

108TH CONGRESS  
1ST SESSION

# H. R. 2624

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 HOUSE OF REPRESENTATIVES

JUNE 26, 2003

Mr. BOSWELL introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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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”.

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

1 be equal to the Secretary's estimate of the aver-  
2 age amount of expenditures under the original  
3 medicare fee-for-service program under parts A  
4 and B for the year for a beneficiary enrolled  
5 under such parts that resides in the State.

6 “(B) NATIONAL AVERAGE PER BENE-  
7 FICIARY AMOUNT.—Each year (beginning in  
8 2001), the Secretary shall determine the na-  
9 tional average per beneficiary amount which  
10 shall be equal to the average of the State aver-  
11 age per beneficiary amounts determined under  
12 subparagraph (B) for the year.

13 “(3) APPLICABLE PAYMENTS DEFINED.—In  
14 this section, the term ‘applicable payments’ means  
15 payments made to entities and individuals for items  
16 and services provided under the original medicare  
17 fee-for-service program under parts A and B to  
18 beneficiaries enrolled under such parts that reside in  
19 the State.

20 “(c) BENEFICIARIES HELD HARMLESS.—The provi-  
21 sions of this section shall not effect—

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

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

3 “(d) REGULATIONS.—

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

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

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

19 **SEC. 3. IMPROVING FAIRNESS OF PAYMENTS FOR PHYSI-**  
20 **CIAANS’ SERVICES UNDER THE MEDICARE**  
21 **FEE-FOR-SERVICE PROGRAM.**

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

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

4 (2) by redesignating subparagraph (D) as sub-  
 5 paragraph (E); and

6 (3) by adding after subparagraph (C) the fol-  
 7 lowing new subparagraph:

8 “(D) FLOOR AND CEILING ON GEO-  
 9 GRAPHIC INDICES.—If any index established  
 10 under clause (i), (ii), or (iii) of subparagraph  
 11 (A) or under subparagraph (B), after applica-  
 12 tion of the second sentence of subparagraph  
 13 (C), is—

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

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

18 (b) BUDGET NEUTRALITY ADJUSTMENT FOR APPLI-  
 19 CATION OF FLOOR AND CEILING ON GEOGRAPHIC AD-  
 20 JUSTMENT.—Section 1848(d) of the Social Security Act  
 21 (42 U.S.C. 1395w–4(d)) is amended—

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

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

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

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

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