

107TH CONGRESS  
2D SESSION

# S. 3042

To provide for the recognition of new medical technologies under the medicare inpatient hospital prospective payment system.

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IN THE SENATE OF THE UNITED STATES

OCTOBER 3, 2002

Mr. HATCH introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide for the recognition of new medical technologies under the medicare inpatient hospital prospective payment 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. RECOGNITION OF NEW MEDICAL TECH-**  
4 **NOLOGIES UNDER INPATIENT HOSPITAL PPS.**

5 (a) IMPROVING TIMELINESS OF DATA COLLEC-  
6 TION.—Section 1886(d)(5)(K) of the Social Security Act  
7 (42 U.S.C. 1395ww(d)(5)(K)) is amended by adding at  
8 the end the following new clause:

9 “(vii) Under the mechanism under this subpara-  
10 graph, the Secretary shall provide for the addition of new

1 diagnosis and procedure codes on April 1 of each year (be-  
 2 ginning with 2004), but the addition of such codes shall  
 3 not require the Secretary to adjust the payment or diag-  
 4 nosis-related group classification (if warranted) under this  
 5 subsection until the Secretary is able to incorporate such  
 6 an adjustment into the annual proposed rule for a fiscal  
 7 year that begins after such date.”.

8 (b) ELIGIBILITY STANDARD.—

9 (1) ADJUSTMENT OF THRESHOLD.—Section  
 10 1886(d)(5)(K)(ii)(I) of the Social Security Act (42  
 11 U.S.C. 1395ww(d)(5)(K)(ii)(I)) is amended by in-  
 12 serting “(applying a threshold specified by the Sec-  
 13 retary that is 75 percent of one standard deviation  
 14 beyond the average standardized charge for the diag-  
 15 nosis-related group involved)” after “is inadequate”.

16 (2) PROCESS FOR PUBLIC INPUT.—Section  
 17 1886(d)(5)(K) of the Social Security Act (42 U.S.C.  
 18 1395ww(d)(5)(K)), as amended by subsection (a), is  
 19 amended—

20 (A) in clause (i), by adding at the end the  
 21 following new sentence: “Such mechanism shall  
 22 be modified to meet the requirements of clause  
 23 (viii).”; and

24 (B) by adding at the end the following new  
 25 clause:

1       “(viii) The mechanism established pursuant to clause  
2 (i) shall be adjusted to provide, before publication of a  
3 proposed rule, for public input regarding whether a new  
4 service or technology represents an advance in medical  
5 technology that substantially improves the diagnosis or  
6 treatment of beneficiaries as follows:

7               “(I) The Secretary shall make public, prior to  
8 the meeting provided for under subclause (III), a list  
9 of all the services and technologies for which an ap-  
10 plication for additional payment under this subpara-  
11 graph is pending.

12               “(II) The Secretary shall accept comments, rec-  
13 ommendations, and data from the public regarding  
14 whether the service or technology represents a sub-  
15 stantial improvement in the diagnosis or treatment  
16 of beneficiaries.

17               “(III) The Secretary shall provide for a meeting  
18 at which organizations representing hospitals, physi-  
19 cians, medicare beneficiaries, manufacturers, and  
20 any other interested party may present comments,  
21 recommendations, and data to the clinical staff of  
22 the Centers for Medicare & Medicaid Services before  
23 publication of a notice of proposed rulemaking re-  
24 garding whether service or technology represents a

1 substantial improvement in the diagnosis or treat-  
 2 ment of beneficiaries.”.

3 (c) IMPROVEMENT IN PAYMENT FOR NEW TECH-  
 4 NOLOGY.—Section 1886(d)(5)(K)(ii)(III) of the Social Se-  
 5 curity Act (42 U.S.C. 1395ww(d)(5)(K)(ii)(III)) is amend-  
 6 ed by inserting after “the estimated average cost of such  
 7 service or technology” the following: “(based on the mar-  
 8 ginal rate applied to costs under subparagraph (A))”.

9 (d) EFFECTIVE DATE.—

10 (1) IN GENERAL.—The Secretary shall imple-  
 11 ment the amendments made by this section so that  
 12 such amendments apply to classifications for fiscal  
 13 years beginning with fiscal year 2004.

14 (2) RECONSIDERATIONS OF APPLICATIONS FOR  
 15 FISCAL YEAR 2003 THAT ARE DENIED.—In the case  
 16 of an application for a classification of a medical  
 17 service or technology as a new medical service or  
 18 technology under section 1886(d)(5)(K) of the Social  
 19 Security Act (42 U.S.C. 1395ww(d)(5)(K)) that was  
 20 filed for fiscal year 2003 and that is denied—

21 (A) the Secretary shall automatically re-  
 22 consider the application as an application for  
 23 fiscal year 2004 under the amendments made  
 24 by this section; and

1                   (B) the maximum time period otherwise  
2                   permitted for such classification of the service  
3                   or technology shall be extended by 12 months.

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