

108TH CONGRESS
2D SESSION

H. R. 3935

To amend title XVIII of the Social Security Act to provide geographic equity in fee-for-service reimbursement for providers under the Medicare Program.

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 2004

Mr. WU 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 geographic equity in fee-for-service reimbursement for providers under the Medicare Program.

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 Equity and
5 Fairness in Fee-for-Service Reimbursement Act of 2004”.

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, as amended
5 by section 1016 of the Medicare Prescription Drug, Im-
6 provement, and Modernization Act of 2003 (Public Law
7 108–173), is amended by adding at the end the following
8 new section:

9 “IMPROVING FAIRNESS OF PAYMENTS UNDER THE
10 ORIGINAL MEDICARE FEE-FOR-SERVICE PROGRAM
11 “SEC. 1898. (a) ESTABLISHMENT OF SYSTEM.—Not-
12 withstanding any other provision of law, the Secretary
13 shall establish a system for making adjustments to the
14 amount of payment made to providers of services and
15 health care professionals for services provided under the
16 original medicare fee-for-service program under parts A
17 and B.

18 “(b) SYSTEM REQUIREMENTS.—

19 “(1) ADJUSTMENTS.—Under the system de-
20 scribed in subsection (a), the Secretary (beginning in
21 fiscal year 2005 or calendar year 2005, as the Sec-
22 retary determines appropriate for the type of serv-
23 ices involved) shall make the following adjustments:

24 “(A) STATES ABOVE NATIONAL AVER-
25 AGE.—Subject to subparagraph (C), if a State
26 average per beneficiary amount, but for the ap-

1 plication of this section, for a year is greater
2 than 100 percent of the national average per
3 beneficiary amount for such year, then the Sec-
4 retary shall reduce the amount of applicable
5 payments in such a manner as will result (as
6 estimated by the Secretary) in the State aver-
7 age per beneficiary amount for the subsequent
8 year being at 100 percent of the national aver-
9 age per beneficiary amount for such subsequent
10 year.

11 “(B) STATES BELOW NATIONAL AVER-
12 AGE.—Subject to subparagraph (C), if such a
13 State average per beneficiary amount for a year
14 is less than 100 percent of the national average
15 per beneficiary amount for such year, then the
16 Secretary shall increase the amount of applica-
17 ble payments in such a manner as will result
18 (as estimated by the Secretary) in the State av-
19 erage per beneficiary amount for the subse-
20 quent year being at 100 percent of the national
21 average per beneficiary amount for such subse-
22 quent year.

23 “(C) 3-YEAR PHASE IN.—In applying this
24 paragraph for—

1 “(i) fiscal year 2005 or calendar year
2 2005, the amount of any increase or de-
3 crease under subparagraph (A) or (B)
4 shall be 25 percent of the amount of the
5 increase or decrease otherwise provided;

6 “(ii) fiscal year 2006 or calendar year
7 2006, the amount of any increase or de-
8 crease under subparagraph (A) or (B)
9 shall be 50 percent of the amount of the
10 increase or decrease otherwise provided;
11 and

12 “(iii) fiscal year 2007 or calendar
13 year 2007, the amount of any increase or
14 decrease under subparagraph (A) or (B)
15 shall be 75 percent of the amount of the
16 increase or decrease otherwise provided.

17 “(2) DETERMINATION OF AVERAGES.—

18 “(A) STATE AVERAGE PER BENEFICIARY
19 AMOUNT.—Each year (beginning in 2004), the
20 Secretary shall determine a State average per
21 beneficiary amount for each State which shall
22 be equal to the Secretary’s estimate of the aver-
23 age amount of expenditures under the original
24 medicare fee-for-service program under parts A

1 and B for the year for a beneficiary enrolled
2 under such parts that resides in the State.

3 “(B) NATIONAL AVERAGE PER BENE-
4 FICIARY AMOUNT.—Each year (beginning in
5 2004), the Secretary shall determine the na-
6 tional average per beneficiary amount which
7 shall be equal to the average of the State aver-
8 age per beneficiary amounts determined under
9 subparagraph (B) for the year.

10 “(3) APPLICABLE PAYMENTS DEFINED.—In
11 this section, the term ‘applicable payments’ means
12 payments made to providers of services and health
13 care professionals for services provided under the
14 original medicare fee-for-service program under
15 parts A and B to beneficiaries enrolled under such
16 parts that reside in the State.

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

19 “(1) the entitlement to items and services of a
20 beneficiary under this title, including the scope of
21 such items and services; or

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

1 “(d) REGULATIONS.—The Secretary, in consultation
2 with the Medicare Payment Advisory Commission, shall
3 promulgate regulations to carry out this section.”.

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