

107TH CONGRESS
1ST SESSION

S. 954

To amend title XVIII of the Social Security Act to provide that geographic reclassifications of hospitals from one urban area to another urban area do not result in lower wage indexes in the urban area in which the hospital was originally classified.

IN THE SENATE OF THE UNITED STATES

MAY 24, 2001

Mr. TORRICELLI (for himself and Mr. CORZINE) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to provide that geographic reclassifications of hospitals from one urban area to another urban area do not result in lower wage indexes in the urban area in which the hospital was originally classified.

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 “Hospital Medicare
5 Payment Parity Act of 2001”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) Reimbursement under the medicare pro-
2 gram for approximately 250 hospitals nationwide is
3 decreased by approximately \$80,000,000 each year
4 due to the damaging effect of geographic reclassi-
5 fication of hospitals located in the same area as such
6 urban hospitals to other areas with a higher wage
7 indexes.

8 (2) A provision to protect rural hospitals from
9 similar damaging effects already exists under the
10 medicare program.

11 (3) The Medicare Payment Advisory Commis-
12 sion, in its March 2001 report to Congress, recog-
13 nized these damaging effects on urban hospitals and
14 the inequity related to the existing rule to protect
15 rural hospitals when they stated that “Congress
16 should protect urban hospitals from the adverse ef-
17 fect of nearby hospitals being reclassified to areas
18 with higher wage indexes by computing each area’s
19 wage index as if none of the hospitals located in the
20 area had been reassigned”.

1 **SEC. 3. APPLICATION OF WAGE INDEX FLOOR FOR HOS-**
 2 **PITAL GEOGRAPHIC RECLASSIFICATIONS**
 3 **FROM ONE URBAN AREA TO ANOTHER**
 4 **URBAN AREA.**

5 (a) IN GENERAL.—Section 1886(d)(8)(C)(ii) of the
 6 Social Security Act (42 U.S.C. 1395ww(d)(8)(C)(ii)) is
 7 amended—

8 (1) by inserting “(I)” after “(ii)”; and

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

11 “(II) If the application of subparagraph (B) or a de-
 12 cision of the Medicare Geographic Classification Review
 13 Board or the Secretary under paragraph (10), by treating
 14 hospitals located in one urban area as being located in
 15 another urban area reduces the wage index for that one
 16 urban area (as applied under this subsection), the Sec-
 17 retary shall calculate and apply such wage index under
 18 this subsection as if the hospitals so treated had not been
 19 excluded from the calculation of the wage index for that
 20 one urban area.”.

21 (b) WAIVER OF BUDGET NEUTRALITY.—Section
 22 1886(d)(8)(D) of the Social Security Act (42 U.S.C.
 23 1395ww(d)(8)(D)) is amended by inserting before the pe-
 24 riod at the end the following: “, except that no such ad-
 25 justment may be made to such amounts as a result of the
 26 application of subparagraph (C)(ii)(II)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to cost reporting periods beginning
3 on or after October 1, 2001.

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