

119TH CONGRESS
1ST SESSION

H. R. 3222

To amend title XVIII of the Social Security Act to improve risk adjustment under Medicare Advantage, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 6, 2025

Mrs. SPARTZ introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, 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

A BILL

To amend title XVIII of the Social Security Act to improve risk adjustment under Medicare Advantage, and for other purposes.

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 “Stopping Medicare
5 Abuses to Restore Trust in Health Care Act” or the
6 “SMART Health Care Act”.

1 **SEC. 2. IMPROVING RISK ADJUSTMENT UNDER MEDICARE**
 2 **ADVANTAGE.**

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

5 (1) by striking “METHODOLOGY.—Such risk”
 6 and inserting “METHODOLOGY.—

7 “(I) IN GENERAL.—Subject to
 8 subclause (II), such risk”; and

9 (2) by adding at the end the following new sub-
 10 clauses:

11 “(II) USE OF HEALTH STATUS
 12 DATA.—For 2026 and each subse-
 13 quent year, the Secretary shall use 2
 14 years of diagnostic data (when avail-
 15 able) under such risk adjustment
 16 methodology.”.

17 **SEC. 3. PROMOTING MEDICARE SITE-NEUTRAL PAYMENTS.**

18 (a) IN GENERAL.—Section 1833(t)(21) of the Social
 19 Security Act (42 U.S.C. 1395l(t)(21)) is amended—

20 (1) by redesignating subparagraph (E) as sub-
 21 paragraph (F); and

22 (2) by inserting after subparagraph (D) the fol-
 23 lowing new subparagraphs:

24 “(E) SUNSET OF CERTAIN EXCEPTIONS.—
 25 The provisions of clauses (ii) and (iv) of sub-
 26 paragraph (B) shall not apply with respect to

1 applicable items and services furnished on or
 2 after January 1, 2026.”.

3 (b) ON-CAMPUS OUTPATIENT DEPARTMENTS.—Sec-
 4 tion 1833(t) of the Social Security Act is amended—

5 (1) in paragraph (1)(B)—

6 (A) in cause (iv), by striking “and” at the
 7 end;

8 (B) in cause (v), by striking the period at
 9 the end and inserting “; and”; and

10 (C) by inserting at the end the following
 11 new clause:

12 “(vi) does not include applicable items
 13 and services (as defined in subparagraph
 14 (A) of paragraph (23)); and”; and

15 (2) by adding at the end the following new
 16 paragraph:

17 “(23) SERVICES FURNISHED BY AN ON-CAMPUS
 18 OUTPATIENT DEPARTMENT OF A PROVIDER.—

19 “(A) APPLICABLE ITEMS AND SERVICES.—

20 For purposes of paragraph (1)(B)(v) and this
 21 paragraph, the term ‘applicable items and serv-
 22 ices’ means items and services other than items
 23 and services furnished by a dedicated emer-
 24 gency department (as defined in section

1 489.24(b) of title 42 of the Code of Federal
2 Regulations).

3 “(B) ON-CAMPUS OUTPATIENT DEPART-
4 MENT OF A PROVIDER.—

5 “(i) IN GENERAL.—On-campus out-
6 patient department of a provider—

7 “(I) on the campus (as defined in
8 such section 413.65(a)(2) of title 42,
9 Code of Federal Regulations) of such
10 provider; or

11 “(II) within the distance (de-
12 scribed in such definition of campus)
13 from a remote location of a hospital
14 facility (as defined in such section
15 413.65(a)(2) of title 42, Code of Fed-
16 eral Regulations).

17 “(ii) EXCEPTION FOR CERTAIN HOS-
18 PITALS LOCATED IN RURAL OR MEDICALLY
19 UNDERSERVED AREAS.—For purposes of
20 paragraph (1)(B)(vi) and this paragraph
21 with respect to applicable items and serv-
22 ices, the term ‘on-campus outpatient de-
23 partment of a provider’ shall not include a
24 department of a provider (as so defined) if
25 the provider is:

1 “(I) A critical access hospital (as
2 defined in section 1861(mm)(1)).

3 “(II) A sole community hospital
4 (as defined in section
5 1886(d)(5)(D)(iii)).

6 “(III) A Medicare-dependent,
7 small rural hospital (as defined in sec-
8 tion 1886(d)(5)(G)(iv)).

9 “(IV) Any other hospital that is
10 located in a rural area (as defined in
11 section 1886(d)(2)(D)).

12 “(C) AVAILABILITY OF PAYMENT UNDER
13 OTHER PAYMENT SYSTEMS.—With respect to
14 items and services furnished in an on-campus
15 provider-based department, payment under this
16 section for such items and services shall be the
17 amount determined under the fee schedule
18 under section 1848 for such items and services
19 furnished if furnished in a physician office set-
20 ting.”.

21 **SEC. 4. INCREASING MEDICARE ACCESS FOR RURAL COM-**
22 **MUNITIES BY PHYSICIAN-OWNED HOSPITALS.**

23 Section 1877(d) of the Social Security Act (42 U.S.C.
24 1395nn(d)) is amended by striking paragraph (2) and in-
25 serting the following:

1 “(2) RURAL PROVIDERS.—In the case of des-
 2 ignated health services furnished in a rural area (as
 3 defined in section 1886(d)(2)(D)) by an entity, if
 4 substantially all of the designated health services
 5 furnished by the entity are furnished to individuals
 6 residing in such a rural area.”.

7 **SEC. 5. MAKING DRUGS MORE AFFORDABLE FOR MEDI-**
 8 **CARE PATIENTS.**

9 Section 340B(a)(5) of the Public Health Service Act
 10 (42 U.S.C. 256b(a)(5)) is amended—

11 (1) in subparagraph (C), by striking “subpara-
 12 graphs (A) or (B)” and inserting “subparagraph
 13 (A), (B), or (E)”;

14 (2) in subparagraph (D), by striking “subpara-
 15 graphs (A) or (B)” and inserting “subparagraph
 16 (A), (B), or (E)”;

17 (3) by adding at the end the following:

18 “(E) REQUIREMENT TO PROVIDE DRUG
 19 DISCOUNTS TO PATIENTS.—

20 “(i) IN GENERAL.—A covered entity
 21 shall ensure that each patient who receives
 22 a covered outpatient drug from such cov-
 23 ered entity is provided such drug at a price
 24 that does not exceed the price at which the
 25 covered entity purchased the drug in ac-

cordance with paragraph (1), less any additional discounts or rebates received by the covered entity with respect to the drug.

“(ii) ESTABLISHMENT OF MECHANISM.—The Secretary shall establish a mechanism—

“(I) ensure that covered entities comply with clause (i);

“(II) adjust reimbursement rates for covered entities for certain outpatient prescription drugs provided by hospitals to Medicare patients under section 1395l(t)(14)(A)(iii); and

“(III) report the total amount paid and the total amount received for covered outpatient drugs under this subsection.

“(iii) PUBLIC REPORTING.—The Secretary shall make the information reported under subclause (ii)(III) publicly available.”.

SEC. 6. IMPROVING QUALITY OF CARE AT THE SKILLED NURSING FACILITIES.

Section 1888(e)(6) of the Social Security Act (42 U.S.C. 1395yy(e)(6)) is amended by inserting “(or, with

1 respect to fiscal year 2025 or a subsequent fiscal year,
2 by between 2 and 5 percentage points (as determined ap-
3 propriate by the Secretary))” after “2 percentage points”.

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