

107TH CONGRESS  
1ST SESSION

# S. 1660

To amend title XVIII of the Social Security Act to specify the update for payments under the medicare physician fee schedule for 2002 and to direct the Medicare Payment Advisory Commission to conduct a study on replacing the use of the sustainable growth rate as a factor in determining such update in subsequent years.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 8, 2001

Mr. JEFFORDS (for himself and Mr. BREAUX) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XVIII of the Social Security Act to specify the update for payments under the medicare physician fee schedule for 2002 and to direct the Medicare Payment Advisory Commission to conduct a study on replacing the use of the sustainable growth rate as a factor in determining such update in subsequent years.

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 Physician  
5 Payment Fairness Act of 2001”.

1 **SEC. 2. SPECIFICATION OF THE UPDATE FOR PAYMENTS**  
 2 **UNDER THE MEDICARE PHYSICIAN FEE**  
 3 **SCHEDULE FOR 2002.**

4 (a) IN GENERAL.—Section 1848(d) of the Social Se-  
 5 curity Act (42 U.S.C. 1395w–4(d)) is amended by adding  
 6 at the end the following new paragraph:

7 “(5) CONVERSION FACTOR FOR 2002.—The con-  
 8 version factor established under this subsection for  
 9 2002 shall be 0.9 percent less than the conversion  
 10 factor established under this subsection for 2001.”.

11 (b) CONFORMING AMENDMENTS.—Section  
 12 1848(d)(4) of the Social Security Act (42 U.S.C. 1395w–  
 13 4(d)(4)) is amended—

14 (1) in the heading, by striking “FOR YEARS BE-  
 15 GINNING WITH 2001” and inserting “FOR 2001, 2003,  
 16 AND SUBSEQUENT YEARS”; and

17 (2) in subparagraph (A), by striking “a year  
 18 beginning with 2001” and inserting “2001, 2003,  
 19 and each subsequent year” in the matter preceding  
 20 clause (i).

21 (c) RULE OF CONSTRUCTION.—The Secretary of  
 22 Health and Human Services shall treat the percentage  
 23 change in the conversion factor for 2002 under the physi-  
 24 cian fee schedule under section 1848(d) of the Social Secu-  
 25 rity Act (42 U.S.C. 1395w–4(d)), made by the amendment  
 26 under subsection (a), to be a change in law for purposes

1 of determining the sustainable growth rate under section  
 2 1848(f)(2)(D) of such Act (42 U.S.C. 1395w-4(f)(2)(D)).

3 **SEC. 3. STUDY AND REPORT BY MEDPAC ON REPLACING**  
 4 **THE USE OF THE SUSTAINABLE GROWTH**  
 5 **RATE AS A FACTOR IN DETERMINING THE UP-**  
 6 **DATE FOR PAYMENTS UNDER THE MEDICARE**  
 7 **PHYSICIAN FEE SCHEDULE.**

8 (a) STUDY.—The Medicare Payment Advisory Com-  
 9 mission shall conduct a study on replacing the use of the  
 10 sustainable growth rate (as determined under subsection  
 11 (f) of section 1848 of the Social Security Act (42 U.S.C.  
 12 1395w-4)) as a factor in determining the update for pay-  
 13 ments under the Medicare physician fee schedule under  
 14 such section with a factor that more fully accounts for  
 15 changes in the unit costs of providing physicians' services.

16 (b) REPORT TO CONGRESS.—Not later than March  
 17 1, 2002, the Commission shall submit to Congress a report  
 18 on the study conducted under subsection (a) together with  
 19 such recommendations for legislation and administrative  
 20 action as the Commission determines appropriate.

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