

114TH CONGRESS
2D SESSION

S. 2832

To amend title XVIII of the Social Security Act to ensure fairness in Medicare hospital payments by establishing a floor for the area wage index applied with respect to certain hospitals.

IN THE SENATE OF THE UNITED STATES

APRIL 21, 2016

Mr. ISAKSON (for himself, Mr. WARNER, Mr. ALEXANDER, Mr. BROWN, Mr. SESSIONS, and Mr. KAINÉ) 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 fairness in Medicare hospital payments by establishing a floor for the area wage index applied with respect to certain hospitals.

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 “Fair Medicare Hospital
5 Payments Act of 2016”.

1 **SEC. 2. ENSURING FAIRNESS IN MEDICARE HOSPITAL PAY-**
 2 **MENTS IN A BUDGET NEUTRAL MANNER.**

3 (a) HOSPITAL INPATIENT SERVICES.—Section
 4 1886(d)(3)(E) of the Social Security Act (42 U.S.C.
 5 1395www(d)(3)(E)) is amended—

6 (1) in clause (i), by striking “clause (ii) or (iii)”
 7 and inserting “clause (ii), (iii), or (iv)”; and

8 (2) by adding at the end the following new
 9 clause:

10 “(iv) FLOOR ON AREA WAGE INDEX FOR HOS-
 11 PITALS IN CERTAIN OTHER AREAS.—

12 “(I) IN GENERAL.—For discharges occur-
 13 ring on or after October 1, 2016, the area wage
 14 index applicable under this subparagraph to
 15 any hospital which is not located in a frontier
 16 State (as defined in clause (iii)(II)) may not be
 17 less than 0.874.

18 “(II) ENSURING BUDGET NEUTRALITY.—
 19 In order to ensure that the aggregate payments
 20 made under this subsection for a fiscal year
 21 (beginning with fiscal year 2017) are not great-
 22 er than the aggregate payments that would
 23 have been made under this subsection for such
 24 fiscal year without the application of subclause
 25 (I), as estimated by the Secretary, the Sec-
 26 retary shall establish pursuant to rulemaking a

1 maximum area wage index to apply under this
2 subparagraph to any hospital which is not lo-
3 cated in a frontier State (as defined in clause
4 (iii)(II)).

5 “(III) NO IMPACT FOR HOSPITALS WITH
6 AN AREA WAGE INDEX BETWEEN THE FLOOR
7 AND THE MAXIMUM INDEX.—Subclauses (I)
8 and (II) shall have no affect on the area wage
9 index applicable in a fiscal year to a hospital
10 with an area wage index that is greater than
11 the floor under subclause (I) but less than the
12 maximum area wage index established under
13 subclause (II) for the fiscal year.”.

14 (b) HOSPITAL OUTPATIENT DEPARTMENT SERV-
15 ICES.—Section 1833(t) of the Social Security Act (42
16 U.S.C. 1395l(t)), is amended—

17 (1) in paragraph (2)(D), by striking “para-
18 graph (19), the Secretary” and inserting “para-
19 graphs (19) and (22), the Secretary”; and

20 (2) by adding at the end the following new
21 paragraph:

22 “(22) FLOOR ON AREA WAGE ADJUSTMENT
23 FACTOR FOR HOSPITAL OUTPATIENT DEPARTMENT
24 SERVICES IN AREAS OTHER THAN IN FRONTIER
25 STATES.—

1 “(A) IN GENERAL.—With respect to cov-
2 ered OPD services furnished on or after Janu-
3 ary 1, 2017, the area wage adjustment factor
4 applicable under the payment system estab-
5 lished under this subsection to any hospital out-
6 patient department which is not located in a
7 frontier State (as defined in section
8 1886(d)(3)(E)(iii)(II)) may not be less than
9 0.874.

10 “(B) ENSURING BUDGET NEUTRALITY.—
11 In order to ensure that the aggregate payments
12 made under this subsection for a year (begin-
13 ning with 2017) are not greater than the aggre-
14 gate payments that would have been made
15 under this subsection for such year without the
16 application of subparagraph (A), as estimated
17 by the Secretary, the Secretary shall establish
18 pursuant to rulemaking a maximum area wage
19 adjustment factor to apply under the payment
20 system established under this subsection to any
21 hospital outpatient department which is not lo-
22 cated in a frontier State (as defined in clause
23 (iii)(II)).

24 “(C) NO IMPACT FOR HOSPITALS WITH AN
25 AREA WAGE ADJUSTMENT FACTOR BETWEEN

1 THE FLOOR AND THE MAXIMUM FACTOR.—Sub-
2 paragraphs (A) and (B) shall have no affect on
3 the area wage adjustment factor applicable in a
4 year to a hospital with an area wage adjust-
5 ment factor that is greater than the floor under
6 subparagraph (A) but less than the maximum
7 area wage adjustment factor established under
8 subparagraph (B) for the year.”.

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