

109TH CONGRESS
1ST SESSION

H. R. 4520

To amend part B of title XVIII of the Social Security Act to assure equitable payment for physicians services under the Medicare Program.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2005

Mr. STARK (for himself, Mr. RANGEL, Mr. WAXMAN, Mr. SPRATT, Mr. LEVIN, Mr. McDERMOTT, Mr. LEWIS of Georgia, Mr. McNULTY, Mr. BECERRA, Mr. DOGGETT, Mr. POMEROY, Mrs. JONES of Ohio, Mr. THOMPSON of California, Mr. LARSON of Connecticut, Mr. EMANUEL, Mr. MARKEY, Mr. PALLONE, Mrs. CAPPS, Mr. ALLEN, Ms. BALDWIN, Mr. CAPUANO, Mr. FARR, Ms. HARMAN, Ms. MATSUI, Mr. FRANK of Massachusetts, Mr. HONDA, Mr. BERMAN, Mr. VAN HOLLEN, Ms. LEE, Mr. KILDEE, Mr. KANJORSKI, and Ms. WOOLSEY) 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

A BILL

To amend part B of title XVIII of the Social Security Act to assure equitable payment for physicians services 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 Physician
5 Payment Reform Act of 2005”.

1 **SEC. 2. MINIMUM UPDATE FOR PHYSICIANS' SERVICES FOR**
2 **2006 AND 2007.**

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

6 “(6) UPDATE FOR 2006 AND 2007.—The update
7 to the single conversion factor established in para-
8 graph (1)(C) for 2006 shall not be less than 1.5 per-
9 cent and for 2007 shall not be less than 1.5 per-
10 cent.”.

11 (b) CONFORMING AMENDMENT.—Section
12 1848(d)(4)(B) of the Social Security Act (42 U.S.C.
13 1395w-4(d)(4)(B)) is amended, in the matter preceding
14 clause (i), by striking “and paragraph (5)” and inserting
15 “paragraphs (5) and (6)”.

16 (c) NOT TREATED AS CHANGE IN LAW AND REGULA-
17 TION IN SUSTAINABLE GROWTH RATE DETERMINA-
18 TION.—The amendments made by this section shall not
19 be treated as a change in law for purposes of applying
20 section 1848(f)(2)(D) of the Social Security Act (42
21 U.S.C. 1395w-4(f)(2)(D)).

22 (d) PREMIUM TRANSITION RULE.—Notwithstanding
23 any other provision of law—

24 (1) 2006.—

25 (A) PREMIUM.—Nothing in this section
26 shall be construed as modifying the premium

1 previously computed under section 1839 of the
2 Social Security Act (42 U.S.C. 1395r) for
3 months in 2006.

4 (B) GOVERNMENT CONTRIBUTION.—In
5 computing the amount of the Government con-
6 tribution under section 1844(a) of the Social
7 Security Act (42 U.S.C. 1395w(a)) for months
8 in 2006, the Secretary of Health and Human
9 Services shall compute and apply a new actuari-
10 ally adequate rate per enrollee age 65 and over
11 under section 1839(a)(1) of such Act (42
12 U.S.C. 1395r(a)(1)) taking into account the
13 provisions of this section.

14 (2) 2007.—

15 (A) PREMIUM.—The monthly premium
16 under section 1839 of the Social Security Act
17 for months in 2007 shall be computed as if this
18 section had not been enacted.

19 (B) GOVERNMENT CONTRIBUTION.—The
20 Government contribution under section 1844(a)
21 of the Social Security Act for months in 2007
22 shall be computed taking into account the pro-
23 visions of this section, including subparagraph
24 (A).

1 **SEC. 3. MEDPAC REPORT ON MEDICARE SPENDING ON**
2 **PHYSICIAN SERVICES.**

3 (a) IN GENERAL.—Not later than March 15, 2007,
4 the Medicare Payment Assessment Commission shall sub-
5 mit to Congress a report (in this section referred to as
6 the “report”) on approaches to controlling aggregate
7 spending for physician services in order to maximize effi-
8 ciency and maintain beneficiary access to high-quality care
9 under part B of the Medicare program.

10 (b) REPORT DETAILS.—

11 (1) The report shall include recommendations
12 on—

13 (A) the appropriate categorization or level
14 of analysis (such as group practice, hospital
15 medical staff, type of service or specialty, geo-
16 graphic area, outliers, or any other approach or
17 combination of approaches);

18 (B) standards to assess volume growth;
19 and

20 (C) how volume control policies should be
21 implemented, including the extent to which the
22 policies should be codified in law.

23 (2) The report shall address the appropriate
24 level of discretion for the Secretary of Health and
25 Human Services to make necessary adjustments to

1 alter physician payments or otherwise intervene to
2 affect provider behavior.

3 (3) The report shall also include findings and
4 recommendations on the work of the Centers for
5 Medicare & Medicaid Services and the Relative
6 Value Update Committee (RUC), including—

7 (A) whether the current pricing system ac-
8 curately reflects resource costs;

9 (B) whether adjustments should be made
10 to practice expense to better estimate marginal
11 cost;

12 (C) identification and review of overvalued
13 services;

14 (D) the effectiveness of the five-year review
15 process;

16 (E) comparison of relative values among
17 categories of services;

18 (F) the ability for such Centers to develop
19 and utilize external resources (including as
20 medical directors from carriers or health plans)
21 to determine appropriate pricing;

22 (G) strategies that should be available to
23 such Centers to make adjustments to payments
24 when necessary;

1 (H) any additional recommendations for
2 reforming the current pricing system, such as
3 whether bases other than resource costs should
4 be considered in determining the relative value
5 of services in the physician fee schedule; and

6 (I) the extent to which alternative payment
7 methods should be used for certain types of
8 providers or patients (such as payment by epi-
9 sode and payment by capitation or partial capi-
10 tation).

11 (4) The report shall evaluate the effect that
12 Medicare and private plan payment policies have on
13 the development and maintenance of the physician
14 workforce.

15 **SEC. 4. REPEAL OF MEDICARE COST CONTAINMENT PROVI-**
16 **SIONS.**

17 Subtitle A of title X of the Medicare Prescription
18 Drug, Improvement, and Modernization Act of 2003 is re-
19 pealed and the provisions of law amended by such subtitle
20 are restored as if such subtitle had not been enacted.

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