category for a
 18 year is an amount computed by the Secretary
 19 as follows:

20 “(i) FOR 2010.—For 2010:

21 “(I) TOTAL 2009 ACTUAL EX-
 22 PENDITURES FOR ALL SERVICES IN-
 23 CLUDED IN SGR COMPUTATION FOR
 24 EACH SERVICE CATEGORY.—Compute
 25 total actual expenditures for physi-

1 cians’ services (as defined in sub-
 2 section (f)(4)(A)) for 2009 for each
 3 service category.

4 “(II) INCREASE BY GROWTH
 5 RATE TO OBTAIN 2010 ALLOWED EX-
 6 PENDITURES FOR SERVICE CAT-
 7 EGORY.—Compute allowed expendi-
 8 tures for the service category for 2010
 9 by increasing the allowed expenditures
 10 for the service category for 2009 com-
 11 puted under subclause (I) by the tar-
 12 get growth rate for such service cat-
 13 egory under subsection (f) for 2010.

14 “(ii) FOR SUBSEQUENT YEARS.—For
 15 a subsequent year, take the amount of al-
 16 lowed expenditures for such category for
 17 the preceding year (under clause (i) or this
 18 clause) and increase it by the target
 19 growth rate determined under subsection
 20 (f) for such category and year.”.

21 (4) APPLICATION OF SEPARATE TARGET
 22 GROWTH RATES FOR EACH CATEGORY.—

23 (A) IN GENERAL.—Section 1848(f) of the
 24 Social Security Act (42 U.S.C. 1395w–4(f)) is

1 amended by adding at the end the following
2 new paragraph:

3 “(5) APPLICATION OF SEPARATE TARGET
4 GROWTH RATES FOR EACH SERVICE CATEGORY BE-
5 GINNING WITH 2010.—The target growth rate for a
6 year beginning with 2010 shall be computed and ap-
7 plied separately under this subsection for each serv-
8 ice category (as defined in subsection (j)(5)) and
9 shall be computed using the same method for com-
10 puting the target growth rate except that the factor
11 described in paragraph (2)(C) for—

12 “(A) the service category described in sub-
13 section (j)(5)(A) shall be increased by 0.02; and

14 “(B) the service category described in sub-
15 section (j)(5)(B) shall be increased by 0.01.”.

16 (B) USE OF TARGET GROWTH RATES.—
17 Section 1848 of such Act is further amended—

18 (i) in subsection (d)—

19 (I) in paragraph (1)(E)(ii), by in-
20 serting “or target” after “sustain-
21 able”; and

22 (II) in paragraph (4)(B)(ii)(II),
23 by inserting “or target” after “sus-
24 tainable”;

1 (ii) in the heading of subsection (f),
 2 by inserting “AND TARGET GROWTH
 3 RATE” after “SUSTAINABLE GROWTH
 4 RATE”;

5 (iii) in subsection (f)(1)—

6 (I) by striking “and” at the end
 7 of subparagraph (A);

8 (II) in subparagraph (B), by in-
 9 serting “before 2010” after “each
 10 succeeding year” and by striking the
 11 period at the end and inserting “;
 12 and”; and

13 (III) by adding at the end the
 14 following new subparagraph:

15 “(C) November 1 of each succeeding year
 16 the target growth rate for such succeeding year
 17 and each of the 2 preceding years.”; and

18 (iv) in subsection (f)(2), in the matter
 19 before subparagraph (A), by inserting after
 20 “beginning with 2000” the following: “and
 21 ending with 2009”.

22 (e) APPLICATION TO HEALTH CARE GROUP DEM-
 23 ONSTRATION PROGRAM AND SUCCESSOR ACCOUNTABLE
 24 CARE ORGANIZATION PILOT PROGRAM.—In applying the
 25 target growth rate under subsections (d) and (f) of section

1 1848 of the Social Security Act to services furnished by
2 a practitioner to beneficiaries who are attributable to a
3 health care group under the demonstration program pro-
4 vided under section 1886A of such Act (or to an account-
5 able care organization under a pilot program that is a
6 successor to such demonstration program under a section
7 of such Act), the Secretary of Health and Human Services
8 shall develop, not later than January 1, 2012, for applica-
9 tion beginning with 2012, a method that—

10 (1) allows each such group or organization to
11 have its own expenditure targets and updates for
12 such practitioners, with respect to beneficiaries who
13 are attributable to that group or organization, that
14 are consistent with the methodologies described in
15 such subsection (f); and

16 (2) provides that the target growth rate appli-
17 cable to other physicians shall not apply to such
18 physicians to the extent that the physicians' services
19 are furnished through the group or organization.

20 In applying paragraph (1), the Secretary of Health and
21 Human Services may apply the difference in the update
22 under such paragraph on a claim-by-claim or lump sum
23 basis and such a payment shall be taken into account
24 under the demonstration or pilot program.

1 **DIVISION B—STATUTORY PAY-**
2 **AS-YOU-GO ACT OF 2009**

3 **SEC. 101. SHORT TITLE.**

4 This division may be cited as the “Statutory Pay-As-
5 You-Go Act of 2009”.

6 **SEC. 102. PURPOSE.**

7 The purpose of this division is to reestablish a statu-
8 tory procedure to enforce a rule of budget neutrality on
9 new revenue and direct spending legislation.

10 **SEC. 103. DEFINITIONS.**

11 As used in this division—

12 (1) The term “BBEDCA” means the Balanced
13 Budget and Emergency Deficit Control Act of 1985.

14 (2) The definitions set forth in section 3 of the
15 Congressional Budget and Impoundment Control
16 Act of 1974 and in section 250 of BBEDCA shall
17 apply to this division, except to the extent that they
18 are specifically modified as follows:

19 (A) The term “outyear” means a fiscal
20 year that occurs one or more years after the
21 budget year.

22 (B) In section 250(c)(8)(C), the reference
23 to the food stamp program shall be deemed to
24 be a reference to the Supplemental Nutrition
25 Assistance Program.

1 (3) The term “AMT” means the Alternative
2 Minimum Tax for individuals under sections 55–59
3 of the Internal Revenue Code of 1986, the term
4 “EGTRRA” means the Economic Growth and Tax
5 Relief Reconciliation Act of 2001 (Public Law 107–
6 16), and the term “JGTRRA” means the Jobs and
7 Growth Tax Relief and Reconciliation Act of 2003
8 (Public Law 108–27).

9 (4)(A) The term “budgetary effects” means the
10 amounts by which PAYGO legislation changes direct
11 spending or revenues relative to the baseline and
12 shall be determined on the basis of estimates in-
13 cluded by reference in the PAYGO Act or prepared
14 under section 104(d)(3), as applicable. Budgetary
15 effects that increase direct spending or decrease rev-
16 enues are termed “costs” and budgetary effects that
17 increase revenues or decrease direct spending are
18 termed “savings”.

19 (B) For purposes of these definitions, off-budg-
20 et effects shall be counted as budgetary effects un-
21 less such changes flow directly from amendments to
22 title II of the Social Security Act and related provi-
23 sions of the Internal Revenue Code of 1986 and debt
24 service effects shall not be counted as budgetary ef-
25 fects.

1 (C) Solely for purposes of recording entries on
2 a PAYGO scorecard, provisions in appropriations
3 Acts are also considered to be budgetary effects for
4 purposes of this division if such provisions make out-
5 year modifications to substantive law, except that
6 provisions for which the outlay effects net to zero
7 over a period consisting of the current year, the
8 budget year, and the 4 subsequent years shall not be
9 considered budgetary effects. For purposes of this
10 paragraph, the term, “modifications to substantive
11 law” refers to changes to or restrictions on entitle-
12 ment law or other mandatory spending contained in
13 appropriations Acts, notwithstanding section
14 250(c)(8) of BBEDCA. Provisions in appropriations
15 Acts that are neither outyear modifications to sub-
16 stantive law nor changes in revenues have no budg-
17 etary effects for purposes of this division.

18 (D) If a provision is designated as an emer-
19 gency requirement under this division and is also
20 designated as an emergency requirement under the
21 applicable rules of the House of Representatives,
22 CBO shall not include the cost of such a provision
23 in its estimate of the PAYGO legislation’s budgetary
24 effects.

1 (5) The term “debit” refers to the net total
2 amount, when positive, by which costs recorded on
3 the PAYGO scorecards for a fiscal year exceed sav-
4 ings recorded on those scorecards for that year.

5 (6) The term “entitlement law” refers to a sec-
6 tion of law which provides entitlement authority.

7 (7) The term “PAYGO legislation” or a
8 “PAYGO Act” refers to a bill or joint resolution
9 that affects direct spending or revenue relative to
10 the baseline. The budgetary effects of changes in
11 revenues and outyear modifications to substantive
12 law included in appropriation Acts as defined in
13 paragraph (4) shall be treated as if they were con-
14 tained in PAYGO legislation.

15 (8) The term “timing shift” refers to a delay of
16 the date on which direct spending would otherwise
17 occur from the ninth outyear to the tenth outyear or
18 an acceleration of the date on which revenues would
19 otherwise occur from the tenth outyear to the ninth
20 outyear.

21 **SEC. 104. PAYGO ESTIMATES AND PAYGO SCORECARDS.**

22 (a) PAYGO ESTIMATES.—(1) A PAYGO Act shall in-
23 clude by reference an estimate of its budgetary effects as
24 determined under section 308(a)(3) of the Congressional
25 Budget Act of 1974, if timely submitted for printing in

1 the Congressional Record by the chairs of the Committees
2 on the Budget of the House of Representatives and the
3 Senate, as applicable, before the vote on the PAYGO legis-
4 lation. The Clerk of the House or the Secretary of the
5 Senate, as applicable, shall also incorporate by reference
6 such estimate printed in the relevant portion of the Con-
7 gressional Record under section 308(a)(3) of the Congres-
8 sional Budget Act of 1974 into the enrollment of a
9 PAYGO Act. Budgetary effects that are not so included
10 shall be determined under section 104(d)(3).

11 (2)(A) Section 308(a) of the Congressional Budget
12 Act of 1974 is amended by adding at the end the following
13 new paragraph:

14 “(3) CBO PAYGO ESTIMATES.—Before a vote in
15 either House on a PAYGO Act that, if determined
16 in the affirmative, would clear such Act for enroll-
17 ment, the chairs of the Committees on the Budget
18 of the House and Senate, as applicable, shall request
19 from the Director of the Congressional Budget Of-
20 fice an estimate of the budgetary effects of such Act
21 under the Statutory Pay-As-You-Go Act of 2009. If
22 such an estimate is timely provided, the chairs of the
23 Committees on the Budget of the House of Rep-
24 resentatives and the Senate shall post such estimate
25 on their respective committee websites and cause it

1 to be printed in the Congressional Record under the
2 heading ‘PAYGO ESTIMATE’. For purposes of this
3 section, the Director of the Congressional Budget
4 Office shall not count timing shifts in his estimates
5 of the budgetary effects of PAYGO legislation (as
6 defined in section 103 of the Statutory Pay-As-You-
7 Go Act of 2009).”.

8 (B) The side heading of section 308(a) of the Con-
9 gressional Budget Act of 1974 is amended by striking
10 “REPORTS ON”.

11 (b) Section 308 of the Congressional Budget Act of
12 1974 is amended by adding at the end the following new
13 subsection:

14 “(d) SCOREKEEPING GUIDELINES.—The Director of
15 the Congressional Budget Office shall provide estimates
16 under this section in accordance with the scorekeeping
17 guidelines determined under section 252(d)(5) of the Bal-
18 anced Budget and Emergency Deficit Control Act of 1985.
19 Upon agreement, the chairs of the Committees on the
20 Budget of the House of Representatives and the Senate
21 shall submit updates to such guidelines for printing in the
22 Congressional Record.”.

23 (c) CURRENT POLICY ADJUSTMENTS FOR CERTAIN
24 LEGISLATION.—For purposes of calculating budgetary ef-
25 fects under this division, CBO shall adjust its estimates

1 as described below for any provision of legislation des-
2 ignated as meeting the criteria in subsection (b), (c), or
3 (d) of section 107 and which the chairman of the Com-
4 mittee on the Budget of the House of Representatives or
5 the Senate, as applicable, designates as meeting those cri-
6 teria. A single piece of legislation may contain provisions
7 designated as meeting criteria in more than one of the
8 subsections listed above. For appropriately designated pro-
9 visions, CBO shall exclude from its estimates for purposes
10 of this division any costs of a provision to the extent that
11 those costs, when combined with all other excluded costs
12 of any other previously designated provisions of enacted
13 legislation under the same subsection of section 107, do
14 not exceed the maximum applicable current policy adjust-
15 ment defined under the applicable subsection of section
16 107 for the applicable 10-year period, using the most re-
17 cent baseline estimates supplied by the Congressional
18 Budget Office consistent with section 257 of the Balanced
19 Budget and Emergency Deficit Control Act of 1985 used
20 in considering a concurrent resolution on the budget; or,
21 after the beginning of a new calendar year and before con-
22 sideration of a concurrent resolution on the budget, using
23 the most recent baseline estimates supplied by the Con-
24 gressional Budget Office consistent with section 257 of the
25 Balanced Budget and Emergency Deficit Control Act of

1 1985. CBO estimates of legislation containing a current
2 policy designation under this subsection shall include a
3 separate presentation of costs excluded from the calcula-
4 tion of budgetary effects for the legislation, as well as an
5 updated total of all excluded costs of provisions within the
6 same subsection of section 107.

7 (d) OMB PAYGO SCORECARDS.—

8 (1) IN GENERAL.—OMB shall maintain and
9 make publicly available a continuously updated docu-
10 ment containing two PAYGO scorecards displaying
11 the budgetary effects of PAYGO legislation as deter-
12 mined under section 308 of the Congressional Budg-
13 et Act of 1974, applying the look-back requirement
14 in subsection (e) and the averaging requirement in
15 subsection (f), and a separate addendum displaying
16 the estimates of the costs of provisions designated in
17 statute as emergency requirements.

18 (2) ESTIMATES IN LEGISLATION.—Except as
19 provided in paragraph (3), in making the calcula-
20 tions for the PAYGO scorecards, OMB shall use the
21 budgetary effects included by reference in the appli-
22 cable legislation.

23 (3) OMB ESTIMATES.—If legislation does not
24 contain the estimate of budgetary effects under
25 paragraph (2), then OMB shall score the budgetary

1 effects of that legislation upon its enactment, based
2 on the approaches to scorekeeping set forth in this
3 division.

4 (4) 5-YEAR SCORECARD.—The first scorecard
5 shall display the budgetary effects of PAYGO legis-
6 lation in each year over the 5-year period beginning
7 in the budget year.

8 (5) 10-YEAR SCORECARD.—The second score-
9 card shall display the budgetary effects of PAYGO
10 legislation in each year over the 10-year period be-
11 ginning in the budget year.

12 (e) LOOK-BACK TO CAPTURE CURRENT-YEAR EF-
13 FECTS.—For purposes of this section, OMB shall treat the
14 budgetary effects of PAYGO legislation enacted during a
15 session of Congress that occur during the current year as
16 though they occurred in the budget year.

17 (f) AVERAGING USED TO MEASURE COMPLIANCE
18 OVER 5-YEAR AND 10-YEAR PERIODS.—OMB shall cumu-
19 late the budgetary effects of a PAYGO Act over the budg-
20 et year (which includes any look-back effects under sub-
21 section (e)) and—

22 (1) for purposes of the 5-year scorecard re-
23 ferred to in subsection (d)(4), the four subsequent
24 outyears, divide that cumulative total by five, and
25 enter the quotient in the budget-year column and in

1 each subsequent column of the 5-year PAYGO score-
2 card; and

3 (2) for purposes of the 10-year scorecard re-
4 ferred to in subsection (d)(5), the nine subsequent
5 outyears, divide that cumulative total by ten, and
6 enter the quotient in the budget-year column and in
7 each subsequent column of the 10-year PAYGO
8 scorecard.

9 **SEC. 105. ANNUAL REPORT AND SEQUESTRATION ORDER.**

10 (a) ANNUAL REPORT.—Not later than 14 days (ex-
11 cluding weekends and holidays) after Congress adjourns
12 to end a session, OMB shall make publicly available and
13 cause to be printed in the Federal Register an annual
14 PAYGO report. The report shall include an up-to-date
15 document containing the PAYGO scorecards, a description
16 of any current policy adjustments made under section
17 104(c), information about emergency legislation (if any)
18 designated under section 103(4)(D), information about
19 any sequestration if required by subsection (b), and other
20 data and explanations that enhance public understanding
21 of this division and actions taken under it.

22 (b) SEQUESTRATION ORDER.—If the annual report
23 issued at the end of a session of Congress under sub-
24 section (a) shows a debit on either PAYGO scorecard for
25 the budget year, OMB shall prepare and the President

1 shall issue and include in that report a sequestration order
2 that, upon issuance, shall reduce budgetary resources of
3 direct spending programs by enough to offset that debit
4 as prescribed in section 106. If there is a debit on both
5 scorecards, the order shall fully offset the larger of the
6 two debits. OMB shall include that order in the annual
7 report and transmit it to the House of Representatives
8 and the Senate. If the President issues a sequestration
9 order, the annual report shall contain, for each budget ac-
10 count to be sequestered, estimates of the baseline level of
11 budgetary resources subject to sequestration, the amount
12 of budgetary resources to be sequestered, and the outlay
13 reductions that will occur in the budget year and the sub-
14 sequent fiscal year because of that sequestration.

15 **SEC. 106. CALCULATING A SEQUESTRATION.**

16 (a) REDUCING NONEXEMPT BUDGETARY RE-
17 SOURCES BY A UNIFORM PERCENTAGE.—OMB shall cal-
18 culate the uniform percentage by which the budgetary re-
19 sources of nonexempt direct spending programs are to be
20 sequestered such that the outlay savings resulting from
21 that sequestration, as calculated under subsection (b),
22 shall offset the budget-year debit, if any on the applicable
23 PAYGO scorecard. If the uniform percentage calculated
24 under the prior sentence exceeds 4 percent, the Medicare
25 programs described in section 256(d) of BBEDCA shall

1 be reduced by 4 percent and the uniform percentage by
2 which the budgetary resources of all other nonexempt di-
3 rect spending programs are to be sequestered shall be in-
4 creased, as necessary, so that the sequestration of Medi-
5 care and of all other nonexempt direct spending programs
6 together produce the required outlay savings.

7 (b) OUTLAY SAVINGS.—In determining the amount
8 by which a sequestration offsets a budget-year debit, OMB
9 shall count—

10 (1) the amount by which the sequestration in a
11 crop year of crop support payments, pursuant to
12 section 256(j) of BBEDCA, reduces outlays in the
13 budget year and the subsequent fiscal year;

14 (2) the amount by which the sequestration of
15 Medicare payments in the 12-month period following
16 the sequestration order, pursuant to section 256(d)
17 of BBEDCA, reduces outlays in the budget year and
18 the subsequent fiscal year; and

19 (3) the amount by which the sequestration in
20 the budget year of the budgetary resources of other
21 nonexempt mandatory programs reduces outlays in
22 the budget year and in the subsequent fiscal year.

1 **SEC. 107. CURRENT POLICY ADJUSTMENT TO THE CBO ES-**
2 **TIMATES.**

3 (a) PURPOSE.—The purpose of this section is to pro-
4 vide for adjustments of estimates of budgetary effects of
5 PAYGO legislation for legislation affecting four areas of
6 the budget—

7 (1) payments made under section 1848 of the
8 Social Security Act (titled Payment for Physicians’
9 Services);

10 (2) the Estate and Gift Tax under subtitle B of
11 the Internal Revenue Code of 1986;

12 (3) the AMT; and

13 (4) provisions of EGTRRA or JGTRRA that
14 amended the Internal Revenue Code of 1986 (or
15 provisions in later statutes further amending the
16 amendments made by EGTRRA or JGTRRA), other
17 than—

18 (A) the provisions of those two Acts that
19 were made permanent by the Pension Protec-
20 tion Act of 2006 (Public Law 109–280);

21 (B) amendments to the estate and gift tax
22 referred to in paragraph (2);

23 (C) the AMT referred to in paragraph (3);

24 (D) the 35 percent bracket and that por-
25 tion of the 33 percent bracket that applies to

1 taxable income greater than \$200,000 for an
2 individual and \$250,000 for a couple; and

3 (E) provisions in those two Acts relating to
4 taxes rates on capital gains and dividends.

5 (b) MEDICARE PAYMENTS TO PHYSICIANS.—

6 (1) CRITERIA.—Legislation that includes provi-
7 sions amending or superseding the system of pay-
8 ments under section 1848 of the Social Security Act
9 shall trigger the current policy adjustment required
10 by this division.

11 (2) ADJUSTMENT.—The amount of the max-
12 imum current policy adjustment shall be the dif-
13 ference between—

14 (A) estimated net outlays attributable to
15 the payments made to physicians under that
16 section of the Social Security Act (as scheduled
17 on July 15, 2009, to be in effect); and

18 (B) what those net outlays would have
19 been if the nominal payment rates and related
20 parameters in effect for 2009 had been in effect
21 thereafter without change.

22 (c) ESTATE AND GIFT TAX.—

23 (1) CRITERIA.—Legislation that includes provi-
24 sions amending the Estate and Gift Tax under sub-
25 title B of the Internal Revenue Code of 1986 shall

1 trigger the current policy adjustment required by
2 this division.

3 (2) ADJUSTMENT.—The amount of the max-
4 imum current policy adjustment shall be the dif-
5 ference between—

6 (A) total revenues projected to be collected
7 under the Internal Revenue Code of 1986 (as
8 scheduled on July 15, 2009, to be in effect);
9 and

10 (B) what those revenue collections would
11 have been if, on the date of enactment of the
12 legislation meeting the criteria in paragraph
13 (1), estate and gift tax law had instead been
14 amended so that the tax rates, nominal exemp-
15 tion amounts, and related parameters in effect
16 for tax year 2009 had remained in effect there-
17 after without change.

18 (d) PERMANENT EXTENSION OF MIDDLE-CLASS TAX
19 CUTS AND AMT RELIEF.—

20 (1) CRITERIA.—Legislation that includes provi-
21 sions extending middle-class tax cuts or AMT relief
22 shall trigger the current policy adjustment required
23 by this division if those provisions extend one or
24 more of the following provisions—

1 (A) AMT relief for calendar year 2010 and
2 subsequent years in such a manner that the
3 number of AMT taxpayers is not estimated to
4 exceed the number of AMT taxpayers in tax
5 year 2008 in any year through the tenth year
6 after enactment;

7 (B) the 10 percent bracket as in effect for
8 tax year 2010, as provided for under section
9 101(a) of the Economic Growth and Tax Relief
10 Reconciliation Act of 2001 and any later
11 amendments through July 15, 2009;

12 (C) the child tax credit as in effect for tax
13 year 2010, as provided for under section 201 of
14 the Economic Growth and Tax Relief Reconcili-
15 ation Act and any later amendments through
16 July 15, 2009;

17 (D) tax benefits for married couples as in
18 effect for tax year 2010, as provided for under
19 title III of the Economic Growth and Tax Relief
20 Reconciliation Act and any later amendments
21 through July 15, 2009;

22 (E) the adoption credit as in effect in tax
23 year 2010, as provided for under section 202 of
24 the Economic Growth and Tax Relief Reconcili-

1 ation Act of 2001 and any later amendments
2 through July 15, 2009;

3 (F) the dependent care credit as in effect
4 in tax year 2010, as provided for under section
5 204 of the Economic Growth and Tax Relief
6 Reconciliation Act of 2001 and any later
7 amendments through July 15, 2009;

8 (G) the employer-provided child care credit
9 as in effect in tax year 2010, as provided for
10 under section 205 of the Economic Growth and
11 Tax Relief Reconciliation Act of 2001 and any
12 later amendments through July 15, 2009;

13 (H) the education tax benefits as in effect
14 in tax year 2010, as provided for under title IV
15 of the Economic Growth and Tax Relief Rec-
16 onciliation Act of 2001 and any later amend-
17 ments through July 15, 2009;

18 (I) the 25 and 28 percent brackets as in
19 effect for tax year 2010, as provided for under
20 section 101(a) of the Economic Growth and
21 Tax Relief Reconciliation Act of 2001 and any
22 later amendments through July 15, 2009; and

23 (J) the 33 percent brackets as in effect for
24 tax year 2010, as provided for under section
25 101(a) of the Economic Growth and Tax Relief

1 Reconciliation Act of 2001 and any later
2 amendment affecting taxpayers with taxable in-
3 come of \$200,000 or less for individuals and
4 \$250,000 or less for couples in calendar year
5 2010 and increased in each subsequent year by
6 an amount equal to the cost of living adjust-
7 ment determined under section 1(f)(3) of the
8 Internal Revenue Code of 1986 for the calendar
9 year in which the taxable year begins, deter-
10 mined by substituting “calendar year 2008” for
11 “calendar year 1992” in subparagraph (B)
12 thereof.

13 (2) ADJUSTMENT.—The amount of the max-
14 imum current policy adjustment shall be the dif-
15 ference between what total revenues would have been
16 under the Internal Revenue Code of 1986 (as sched-
17 uled on July 15, 2009, to be in effect) and what rev-
18 enues would be if legislation—

19 (A) permanently extending the AMT ex-
20 emption and brackets in effect in tax year 2009
21 but increased in tax year 2010 and each subse-
22 quent tax year as indicated under subsection
23 (d)(2)(B), along with any additional amount
24 necessary to prevent the number of taxpayers
25 who must pay AMT from increasing; and

1 (B) permanently extending the provisions
2 identified in paragraph (1),
3 were enacted on the same day as the legislation re-
4 ferred to in paragraph (1).

5 **SEC. 108. APPLICATION OF BBEDCA.**

6 For purposes of this division—

7 (1) notwithstanding section 275 of BBEDCA,
8 the provisions of sections 255, 256, 257, and 274 of
9 BBEDCA, as amended by this division, shall apply
10 to the provisions of this division;

11 (2) references in sections 255, 256, 257, and
12 274 to “this part” or “this title” shall be interpreted
13 as applying to this division;

14 (3) references in sections 255, 256, 257, and
15 274 of BBEDCA to “section 254” shall be inter-
16 preted as referencing section 105 of this division;

17 (4) the reference in section 256(b) of BBEDCA
18 to “section 252 or 253” shall be interpreted as ref-
19 erencing section 105 of this division;

20 (5) the reference in section 256(d)(1) of
21 BBEDCA to “section 252 or 253” shall be inter-
22 preted as referencing section 106 of this division;

23 (6) the reference in section 256(d)(4) of
24 BBEDCA to “section 252 or 253” shall be inter-
25 preted as referencing section 105 of this division;

1 (7) section 256(k) of BBEDCA shall apply to
2 a sequestration, if any, under this division; and

3 (8) references in section 257(e) of BBEDCA to
4 “section 251, 252, or 253” shall be interpreted as
5 referencing section 104 of this division.

6 **SEC. 109. TECHNICAL CORRECTIONS.**

7 (a) Section 250(c)(18) of BBEDCA is amended by
8 striking “the expenses the Federal deposit insurance agen-
9 cies” and inserting “the expenses of the Federal deposit
10 insurance agencies”.

11 (b) Section 256(k)(1) of BBEDCA is amended by
12 striking “in paragraph (5)” and inserting “in paragraph
13 (6)”.

14 **SEC. 110. CONFORMING AMENDMENTS.**

15 (a) Section 256(a) of BBEDCA is repealed.

16 (b) Section 256(b) of BBEDCA is amended by strik-
17 ing “origination fees under sections 438(c)(2) and 455(c)
18 of that Act shall each be increased by 0.50 percentage
19 point.” and inserting in lieu thereof “origination fees
20 under sections 438(c)(2) and (6) and 455(c) and loan
21 processing and issuance fees under section
22 428(f)(1)(A)(ii) of that Act shall each be increased by the
23 uniform percentage specified in that sequestration order,
24 and, for student loans originated during the period of the
25 sequestration, special allowance payments under section

1 438(b) of that Act accruing during the period of the se-
 2 questration shall be reduced by the uniform percentage
 3 specified in that sequestration order.”.

4 (c) Section 256(c) of BBEDCA is repealed.

5 (d) Section 256(d) of BBEDCA is amended—

6 (1) by redesignating paragraphs (2), (3), and
 7 (4) as paragraphs (3), (5), and (6);

8 (2) by amending paragraph (1) to read as fol-
 9 lows:

10 “(1) CALCULATION OF REDUCTION IN PAYMENT
 11 AMOUNTS.—To achieve the total percentage reduc-
 12 tion in those programs required by section 252 or
 13 253, subject to paragraph (2), and notwithstanding
 14 section 710 of the Social Security Act, OMB shall
 15 determine, and the applicable Presidential order
 16 under section 254 shall implement, the percentage
 17 reduction that shall apply, with respect to the health
 18 insurance programs under title XVIII of the Social
 19 Security Act—

20 “(A) in the case of parts A and B of such
 21 title, to individual payments for services fur-
 22 nished during the one-year period beginning on
 23 the first day of the first month beginning after
 24 the date the order is issued (or, if later, the
 25 date specified in paragraph (4)); and

1 “(B) in the case of parts C and D, to
2 monthly payments under contracts under such
3 parts for the same one-year period;
4 such that the reduction made in payments under
5 that order shall achieve the required total percentage
6 reduction in those payments for that period.”;

7 (3) by inserting after paragraph (1) the fol-
8 lowing:

9 “(2) UNIFORM REDUCTION RATE; MAXIMUM
10 PERMISSIBLE REDUCTION.—Reductions in payments
11 for programs and activities under such title XVIII
12 pursuant to a sequestration order under section 254
13 shall be at a uniform rate, which shall not exceed 4
14 percent, across all such programs and activities sub-
15 ject to such order.”;

16 (4) by inserting after paragraph (3), as redesign-
17 ated, the following:

18 “(4) TIMING OF SUBSEQUENT SEQUESTRATION
19 ORDER.—A sequestration order required by section
20 252 or 253 with respect to programs under such
21 title XVIII shall not take effect until the first month
22 beginning after the end of the effective period of any
23 prior sequestration order with respect to such pro-
24 grams, as determined in accordance with paragraph
25 (1).”;

1 (5) in paragraph (6), as redesignated, to read
2 as follows:

3 “(6) SEQUESTRATION DISREGARDED IN COM-
4 PUTING PAYMENT AMOUNTS.—The Secretary of
5 Health and Human Services shall not take into ac-
6 count any reductions in payment amounts which
7 have been or may be effected under this part, for
8 purposes of computing any adjustments to payment
9 rates under such title XVIII, specifically including—

10 “(A) the part C growth percentage under
11 section 1853(e)(6);

12 “(B) the part D annual growth rate under
13 section 1860D–2(b)(6); and

14 “(C) application of risk corridors to part D
15 payment rates under section 1860D–15(e).”;
16 and

17 (6) by adding after paragraph (6), as redesign-
18 nated, the following:

19 “(7) EXEMPTIONS FROM SEQUESTRATION.—In
20 addition to the programs and activities specified in
21 section 255, the following shall be exempt from se-
22 questration under this part:

23 “(A) PART D LOW-INCOME SUBSIDIES.—
24 Premium and cost-sharing subsidies under sec-
25 tion 1860D–14 of the Social Security Act.

1 “(B) PART D CATASTROPHIC SUBSIDY.—
2 Payments under section 1860D–15(b) and
3 (e)(2)(B) of the Social Security Act.

4 “(C) QUALIFIED INDIVIDUAL (QI) PRE-
5 MIUMS.—Payments to States for coverage of
6 Medicare cost-sharing for certain low-income
7 Medicare beneficiaries under section 1933 of
8 the Social Security Act.”.

9 **SEC. 111. EXEMPT PROGRAMS AND ACTIVITIES.**

10 (a) DESIGNATIONS.—Section 255 of BBEDCA is
11 amended by redesignating subsection (i) as (j) and strik-
12 ing “1998” and inserting in lieu thereof “2010”.

13 (b) SOCIAL SECURITY, VETERANS PROGRAMS, NET
14 INTEREST, AND TAX CREDITS.—Subsections (a) through
15 (d) of section 255 of BBEDCA are amended to read as
16 follows:

17 “(a) SOCIAL SECURITY BENEFITS AND TIER I RAIL-
18 ROAD RETIREMENT BENEFITS.—Benefits payable under
19 the old-age, survivors, and disability insurance program
20 established under title II of the Social Security Act (42
21 U.S.C. 401 et seq.), and benefits payable under section
22 231b(a), 231b(f)(2), 231c(a), and 231c(f) of title 45,
23 United States Code, shall be exempt from reduction under
24 any order issued under this part.

1 “(b) VETERANS PROGRAMS.—The following program
2 shall be exempt from reduction under any order issued
3 under this part—

4 “All programs administered by the Department
5 of Veterans Affairs.

6 “Special Benefits for Certain World War II
7 Veterans (28–0401–0–1–701).

8 “(c) NET INTEREST.—No reduction of payments for
9 net interest (all of major functional category 900) shall
10 be made under any order issued under this part.

11 “(d) REFUNDABLE INCOME TAX CREDITS.—Pay-
12 ments to individuals made pursuant to provisions of the
13 Internal Revenue Code of 1986 establishing refundable
14 tax credits shall be exempt from reduction under any order
15 issued under this part.”.

16 (c) OTHER PROGRAMS AND ACTIVITIES, LOW-IN-
17 COME PROGRAMS, AND ECONOMIC RECOVERY PRO-
18 GRAMS.—Subsections (g) and (h) of section 255 of
19 BBEDCA are amended to read as follows:

20 “(g) OTHER PROGRAMS AND ACTIVITIES.—

21 “(1)(A) The following budget accounts and ac-
22 tivities shall be exempt from reduction under any
23 order issued under this part:

1 “Activities resulting from private dona-
2 tions, bequests, or voluntary contributions to
3 the Government.

4 “Activities financed by voluntary payments
5 to the Government for goods or services to be
6 provided for such payments.

7 “Administration of Territories, Northern
8 Mariana Islands Covenant grants (14-0412-0-
9 1-808).

10 “Advances to the Unemployment Trust
11 Fund and Other Funds (16-0327-0-1-600).

12 “Black Lung Disability Trust Fund Refi-
13 nancing (16-0329-0-1-601).

14 “Bonneville Power Administration Fund
15 and borrowing authority established pursuant
16 to section 13 of Public Law 93-454 (1974), as
17 amended (89-4045-0-3-271).

18 “Claims, Judgments, and Relief Acts (20-
19 1895-0-1-808).

20 “Compact of Free Association (14-0415-
21 0-1-808).

22 “Compensation of the President (11-
23 0209-01-1-802).

24 “Comptroller of the Currency, Assessment
25 Funds (20-8413-0-8-373).

1 “Continuing Fund, Southeastern Power
2 Administration (89-5653-0-2-271).

3 “Continuing Fund, Southwestern Power
4 Administration (89-5649-0-2-271).

5 “Dual Benefits Payments Account (60-
6 0111-0-1-601).

7 “Emergency Fund, Western Area Power
8 Administration (89-5069-0-2-271).

9 “Exchange Stabilization Fund (20-4444-
10 0-3-155).

11 “Federal Deposit Insurance Corporation,
12 Deposit Insurance Fund (51-4596-4-4-373).

13 “Federal Deposit Insurance Corporation,
14 FSLIC Resolution Fund (51-4065-0-3-373).

15 “Federal Deposit Insurance Corporation,
16 Noninterest Bearing Transaction Account
17 Guarantee (51-4458-0-3-373).

18 “Federal Deposit Insurance Corporation,
19 Senior Unsecured Debt Guarantee (51-4457-
20 0-3-373).

21 “Federal Housing Finance Agency, Admin-
22 istrative Expenses (95-5532-0-2-371).

23 “Federal Payment to the District of Co-
24 lumbia Judicial Retirement and Survivors An-
25 nuity Fund (20-1713-0-1-752).

1 “Federal Payment to the District of Co-
2 lumbia Pension Fund (20-1714-0-1-601).

3 “Federal Payments to the Railroad Retire-
4 ment Accounts (60-0113-0-1-601).

5 “Federal Reserve Bank Reimbursement
6 Fund (20-1884-0-1-803).

7 “Financial Agent Services (20-1802-0-1-
8 803).

9 “Foreign Military Sales Trust Fund (11-
10 8242-0-7-155).

11 “Hazardous Waste Management, Con-
12 servation Reserve Program (12-4336-0-3-
13 999).

14 “Host Nation Support Fund for Relocation
15 (97-8337-0-7-051).

16 “Internal Revenue Collections for Puerto
17 Rico (20-5737-0-2-806).

18 “Intragovernmental funds, including those
19 from which the outlays are derived primarily
20 from resources paid in from other government
21 accounts, except to the extent such funds are
22 augmented by direct appropriations for the fis-
23 cal year during which an order is in effect.

24 “Medical Facilities Guarantee and Loan
25 Fund (75-9931-0-3-551).

1 “National Credit Union Administration,
2 Central Liquidity Facility (25–4470–0–3–373).

3 “National Credit Union Administration,
4 Corporate Credit Union Share Guarantee Pro-
5 gram (25–4476–0–3–376).

6 “National Credit Union Administration,
7 Credit Union Homeowners Affordability Relief
8 Program (25–4473–0–3–371).

9 “National Credit Union Administration,
10 Credit Union Share Insurance Fund (25–4468–
11 0–3–373).

12 “National Credit Union Administration,
13 Credit Union System Investment Program (25–
14 4474–0–3–376).

15 “National Credit Union Administration,
16 Operating fund (25–4056–0–3–373).

17 “National Credit Union Administration,
18 Share Insurance Fund Corporate Debt Guar-
19 antee Program (25–4469–0–3–376).

20 “National Credit Union Administration,
21 U.S. Central Federal Credit Union Capital Pro-
22 gram (25–4475–0–3–376).

23 “Office of Thrift Supervision (20–4108–0–
24 3–373).

1 “Panama Canal Commission Compensation
2 Fund (16–5155–0–2–602).

3 “Payment of Vietnam and USS Pueblo
4 prisoner-of-war claims within the Salaries and
5 Expenses, Foreign Claims Settlement account
6 (15–0100–0–1–153).

7 “Payment to Civil Service Retirement and
8 Disability Fund (24–0200–0–1–805).

9 “Payment to Department of Defense Medi-
10 care-Eligible Retiree Health Care Fund (97–
11 0850–0–1–054).

12 “Payment to Judiciary Trust Funds (10–
13 0941–0–1–752).

14 “Payment to Military Retirement Fund
15 (97–0040–0–1–054).

16 “Payment to the Foreign Service Retire-
17 ment and Disability Fund (19–0540–0–1–153).

18 “Payments to Copyright Owners (03–
19 5175–0–2–376).

20 “Payments to Health Care Trust Funds
21 (75–0580–0–1–571).

22 “Payment to Radiation Exposure Com-
23 pensation Trust Fund (15–0333–0–1–054).

24 “Payments to Social Security Trust Funds
25 (28–0404–0–1–651).

1 “Payments to the United States Terri-
2 tories, Fiscal Assistance (14-0418-0-1-806).

3 “Payments to trust funds from excise
4 taxes or other receipts properly creditable to
5 such trust funds.

6 “Payments to widows and heirs of de-
7 ceased Members of Congress (00-0215-0-1-
8 801).

9 “Postal Service Fund (18-4020-0-3-372).

10 “Radiation Exposure Compensation Trust
11 Fund (15-8116-0-1-054).

12 “Reimbursement to Federal Reserve Banks
13 (20-0562-0-1-803).

14 “Salaries of Article III judges.

15 “Soldiers and Airmen’s Home, payment of
16 claims (84-8930-0-7-705).

17 “Tennessee Valley Authority Fund, except
18 nonpower programs and activities (64-4110-0-
19 3-999).

20 “Tribal and Indian trust accounts within
21 the Department of the Interior which fund
22 prior legal obligations of the Government or
23 which are established pursuant to Acts of Con-
24 gress regarding Federal management of tribal
25 real property or other fiduciary responsibilities,

1 including but not limited to Tribal Special
2 Fund (14-5265-0-2-452), Tribal Trust Fund
3 (14-8030-0-7-452), White Earth Settlement
4 (14-2204-0-1-452), and Indian Water Rights
5 and Habitat Acquisition (14-5505-0-2-303).

6 “United Mine Workers of America 1992
7 Benefit Plan (95-8260-0-7-551).

8 “United Mine Workers of America 1993
9 Benefit Plan (95-8535-0-7-551).

10 “United Mine Workers of America Com-
11 bined Benefit Fund (95-8295-0-7-551).

12 “United States Enrichment Corporation
13 Fund (95-4054-0-3-271).

14 “Universal Service Fund (27-5183-0-2-
15 376).

16 “Vaccine Injury Compensation (75-0320-
17 0-1-551).

18 “Vaccine Injury Compensation Program
19 Trust Fund (20-8175-0-7-551).

20 “(B) The following Federal retirement and dis-
21 ability accounts and activities shall be exempt from
22 reduction under any order issued under this part:

23 “Black Lung Disability Trust Fund (20-
24 8144-0-7-601).

1 “Central Intelligence Agency Retirement
2 and Disability System Fund (56–3400–0–1–
3 054).

4 “Civil Service Retirement and Disability
5 Fund (24–8135–0–7–602).

6 “Comptrollers general retirement system
7 (05–0107–0–1–801).

8 “Contributions to U.S. Park Police annu-
9 ity benefits, Other Permanent Appropriations
10 (14–9924–0–2–303).

11 “Court of Appeals for Veterans Claims Re-
12 tirement Fund (95–8290–0–7–705).

13 “Department of Defense Medicare-Eligible
14 Retiree Health Care Fund (97–5472–0–2–551).

15 “District of Columbia Federal Pension
16 Fund (20–5511–0–2–601).

17 “District of Columbia Judicial Retirement
18 and Survivors Annuity Fund (20–8212–0–7–
19 602).

20 “Energy Employees Occupational Illness
21 Compensation Fund (16–1523–0–1–053).

22 “Foreign National Employees Separation
23 Pay (97–8165–0–7–051).

1 “Foreign Service National Defined Con-
2 tributions Retirement Fund (19-5497-0-2-
3 602).

4 “Foreign Service National Separation Li-
5 ability Trust Fund (19-8340-0-7-602).

6 “Foreign Service Retirement and Dis-
7 ability Fund(19-8186-0-7-602).

8 “Government Payment for Annuitants,
9 Employees Health Benefits (24-0206-0-1-
10 551).

11 “Government Payment for Annuitants,
12 Employee Life Insurance (24-0500-0-1-602).

13 “Judicial Officers’ Retirement Fund (10-
14 8122-0-7-602).

15 “Judicial Survivors’ Annuities Fund (10-
16 8110-0-7-602).

17 “Military Retirement Fund (97-8097-0-
18 7-602).

19 “National Railroad Retirement Investment
20 Trust (60-8118-0-7-601).

21 “National Oceanic and Atmospheric Ad-
22 ministration retirement (13-1450-0-1-306).

23 “Pensions for former Presidents (47-
24 0105-0-1-802).

1 “Postal Service Retiree Health Benefits
2 Fund (24–5391–0–2–551).

3 “Public Safety Officer Benefits (15–0403–
4 0–1–754).

5 “Rail Industry Pension Fund (60–8011–
6 0–7–601).

7 “Retired Pay, Coast Guard (70–0602–0–
8 1–403).

9 “Retirement Pay and Medical Benefits for
10 Commissioned Officers, Public Health Service
11 (75–0379–0–1–551).

12 “Special Benefits for Disabled Coal Miners
13 (16–0169–0–1–601).

14 “Special Benefits, Federal Employees’
15 Compensation Act (16–1521–0–1–600).

16 “Special Workers Compensation Expenses
17 (16–9971–0–7–601).

18 “Tax Court Judges Survivors Annuity
19 Fund (23–8115–0–7–602).

20 “United States Court of Federal Claims
21 Judges’ Retirement Fund (10–8124–0–7–602).

22 “United States Secret Service, DC Annuity
23 (70–0400–0–1–751).

24 “Voluntary Separation Incentive Fund
25 (97–8335–0–7–051).

1 “(2) Prior legal obligations of the Government
2 in the following budget accounts and activities shall
3 be exempt from any order issued under this part:

4 “Biomass Energy Development (20–0114–
5 0–1–271).

6 “Check Forgery Insurance Fund (20–
7 4109–0–3–803).

8 “Credit liquidating accounts.

9 “Credit reestimates.

10 “Employees Life Insurance Fund (24–
11 8424–0–8–602).

12 “Federal Aviation Insurance Revolving
13 Fund (69–4120–0–3–402).

14 “Federal Crop Insurance Corporation
15 Fund (12–4085–0–3–351).

16 “Federal Emergency Management Agency,
17 National Flood Insurance Fund (58–4236–0–
18 3–453).

19 “Federal Home Loan Mortgage Corpora-
20 tion (Freddie Mac).

21 “Federal National Mortgage Corporation
22 (Fannie Mae).

23 “Geothermal resources development fund
24 (89–0206–0–1–271).

1 “Low-Rent Public Housing—Loans and
2 Other Expenses (86–4098–0–3–604).

3 “Maritime Administration, War Risk In-
4 surance Revolving Fund (69–4302–0–3–403).

5 “Natural Resource Damage Assessment
6 Fund (14–1618–0–1–302).

7 “Overseas Private Investment Corporation,
8 Noncredit Account (71–4184–0–3–151).

9 “Pension Benefit Guaranty Corporation
10 Fund (16–4204–0–3–601).

11 “San Joaquin Restoration Fund (14–
12 5537–0–2–301).

13 “Servicemembers’ Group Life Insurance
14 Fund (36–4009–0–3–701).

15 “Terrorism Insurance Program (20–0123–
16 0–1–376).

17 “(h) LOW-INCOME PROGRAMS.—The following pro-
18 grams shall be exempt from reduction under any order
19 issued under this part:

20 “Academic Competitiveness/Smart Grant Pro-
21 gram (91–0205–0–1–502).

22 “Child Care Entitlement to States (75–1550–
23 0–1–609).

24 “Child Enrollment Contingency Fund (75–
25 5551–0–2–551).

1 “Child Nutrition Programs (with the exception
2 of special milk programs) (12–3539–0–1–605).

3 “Children’s Health Insurance Fund (75–0515–
4 0–1–551).

5 “Commodity Supplemental Food Program (12–
6 3507–0–1–605).

7 “Contingency Fund (75–1522–0–1–609).

8 “Family Support Programs (75–1501–0–1–
9 609).

10 “Federal Pell Grants under section 401 Title
11 IV of the Higher Education Act.

12 “Grants to States for Medicaid (75–0512–0–1–
13 551).

14 “Payments for Foster Care and Permanency
15 (75–1545–0–1–609).

16 “Supplemental Nutrition Assistance Program
17 (12–3505–0–1–605).

18 “Supplemental Security Income Program (28–
19 0406–0–1–609).

20 “Temporary Assistance for Needy Families
21 (75–1552–0–1–609).”.

22 (d) ECONOMIC RECOVERY PROGRAMS.—Section 255
23 of BBEDCA is amended by adding the following after
24 subsection (h):

1 “(i) ECONOMIC RECOVERY PROGRAMS.—The fol-
2 lowing programs shall be exempt from reduction under
3 any order issued under this part:

4 “All programs enacted in, or increases in pro-
5 grams provided by, the American Recovery and Re-
6 investment Act of 2009.

7 “Exchange Stabilization Fund-Money Market
8 Mutual Fund Guaranty Facility (20–4274–0–3–
9 376).

10 “Financial Stabilization Reserve (20–0131–4–
11 1–376).

12 “GSE Mortgage-Backed Securities Purchase
13 Program Account (20–0126–0–1–371).

14 “GSE Preferred Stock Purchase Agreements
15 (20–0125–0–1–371).

16 “Office of Financial Stability (20–0128–0–1–
17 376).

18 “Special Inspector General for the Troubled
19 Asset Relief Program (20–0133–0–1–376).

20 “Troubled Asset Relief Program Account (20–
21 0132–0–1–376).

22 “Troubled Asset Relief Program Equity Pur-
23 chase Program (20–0134–0–1–376).

1 “Troubled Asset Relief Program, Home Afford-
2 able Modification Program (20-0136-0-1-604).”.

Passed the House of Representatives November 19, 2009.

Attest: LORRAINE C. MILLER,
Clerk.

Calendar No. 252

11TH CONGRESS
2^D Session

H. R. 3961

AN ACT

To amend title XVIII of the Social Security Act to reform the Medicare SGR payment system for physicians and to reinstitute and update the Pay-As-You-Go requirement of budget neutrality on new tax and mandatory spending legislation, enforced by the threat of annual, automatic sequestration.

JANUARY 20, 2010

Read the second time and placed on the calendar