

108TH CONGRESS  
1ST SESSION

# H. R. 1580

To amend title XVIII of the Social Security Act to provide for national standardized payment amounts for inpatient hospital services furnished under the Medicare Program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 3, 2003

Mr. ENGLISH (for himself, Mr. TANNER, Mr. SHERWOOD, Mr. McNULTY, Mr. BERRY, Mr. MURTHA, Mr. MCHUGH, Mr. FARR, Mr. UDALL of Colorado, Mrs. EMERSON, Mr. ALLEN, Mr. REYNOLDS, Mr. PETERSON of Pennsylvania, Mr. KANJORSKI, Mr. HOLDEN, Mr. ORTIZ, Mr. TURNER of Texas, Mr. DAVIS of Tennessee, Mr. PLATTS, Mr. DOYLE, Mr. LATHAM, Mr. POMEROY, Mr. BOSWELL, Mr. COOPER, and Mr. ROGERS of Alabama) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend title XVIII of the Social Security Act to provide for national standardized payment amounts for inpatient hospital services furnished under the Medicare Program, and for other purposes.

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 Area Wage  
5 Index and Standardized Rate Act of 2003”.

1 **SEC. 2. ESTABLISHING A SINGLE STANDARDIZED AMOUNT**  
2 **UNDER MEDICARE INPATIENT HOSPITAL**  
3 **PPS.**

4 (a) IN GENERAL.—Section 1886(d)(3)(A) of the So-  
5 cial Security Act (42 U.S.C. 1395ww(d)(3)(A)) is amend-  
6 ed—

7 (1) in clause (iv), by inserting “and ending on  
8 or before September 30, 2003,” after “October 1,  
9 1995,”; and

10 (2) by redesignating clauses (v) and (vi) as  
11 clauses (vii) and (viii), respectively, and inserting  
12 after clause (iv) the following new clauses:

13 “(v) For discharges occurring in the fiscal year  
14 beginning on October 1, 2003, the average standard-  
15 ized amount for hospitals located in areas other than  
16 a large urban area shall be equal to the average  
17 standardized amount for hospitals located in a large  
18 urban area.

19 “(vi) For discharges occurring in a fiscal year  
20 beginning on or after October 1, 2004, the Secretary  
21 shall compute an average standardized amount for  
22 hospitals located in all areas within the United  
23 States equal to the average standardized amount  
24 computed under clause (v) or this clause for the pre-  
25 vious fiscal year increased by the applicable percent-

1 age increase under subsection (b)(3)(B)(i) for the  
2 fiscal year involved.”.

3 (b) COMPUTING DRG-SPECIFIC RATES.—

4 (1) IN GENERAL.—Section 1886(d)(3)(D) of  
5 such Act (42 U.S.C. 1395ww(d)(3)(D)) is amend-  
6 ed—

7 (A) in the heading by striking “IN DIF-  
8 FERENT AREAS”;

9 (B) in the matter preceding clause (i)—

10 (i) by inserting “for fiscal years before  
11 fiscal year 1997” before “a regional DRG  
12 prospective payment rate for each region,”;  
13 and

14 (ii) by striking “each of which is”;

15 (C) in clause (i)—

16 (i) by inserting “for fiscal years before  
17 fiscal year 2004,” after “(i)”; and

18 (ii) by striking “and” at the end;

19 (D) in clause (ii)—

20 (i) by inserting “for fiscal years before  
21 fiscal year 2004,” after “(ii)”; and

22 (ii) by striking the period at the end  
23 and inserting “; and”; and

24 (E) by adding at the end the following new

25 clause:

1 “(iii) for a fiscal year beginning after fiscal  
2 year 2003, for hospitals located in all areas, to  
3 the product of—

4 “(I) the applicable average standard-  
5 ized amount (computed under subpara-  
6 graph (A)), reduced under subparagraph  
7 (B), and adjusted or reduced under sub-  
8 paragraph (C) for the fiscal year; and

9 “(II) the weighting factor (determined  
10 under paragraph (4)(B)) for that diag-  
11 nosis-related group.”.

12 (2) TECHNICAL CONFORMING SUNSET.—Section  
13 1886(d)(3) of such Act (42 U.S.C. 1395ww(d)(3)) is  
14 amended in the matter preceding subparagraph (A)  
15 by inserting “for fiscal years before fiscal year  
16 1997” before “a regional DRG prospective payment  
17 rate”.

18 **SEC. 3. ADJUSTMENT TO WAGE INDEX.**

19 Section 1886(d)(3)(E) of the Social Security Act (42  
20 U.S.C. 1395ww(d)(3)(E)) is amended—

21 (1) in the fourth sentence, by inserting “, ex-  
22 cept that this sentence shall not apply to the substi-  
23 tution required by the succeeding sentence”; and

24 (2) by adding at the end the following: “For  
25 discharges occurring during fiscal years beginning

1       on or after October 1, 2003, in the case of a sub-  
2       section (d) hospital for which the factor established  
3       by the Secretary under the first sentence for the fis-  
4       cal year is less than 1.0, the Secretary shall sub-  
5       stitute for the proportion otherwise estimated under  
6       such sentence but for this sentence a proportion of  
7       62 percent.”.

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