

109TH CONGRESS  
1ST SESSION

# H. R. 2356

To amend title XVIII of the Social Security Act to reform the Medicare physician payment update system through repeal of the sustainable growth rate (SGR) payment update system.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 12, 2005

Mr. SHAW (for himself and Mr. CARDIN) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, 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 reform the Medicare physician payment update system through repeal of the sustainable growth rate (SGR) payment update system.

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 “Preserving Patient Ac-  
5 cess to Physicians Act of 2005”.

1 **SEC. 2. REFORM OF THE MEDICARE PHYSICIAN PAYMENT**  
2 **UPDATE SYSTEM THROUGH ELIMINATION OF**  
3 **THE SUSTAINABLE GROWTH RATE (SGR) PAY-**  
4 **MENT UPDATE SYSTEM.**

5 (a) IN GENERAL.—Section 1848(d) of the Social Se-  
6 curity Act (42 U.S.C. 1395w–4(d)) is amended by adding  
7 at the end the following new paragraphs:

8 “(6) UPDATE FOR 2006.—The update to the  
9 single conversion factor established in paragraph  
10 (1)(C) for 2006 shall not be less than 2.7 percent.

11 “(7) UPDATE FOR YEARS BEGINNING WITH  
12 2007.—

13 “(A) IN GENERAL.—Unless otherwise pro-  
14 vided by law, subject to the budget-neutrality  
15 factor determined by the Secretary under sub-  
16 section (c)(2)(B)(ii), the update to the single  
17 conversion factor established in paragraph  
18 (1)(C) for a year beginning with 2007 is equal  
19 to the product of—

20 “(i) 1 plus the Secretary’s estimate of  
21 the percentage change in the value of the  
22 input price index (as provided under sub-  
23 paragraph (B)(ii)) for the year (divided by  
24 100); and

1 “(ii) 1 minus the Secretary’s estimate  
2 of the productivity adjustment factor under  
3 subparagraph (C) for the year.

4 “(B) INPUT PRICE INDEX.—

5 “(i) ESTABLISHMENT.—Taking into  
6 account the mix of goods and services in-  
7 cluded in computing the medicare economic  
8 index (referred to in the fourth sentence of  
9 section 1842(b)(3)), the Secretary shall es-  
10 tablish an index that reflects the weighted-  
11 average input prices for physicians’ serv-  
12 ices for a year. Such index shall only ac-  
13 count for input prices and not changes in  
14 costs that may result from other factors  
15 (such as productivity).

16 “(ii) ANNUAL ESTIMATE OF CHANGE  
17 IN INDEX.—The Secretary shall estimate,  
18 before the beginning of each year (begin-  
19 ning with 2007) the change in the value of  
20 the input price index under clause (i) from  
21 the previous year to the year involved.

22 “(C) PRODUCTIVITY ADJUSTMENT FAC-  
23 TOR.—The Secretary shall estimate, and cause  
24 to be published in the Federal Register not  
25 later than November 1 before the beginning of

1 each year (beginning with 2007), a productivity  
2 adjustment factor that reflects the Secretary's  
3 estimate of growth in multifactor productivity  
4 in the national economy, taking into account  
5 growth in productivity attributable to both labor  
6 and nonlabor factors. Such adjustment may be  
7 based on a multi-year moving average of pro-  
8 ductivity (based on data published by the Bu-  
9 reau of Labor Statistics).”.

10 (b) CONFORMING AMENDMENTS.—Section 1848 of  
11 the Act (42 U.S.C. 1395w-4) is amended—

12 (1) in subsection (d)(1)(A), by striking “sub-  
13 paragraph (B))” and all that follows and inserting  
14 the following: “subparagraph (B))—

15 “(i) for years before 2001, adjusted  
16 by the update (established under para-  
17 graph (3)) for the year involved;

18 “(ii) for 2001, 2002, and 2003, multi-  
19 plied by the update (established under  
20 paragraph (4)) for the year involved;

21 “(iii) for 2004 and 2005, multiplied  
22 by the update (established under para-  
23 graph (5)) for that year;

1 “(iv) for 2006, multiplied by the up-  
2 date (established under paragraph (6)) for  
3 that year; and

4 “(v) for 2007 and each subsequent  
5 year, multiplied by the update (established  
6 under paragraph (7)) for the year in-  
7 volved.”;

8 (2) by striking clause (i) of subsection  
9 (d)(1)(E) and inserting the following:

10 “(i) cause to have published in the  
11 Federal Register not later than November  
12 1—

13 “(I) of 2000 and each subsequent  
14 year, the conversion factor which will  
15 apply to physicians’ services for the  
16 succeeding year;

17 “(II) of 2000, 2001, and 2002,  
18 the update determined under para-  
19 graph (4) for such succeeding year  
20 and the allowed expenditures under  
21 such paragraph for the succeeding  
22 year;

23 “(III) of 2003 and 2004, the up-  
24 date determined under paragraph (5)  
25 for 2004 and 2005;

1 “(IV) of 2005, the update deter-  
2 mined under paragraph (6) for 2006;  
3 and

4 “(V) of 2006 and each subse-  
5 quent year, the update determined  
6 under paragraph (7) for the suc-  
7 ceeding year; and”;

8 (3) in subsection (d)(1)(E)(ii), by inserting  
9 “(for years before 2006)” after “the sustainable  
10 growth rate”;

11 (4) in subsection (d)(4)—

12 (A) in the heading, by striking “YEARS  
13 BEGINNING WITH 2001” and inserting “2001,  
14 2002, AND 2003” ;

15 (B) in subparagraph (A), in the matter  
16 preceding clause (i), by striking “for a year be-  
17 ginning with 2001” and inserting “for 2001,  
18 2002, and 2003”;

19 (C) in subparagraph (C)(iii), by striking  
20 “**YEARS BEGINNING WITH 2000.**—The al-  
21 lowed expenditures for a year (beginning with  
22 2000)” and inserting “2000, 2001, AND 2002.—  
23 The allowed expenditures for each of years  
24 2000, 2001, and 2002”; and

(D) in subparagraph (E), by striking “**BE-  
GINNING WITH 2001**” and “for a year beginning with 2001” and inserting “2001, 2002, AND 2003” and “for 2001, 2002, and 2003”, respectively; and

(5) in subsection (f)—

(A) in paragraph (1)(B), by striking “November 1 of each succeeding year” and inserting “November 1 of each year before 2005”;

(B) in paragraph (2), by inserting “and ending with 2003” after “beginning with 2000”;

(C) in paragraph (3), by striking “for a year beginning with 2001” and inserting “for 2001, 2002, and 2003”; and

(D) in paragraph (3)(C), by striking “FOR 2003 AND SUCCEEDING YEARS” and inserting “FOR 2003” and by striking “a year after 2002” and inserting “2003”.

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