

111TH CONGRESS
2D SESSION

S. 3216

To amend title XVIII of the Social Security Act to ensure Medicare beneficiary access to physicians, to ensure equitable reimbursement under the Medicare program for all rural States, and to eliminate sweetheart deals for frontier States.

IN THE SENATE OF THE UNITED STATES

APRIL 15, 2010

Mr. GRASSLEY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to ensure Medicare beneficiary access to physicians, to ensure equitable reimbursement under the Medicare program for all rural States, and to eliminate sweetheart deals for frontier States.

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.**

4 This Act may be cited as the “Medicare Rural Health
5 Care Equity Act of 2010”.

1 **SEC. 2. REVISIONS TO THE PRACTICE EXPENSE GEO-**
 2 **GRAPHIC ADJUSTMENT UNDER THE MEDI-**
 3 **CARE PHYSICIAN FEE SCHEDULE.**

4 Effective as if included in the enactment of the Pa-
 5 tient Protection and Affordable Care Act (Public Law
 6 111–148), subparagraph (H) of section 1848(e)(1) of the
 7 Social Security Act (42 U.S.C. 1395w–4(e)(1)), as added
 8 by section 3102(b) of the Patient Protection and Afford-
 9 able Care Act, is amended to read as follows:

10 “(H) PRACTICE EXPENSE GEOGRAPHIC
 11 ADJUSTMENT FOR 2010 AND SUBSEQUENT
 12 YEARS.—

13 “(i) FOR 2010.—Subject to clause (iii),
 14 for services furnished during 2010, the em-
 15 ployee wage and rent portions of the prac-
 16 tice expense geographic index described in
 17 subparagraph (A)(i) shall reflect $\frac{1}{2}$ of the
 18 difference between the relative costs of em-
 19 ployee wages and rents in each of the dif-
 20 ferent fee schedule areas and the national
 21 average of such employee wages and rents.

22 “(ii) FOR 2011.—Subject to clause
 23 (iii), for services furnished during 2011,
 24 the employee wage and rent portions of the
 25 practice expense geographic index de-
 26 scribed in subparagraph (A)(i) shall reflect

1 $\frac{1}{4}$ of the difference between the relative
2 costs of employee wages and rents in each
3 of the different fee schedule areas and the
4 national average of such employee wages
5 and rents.

6 “(iii) HOLD HARMLESS.—The practice
7 expense portion of the geographic adjust-
8 ment factor applied in a fee schedule area
9 for services furnished in 2010 or 2011
10 shall not, as a result of the application of
11 clause (i) or (ii), be reduced below the
12 practice expense portion of the geographic
13 adjustment factor under subparagraph
14 (A)(i) (as calculated prior to the applica-
15 tion of such clause (i) or (ii), respectively)
16 for such area for such year.

17 “(iv) ANALYSIS.—The Secretary shall
18 analyze current methods of establishing
19 practice expense geographic adjustments
20 under subparagraph (A)(i) and evaluate
21 data that fairly and reliably establishes
22 distinctions in the costs of operating a
23 medical practice in the different fee sched-
24 ule areas. Such analysis shall include an
25 evaluation of the following:

1 “(I) The feasibility of using ac-
2 tual data or reliable survey data devel-
3 oped by medical organizations on the
4 costs of operating a medical practice,
5 including office rents and non-physi-
6 cian staff wages, in different fee
7 schedule areas.

8 “(II) The office expense portion
9 of the practice expense geographic ad-
10 justment described in subparagraph
11 (A)(i), including the extent to which
12 types of office expenses are deter-
13 mined in local markets instead of na-
14 tional markets.

15 “(III) The weights assigned to
16 each of the categories within the prac-
17 tice expense geographic adjustment
18 described in subparagraph (A)(i).

19 In conducting such analysis, the Secretary
20 shall not take into account any data that
21 is not actual or survey data.

22 “(v) REVISION FOR 2012 AND SUBSE-
23 QUENT YEARS.—As a result of the analysis
24 described in clause (iv), the Secretary
25 shall, not later than January 1, 2012,

1 make appropriate adjustments to the prac-
2 tice expense geographic adjustment de-
3 scribed in subparagraph (A)(i) to ensure
4 accurate geographic adjustments across fee
5 schedule areas, including—

6 “(I) basing the office rents com-
7 ponent and its weight on occupancy
8 costs only and making weighting
9 changes in other categories as appro-
10 priate;

11 “(II) ensuring that office ex-
12 penses that do not vary from region to
13 region be included in the ‘other’ office
14 expense category; and

15 “(III) considering a representa-
16 tive range of professional and non-
17 professional personnel employed in a
18 medical office based on the use of the
19 American Community Survey data or
20 other reliable data for wage adjust-
21 ments.

22 Such adjustments shall be made without
23 regard to adjustments made pursuant to
24 clauses (i) and (ii) and shall be made in a
25 budget neutral manner.

1 “(vi) SPECIAL RULE.—If the Sec-
 2 retary does not complete the analysis de-
 3 scribed in clause (iv) and make any adjust-
 4 ments the Secretary determines appro-
 5 priate for 2012 or a subsequent year under
 6 clause (v), the Secretary shall apply clause
 7 (ii) for services furnished during 2012 or a
 8 subsequent year in the same manner as
 9 such clause applied for services furnished
 10 during 2011.”.

11 **SEC. 3. ELIMINATION OF SWEETHEART DEAL THAT IN-**
 12 **CREASES MEDICARE REIMBURSEMENT JUST**
 13 **FOR FRONTIER STATES.**

14 Effective as if included in the enactment of the Pa-
 15 tient Protection and Affordable Care Act (Public Law
 16 111–148), section 10324 of such Act (and the amend-
 17 ments made by such section) is repealed.

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