

107TH CONGRESS  
1ST SESSION

# S. 1020

To amend title XVIII of the Social Security Act to improve the provision of items and services provided to medicare beneficiaries residing in rural areas.

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## IN THE SENATE OF THE UNITED STATES

JUNE 12, 2001

Mr. HARKIN (for himself, Mr. CRAIG, Mr. BINGAMAN, Mrs. MURRAY, Mr. FEINGOLD, Mr. KOHL, and Mr. LEAHY) 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 improve the provision of items and services provided to medicare beneficiaries residing in rural areas.

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 Fairness in  
5       Reimbursement Act of 2001”.

1 **SEC. 2. IMPROVING FAIRNESS OF PAYMENTS TO PRO-**  
 2 **VIDERS UNDER THE MEDICARE FEE-FOR-**  
 3 **SERVICE PROGRAM.**

4 Title XVIII of the Social Security Act (42 U.S.C.  
 5 1395 et seq.) is amended by adding at the end the fol-  
 6 lowing new section:

7 “IMPROVING FAIRNESS OF PAYMENTS UNDER THE  
 8 ORIGINAL MEDICARE FEE-FOR-SERVICE PROGRAM

9 “SEC. 1897. (a) ESTABLISHMENT OF SYSTEM.—Not-  
 10 withstanding any other provision of law, the Secretary  
 11 shall establish a system for making adjustments to the  
 12 amount of payment made to entities and individuals for  
 13 items and services provided under the original medicare  
 14 fee-for-service program under parts A and B.

15 “(b) SYSTEM REQUIREMENTS.—

16 “(1) ADJUSTMENTS.—Under the system de-  
 17 scribed in subsection (a), the Secretary (beginning in  
 18 2002) shall make the following adjustments:

19 “(A) CERTAIN STATES ABOVE NATIONAL  
 20 AVERAGE.—If a State average per beneficiary  
 21 amount for a year is greater than 105 percent  
 22 (or 110 percent in the case of the determination  
 23 made in 2001) of the national average per ben-  
 24 eficiary amount for such year, then the Sec-  
 25 retary shall reduce the amount of applicable  
 26 payments in such a manner as will result (as

1 estimated by the Secretary) in the State aver-  
2 age per beneficiary amount for the subsequent  
3 year being at 105 percent (or 110 percent in  
4 the case of payments made in 2002) of the na-  
5 tional average per beneficiary amount for such  
6 subsequent year.

7 “(B) CERTAIN STATES BELOW NATIONAL  
8 AVERAGE.—If a State average per beneficiary  
9 amount for a year is less than 95 percent (or  
10 90 percent in the case of the determination  
11 made in 2001) of the national average per ben-  
12 eficiary amount for such year, then the Sec-  
13 retary shall increase the amount of applicable  
14 payments in such a manner as will result (as  
15 estimated by the Secretary) in the State aver-  
16 age per beneficiary amount for the subsequent  
17 year being at 95 percent (or 90 percent in the  
18 case of payments made in 2002) of the national  
19 average per beneficiary amount for such subse-  
20 quent year.

21 “(2) DETERMINATION OF AVERAGES.—

22 “(A) STATE AVERAGE PER BENEFICIARY  
23 AMOUNT.—Each year (beginning in 2001), the  
24 Secretary shall determine a State average per  
25 beneficiary amount for each State which shall

be equal to the Secretary's estimate of the average amount of expenditures under the original medicare fee-for-service program under parts A and B for the year for a beneficiary enrolled under such parts that resides in the State

“(B) NATIONAL AVERAGE PER BENEFICIARY AMOUNT.—Each year (beginning in 2001), the Secretary shall determine the national average per beneficiary amount which shall be equal to the average of the State average per beneficiary amounts determined under subparagraph (B) for the year.

“(3) DEFINITIONS.—In this section:

“(A) APPLICABLE PAYMENTS.—The term ‘applicable payments’ means payments made to entities and individuals for items and services provided under the original medicare fee-for-service program under parts A and B to beneficiaries enrolled under such parts that reside in the State.

“(B) STATE.—The term ‘State’ has the meaning given such term in section 210(h).

“(c) BENEFICIARIES HELD HARMLESS.—The provisions of this section shall not effect—

1           “(1) the entitlement to items and services of a  
2           beneficiary under this title, including the scope of  
3           such items and services; or

4           “(2) any liability of the beneficiary with respect  
5           to such items and services.

6           “(d) REGULATIONS.—

7           “(1) IN GENERAL.—The Secretary, in consulta-  
8           tion with the Medicare Payment Advisory Commis-  
9           sion, shall promulgate regulations to carry out this  
10          section.

11          “(2) PROTECTING RURAL COMMUNITIES.—In  
12          promulgating the regulations pursuant to paragraph  
13          (1), the Secretary shall give special consideration to  
14          rural areas.

15          “(e) BUDGET NEUTRALITY.—The Secretary shall en-  
16          sure that the provisions contained in this section do not  
17          cause the estimated amount of expenditures under this  
18          title for a year to increase or decrease from the estimated  
19          amount of expenditures under this title that would have  
20          been made in such year if this section had not been en-  
21          acted.”.

1 **SEC. 3. IMPROVING FAIRNESS OF PAYMENTS FOR PHYSI-**  
 2 **CIAANS' SERVICES UNDER THE MEDICARE**  
 3 **FEE-FOR-SERVICE PROGRAM.**

4 (a) ADJUSTMENT TO GEOGRAPHIC INDICES UNDER  
 5 THE PHYSICIAN FEE SCHEDULE.—Section 1848(e)(1) of  
 6 the Social Security Act (42 U.S.C. 1395w–4(e)(1)) is  
 7 amended—

8 (1) in subparagraph (A), by striking “(B) and  
 9 (C)” and inserting (B), (C), and (D)” in the matter  
 10 preceding clause (i);

11 (2) by redesignating subparagraph (D) as sub-  
 12 paragraph (E); and

13 (3) by adding after subparagraph (C) the fol-  
 14 lowing new subparagraph:

15 “(D) FLOOR AND CEILING ON GEO-  
 16 GRAPHIC INDICES.—If any index established  
 17 under clause (i), (ii), or (iii) of subparagraph  
 18 (A) or under subparagraph (B), after applica-  
 19 tion of the second sentence of subparagraph  
 20 (C), is—

21 “(i) less than 0.950, the Secretary  
 22 shall increase such index to 0.950; and

23 “(ii) greater than 1.05, the Secretary  
 24 shall reduce such index to 1.05.”.

25 (b) BUDGET NEUTRALITY ADJUSTMENT FOR APPLI-  
 26 CATION OF FLOOR AND CEILING ON GEOGRAPHIC AD-

1 JUSTMENT.—Section 1848(d) of the Social Security Act  
2 (42 U.S.C. 1395w–4(d)) is amended—

3 (1) in paragraph (1)(A), by striking “The con-  
4 version” and inserting “Subject to paragraph (5),  
5 the conversion”; and

6 (2) by adding at the end the following new  
7 paragraph:

8 “(5) BUDGET NEUTRALITY ADJUSTMENT  
9 FOR APPLICATION OF FLOOR AND CEILING ON  
10 GEOGRAPHIC ADJUSTMENT.—Before applying  
11 an update for a year under this subsection, the  
12 Secretary shall (if necessary) provide for an ad-  
13 justment to the conversion factor for that year  
14 to ensure that the aggregate payments under  
15 this part in that year shall be equal to aggre-  
16 gate payments that would have been made  
17 under such part in that year if subsection  
18 (e)(1)(D) had not been enacted.”.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to payments for items and services  
21 provided on and after January 1, 2002.

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