

107TH CONGRESS  
1ST SESSION

# S. 1707

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 15, 2001

Mr. JEFFORDS (for himself, Mr. BREAUX, Mr. KYL, Mr. KERRY, Mr. BINGAMAN, Mr. SMITH of Oregon, Mr. FRIST, Mr. WARNER, Mr. HELMS, Mr. HARKIN, Ms. COLLINS, Mr. SHELBY, Ms. SNOWE, and Mrs. MURRAY) 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,*

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Medicare Physician  
3 Payment Fairness Act of 2001”.

**4 SEC. 2. SPECIFICATION OF THE UPDATE FOR PAYMENTS**

5 **UNDER THE MEDICARE PHYSICIAN FEE  
6 SCHEDULE FOR 2002.**

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

10 “(5) CONVERSION FACTOR FOR 2002.—

11 “(A) IN GENERAL.—The conversion factor  
12 established under this subsection for 2002 shall  
13 be 0.9 percent less than the conversion factor  
14 established under this subsection for 2001.

15 “(B) NO EFFECT FOR SUBSEQUENT PERI-  
16 ODS.—The conversion factor under paragraph  
17 (1) and the update adjustment factor under  
18 paragraph (4)(B) for a year after 2002 shall be  
19 applied and computed as if subparagraph (A)  
20 had not been in effect.

21 “(C) CONFORMING PROVISIONS TO EN-  
22 SURE NO EFFECT FOR SUBSEQUENT PERI-  
23 ODS.—In carrying out subparagraph (B):

24 “(i) NO EFFECT ON TARGET FOR AL-  
25 LOWED EXPENDITURES.—The allowed ex-  
26 penditures under paragraph (4)(C)(iii) for

1           years after 2002 shall be applied and com-  
2           puted as if subparagraph (A) had not been  
3           in effect.

4           “(ii) REMOVAL OF ADDITIONAL EX-  
5           PENDITURES FROM ACTUAL EXPENDI-  
6           TURES.—In applying paragraph (4)(B) for  
7           years beginning with 2003, the actual ex-  
8           penditures for 2002 shall be the actual ex-  
9           penditures otherwise determined multiplied  
10           by the ratio of (I) the amount of the con-  
11           version factor that would have applied for  
12           2002 under this subsection but for this  
13           paragraph, to (II) the amount of the con-  
14           version factor that is applied for 2002  
15           under this paragraph.

16           “(iii) NOT TREATED AS CHANGE IN  
17           LAW AND REGULATION IN SUSTAINABLE  
18           GROWTH RATE DETERMINATION.—The en-  
19           actment of this paragraph shall not be  
20           treated as a change in law for purposes of  
21           applying subsection (f)(2)(D).”.

22           (b) CONFORMING AMENDMENTS.—Section 1848(d)  
23           of the such Act (42 U.S.C. 1395w-4(d)(4)) is amended—  
24           (1) in paragraph (1)(A), by inserting “and sub-  
25           ject to paragraph (5)” after “with 2001”;

11 SEC. 3. STUDY AND REPORT BY MEDPAC ON REPLACING  
12 THE USE OF THE SUSTAINABLE GROWTH  
13 RATE AS A FACTOR IN DETERMINING THE UP-  
14 DATE FOR PAYMENTS UNDER THE MEDICARE  
15 PHYSICIAN FEE SCHEDULE.

16 (a) STUDY.—The Medicare Payment Advisory Com-  
17 mission shall conduct a study on replacing the use of the  
18 sustainable growth rate (as determined under subsection  
19 (f) of section 1848 of the Social Security Act (42 U.S.C.  
20 1395w–4)) as a factor in determining the update for pay-  
21 ments under the medicare physician fee schedule under  
22 such section with a factor that more fully accounts for  
23 changes in the unit costs of providing physicians' services.

24 (b) REPORT TO CONGRESS.—Not later than March  
25 1, 2002, the Commission shall submit to Congress a report

- 1 on the study conducted under subsection (a) together with
- 2 such recommendations for legislation and administrative
- 3 action as the Commission determines appropriate.

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