

108TH CONGRESS
1ST SESSION

H. R. 3081

To amend title XVIII of the Social Security Act to provide additional reimbursements for Medicare providers in low-reimbursement States and to provide financial incentives for high quality, low-cost health care.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 11, 2003

Mr. GEPHARDT (for himself and 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

A BILL

To amend title XVIII of the Social Security Act to provide additional reimbursements for Medicare providers in low-reimbursement States and to provide financial incentives for high quality, low-cost health care.

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 “Protecting Medicare
5 Investments for Seniors Everywhere Act (ProMISE Act)”.

1 **SEC. 2. ADDITIONAL REIMBURSEMENTS FOR MEDICARE**
2 **PROVIDERS IN LOW-REIMBURSEMENT**
3 **STATES.**

4 Title XVIII of the Social Security Act is amended by
5 adding at the end the following new section:

6 “ADDITIONAL REIMBURSEMENTS FOR PROVIDERS IN
7 LOW-REIMBURSEMENT STATES

8 “SEC. 1897. (a) ADDITIONAL REIMBURSEMENT.—

9 “(1) IN GENERAL.—Subject to section 1898(c),
10 in the case of an affected health care provider (as
11 defined in subsection (c)) that is located in a low-
12 reimbursement State (as defined in subsection (b))
13 and that furnishes items or services for which pay-
14 ment may be made under part A or part B, in addi-
15 tion to the amount otherwise paid under such part,
16 there also shall be paid to the provider under such
17 part from the Federal Hospital Insurance Trust
18 Fund (in the case of payments under part A) or
19 from the Federal Supplementary Medical Insurance
20 Fund (in the case of payments under part B) an
21 amount equal to the payment adjustment percentage
22 (specified in paragraph (2)) of the payment amount
23 for the service under such part.

24 “(2) PAYMENT ADJUSTMENT PERCENTAGE.—In
25 the case of a provider located in a State for which
26 the medicare reimbursement ratio—

1 “(A) is at least 94 percent, the payment
2 adjustment percentage is 1 percent;

3 “(B) is at least 93 percent, but less than
4 94 percent, the payment adjustment percentage
5 is 2 percent;

6 “(C) is at least 92 percent, but less than
7 93 percent, the payment adjustment percentage
8 is 3 percent;

9 “(D) is at least 91 percent, but less than
10 92 percent, the payment adjustment percentage
11 is 4 percent; or

12 “(E) is less than 91 percent, the payment
13 adjustment percentage is 5 percent.

14 “(b) LOW-REIMBURSEMENT STATE; MEDICARE RE-
15 IMBURSEMENT RATIO DEFINED.—For purposes of this
16 section:

17 “(1) LOW-REIMBURSEMENT STATE.—The term
18 ‘low-reimbursement State’ means one of the 50
19 States or the District of Columbia in which the
20 medicare reimbursement ratio (as defined in para-
21 graph (2)) is less than 95 percent.

22 “(2) MEDICARE REIMBURSEMENT RATIO.—The
23 term ‘medicare reimbursement ratio’ means, with re-
24 spect to a State or the District of Columbia, the
25 ratio (expressed as a percentage) of—

1 “(A) the adjusted average per capita cost
2 (as determined under section 1876(a)(4)) for
3 benefits under parts A and B of this title (with-
4 out regard to any payment under this section)
5 in the State or District; to

6 “(B) the United States per capita cost (as
7 so determined) for the 50 States and the Dis-
8 trict of Columbia.

9 “(c) AFFECTED HEALTH CARE PROVIDERS COV-
10 ERED.—For purposes of this section the term ‘affected
11 health care provider’ means a facility or professional that
12 is within one of the following classes of health care pro-
13 viders or organizations:

14 “(1) Hospitals.

15 “(2) Physicians.

16 “(3) Skilled nursing facilities.

17 “(4) Home health agencies.

18 “(5) Medicare+Choice organizations offering
19 Medicare+Choice plans.

20 “(d) EFFECTIVE PERIOD.—This section shall apply
21 to payments—

22 “(1) for hospitals, skilled nursing facilities, and
23 home health agencies, for fiscal years beginning with
24 fiscal year 2004; or

1 “(2) for physicians and Medicare+Choice orga-
2 nizations, for calendar years beginning with 2004.

3 “(e) RELATION TO MANAGED CARE: AVOIDING DU-
4 PLICATION OF INCREASES.—Payments under this section
5 to affected health care providers other than
6 Medicare+Choice organizations in an area shall not be
7 taken into account for purposes of applying part C in that
8 area.”.

9 **SEC. 3. MEDICARE FINANCIAL INCENTIVE PROGRAM FOR**
10 **HIGH QUALITY, LOW-COST HEALTH CARE.**

11 Title XVIII of the Social Security Act is further
12 amended by adding at the end the following new section:

13 “FINANCIAL INCENTIVE PROGRAM FOR HIGH QUALITY,
14 LOW-COST HEALTH CARE

15 “SEC. 1898. (a) RANKING OF STATES BY QUALITY
16 AND COST.—

17 “(1) IN GENERAL.—The Secretary shall provide
18 for the ranking of States on measures of both qual-
19 ity and cost of health care services under this title.

20 “(2) PROCESS.—

21 “(A) IN GENERAL.—Within 1 year after
22 the date of the enactment of this section, the
23 Secretary shall submit to Congress a proposal
24 for establishing such measures of quality. The
25 Secretary shall consult with stakeholders in de-
26 veloping such proposal.

1 “(B) ACTION.—If the Congress does not
2 enact a law within 90 legislative days after re-
3 ceiving such proposal, the proposal shall become
4 effective.

5 “(3) COST.—In developing the measure based
6 on cost, the Secretary shall rely on the Secretary’s
7 measure of average medicare spending per recipient
8 in each State.

9 “(4) ANNUAL EVALUATIONS.—The Secretary
10 shall conduct annually evaluations of States quality
11 and cost of health care services under this title.

12 “(b) ADDITIONAL BONUS PAYMENT.—

13 “(1) IN GENERAL.—Subject to subsection (c),
14 in the case of a hospital or physician that is located
15 in a State that is ranked under subsection (a)
16 among the top quartile of States in quality and cost
17 and that furnishes items or services for which pay-
18 ment may be made under part A or part B, in addi-
19 tion to the amount otherwise paid under such part,
20 there also shall be paid to the provider under such
21 part from the Federal Hospital Insurance Trust
22 Fund (in the case of payments under part A) or
23 from the Federal Supplementary Medical Insurance
24 Fund (in the case of payments under part B) an

1 amount equal to 5 percent of the payment amount
2 for the service under such part.

3 “(2) AUTHORITY TO COVER OTHER PRO-
4 VIDERS.—The Secretary may expand paragraph (1)
5 to apply to other health care providers and practi-
6 tioners under this title, but shall not effect such an
7 expansion without reporting to Congress.

8 “(c) AGGREGATE PERCENTAGE ADJUSTMENT LIMI-
9 TATION.—In no case shall the sum of the percentage in-
10 crease under subsection (b) and the payment adjustment
11 percentage under section 1897(a)(2) with respect to a
12 State exceed 100 percent minus the medicare reimburse-
13 ment ratio (as defined in section 1897(b)(2)) for that
14 State. Any such percentage increase or adjustment shall
15 be reduced on a pro-rata basis to the extent required to
16 comply with the previous sentence.”.

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