

107TH CONGRESS
2D SESSION

H. R. 3882

To amend title XVIII of the Social Security Act to reform the medicare physician payment update system through repeal of the sustainable growth rate (SGR) payment update system.

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2002

Mrs. JOHNSON of Connecticut 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 reform the medicare physician payment update system through repeal of the sustainable growth rate (SGR) payment update system.

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 “Preserving Patient Ac-
5 cess to Physicians Act of 2002”.

1 **SEC. 2. REFORM OF THE MEDICARE PHYSICIAN PAYMENT**
2 **UPDATE SYSTEM THROUGH ELIMINATION OF**
3 **THE SUSTAINABLE GROWTH RATE (SGR) PAY-**
4 **MENT UPDATE SYSTEM.**

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

8 “(5) UPDATE FOR 2003.—The update to the
9 single conversion factor established in paragraph
10 (1)(C) for 2003 is 2.5 percent.

11 “(6) UPDATE FOR YEARS BEGINNING WITH
12 2004.—

13 “(A) IN GENERAL.—Unless otherwise pro-
14 vided by law, subject to the budget-neutrality
15 factor determined by the Secretary under sub-
16 section (c)(2)(B)(ii), the update to the single
17 conversion factor established in paragraph
18 (1)(C) for a year beginning with 2004 is equal
19 to the product of—

20 “(i) 1 plus the Secretary’s estimate of
21 the percentage change in the value of the
22 input price index (as provided under sub-
23 paragraph (B)(ii)) for the year (divided by
24 100); and

1 “(ii) 1 minus the Secretary’s estimate
2 of the productivity adjustment factor under
3 subparagraph (C) for the year.

4 “(B) INPUT PRICE INDEX.—

5 “(i) ESTABLISHMENT.—Taking into
6 account the mix of goods and services in-
7 cluded in computing the medicare economic
8 index (referred to in the fourth sentence of
9 section 1842(b)(3)), the Secretary shall es-
10 tablish an index that reflects the weighted-
11 average input prices for physicians’ serv-
12 ices for a year. Such index shall only ac-
13 count for input prices and not changes in
14 costs that may result from other factors
15 (such as productivity).

16 “(ii) ANNUAL ESTIMATE OF CHANGE
17 IN INDEX.—The Secretary shall estimate,
18 before the beginning of each year (begin-
19 ning with 2004) the change in the value of
20 the input price index under clause (i) from
21 the previous year to the year involved.

22 “(C) PRODUCTIVITY ADJUSTMENT FAC-
23 TOR.—The Secretary shall estimate, and cause
24 to be published in the Federal Register not
25 later than November 1 before the beginning of

each year (beginning with 2004), a productivity adjustment factor that reflects the Secretary's estimate of growth in multifactor productivity in the national economy, taking into account growth in productivity attributable to both labor and nonlabor factors. Such adjustment may be based on a multi-year moving average of productivity (based on data published by the Bureau of Labor Statistics).”.

(b) CONFORMING AMENDMENTS.—Section 1848 of the such Act (42 U.S.C. 1395w-4) is amended—

(1) in subsection (d)(1)(A), by striking “subparagraph (B))” and all that follows and inserting the following: “subparagraph (B))—

“(i) for years before 2001, adjusted by the update (established under paragraph (3)) for the year involved;

“(ii) for 2001 and 2002, multiplied by the update (established under paragraph (4)) for the year involved;

“(iii) for 2003, multiplied by the update (established under paragraph (5)) for that year; and

“(iv) for 2004 and each subsequent year, multiplied by the update (established

1 under paragraph (6)) for the year in-
2 volved.”;

3 (2) by striking clause (i) of subsection
4 (d)(1)(E) and inserting the following:

5 “(i) cause to have published in the
6 Federal Register not later than November
7 1—

8 “(I) of 2000 and each subsequent
9 year, the conversion factor which will
10 apply to physicians’ services for the
11 succeeding year;

12 “(II) of 2000 and 2001, the up-
13 date determined under paragraph (4)
14 for such succeeding year and the al-
15 lowed expenditures under such para-
16 graph for the succeeding year;

17 “(III) of 2002, the update deter-
18 mined under paragraph (5) for 2003;
19 and

20 “(IV) of 2003 and each subse-
21 quent year, the update determined
22 under paragraph (6) for the suc-
23 ceeding year; and”;

1 (3) in subsection (d)(1)(E)(ii), by inserting
 2 “(for years before 2003)” after “the sustainable
 3 growth rate”;

4 (4) in subsection (d)(4)—

5 (A) in the heading, by striking “YEARS BE-
 6 GINNING WITH 2001” and inserting “2001 AND
 7 2002”;

8 (B) in subparagraph (A), in the matter
 9 preceding clause (i), by striking “for a year be-
 10 ginning with 2001” and inserting “for 2001
 11 and 2002”;

12 (C) in subparagraph (C)(iii), by striking
 13 “YEARS BEGINNING WITH 2000.—The allowed
 14 expenditures for a year (beginning with 2000)”
 15 and inserting “2000 AND 2001.—The allowed ex-
 16 penditures for each of years 2000 and 2001”;

17 (D) in subparagraph (E), by striking “BE-
 18 GINNING WITH 2001” and “for a year beginning
 19 with 2001” and inserting “2001 AND 2002” and
 20 “for 2001 and 2002”, respectively; and

21 (E) in subparagraph (F), by striking “sub-
 22 paragraph (A)” and all that follows and insert-
 23 ing “subparagraph (A), for each of 2001 and
 24 2002, of -0.2 percent.”; and

25 (5) in subsection (f)—

1 (A) in paragraph (1)(B), by striking “No-
2 vember 1 of each succeeding year” and insert-
3 ing “November 1, 2001,”;

4 (B) in paragraph (2), by inserting “and
5 ending with 2002” after “beginning with
6 2000”;

7 (C) in paragraph (3), by striking “for a
8 year beginning with 2001” and inserting “for
9 2001 and 2002”;

10 (D) by striking subparagraph (C) of para-
11 graph (3); and

12 (E) in paragraph (4)(C)(ii), by inserting
13 “and ending with 2002” after “beginning with
14 2000”.

15 (c) MEDPAC REPORT ON PAYMENT FOR PHYSI-
16 CIANS’ SERVICES.—Not later than 1 year after the date
17 of the enactment of this Act, the Medicare Payment Advi-
18 sory Commission shall submit to Congress a report on the
19 effect of refinements to the practice expense component
20 of payments for physicians’ services, after the transition
21 to full resource-based payment system in 2002, under sec-
22 tion 1848 of the Social Security Act (42 U.S.C. 1395w-
23 4) that examines the following matters by physician spe-
24 cialty:

1 (1) The effect of such refinements on payment
2 for physicians' services.

3 (2) The interaction of the practice expense com-
4 ponent with other components of and adjustments to
5 payment for physicians' services under such section.

6 (3) The appropriateness of the amount of com-
7 pensation by reason of such refinements on physi-
8 cians.

9 (4) The effect of such refinements on access to
10 care by medicare beneficiaries to physicians' serv-
11 ices.

12 (5) The effect of such refinements on physician
13 participation under the medicare program.

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