#### 111TH CONGRESS 2D SESSION

## S. 2997

To amend title XVIII of the Social Security Act to provide for the update under the Medicare physician fee schedule for years beginning with 2010 and to sunset the application of the sustainable growth rate formula, and for other purposes.

#### IN THE SENATE OF THE UNITED STATES

February 4, 2010

Mr. Wicker introduced the following bill; which was read twice and referred to the Committee on Finance

## A BILL

- To amend title XVIII of the Social Security Act to provide for the update under the Medicare physician fee schedule for years beginning with 2010 and to sunset the application of the sustainable growth rate formula, and for other purposes.
  - 1 Be it enacted by the Senate and House of Representa-
  - 2 tives of the United States of America in Congress assembled,

## 3 TITLE I—PHYSICIAN PAYMENT

- 4 UPDATE COMMISSION
- 5 SECTION 1. SHORT TITLE.
- 6 This title may be cited as the "Physician Payment
- 7 Update Commission Act".

1	SEC. 2. ESTABLISHMENT OF PHYSICIAN PAYMENT UPDATE
2	COMMISSION.
3	(a) Medicare Physician Fee Schedule Update
4	AND SUNSET OF MEDICARE SUSTAINABLE GROWTH RATE
5	FORMULA.—
6	(1) UPDATE FOR 2010 AND 2011.—Section
7	1848(d)(10) of the Social Security Act (42 U.S.C.
8	1395w-4(d)(10)) is amended to read as follows:
9	"(10) UPDATE FOR 2010 AND 2011.—
10	"(A) IN GENERAL.—The update to the sin-
11	gle conversion factor established in paragraph
12	(1)(C) for 2010 and 2011 shall be 0 percent.
13	"(B) No effect on computation of
14	CONVERSION FACTOR FOR 2012 AND SUBSE-
15	QUENT YEARS.—The conversion factor under
16	this subsection shall be computed under para-
17	graph (1)(A) for 2012 and subsequent years as
18	if subparagraph (A) had never applied.".
19	(2) Sunset of medicare sustainable
20	GROWTH RATE FORMULA.—Effective January 1,
21	2012, subsection (f) of section 1848 of the Social
22	Security Act (42 U.S.C. 1395w-4) is repealed.
23	(b) Establishment of Physician Payment Up-
24	DATE COMMISSION.—
25	(1) In general.—There is established a com-
26	mission to be known as the "Physician Payment Up-

date Commission" (referred to in this section as the "Commission").

#### (2) Membership.—

- (A) Composition.—The Commission shall be composed of 17 members appointed by the Comptroller General of the United States, upon the recommendation of the majority and minority leaders of the Senate and the Speaker and minority leader of the House of Representatives.
- (B) Date of appointments.—Members of the Commission shall be appointed not later than 2 months after the date of enactment of this Act.

#### (3) Qualifications.—

(A) In General.—The membership of the Commission shall include individuals with national recognition for their expertise in health finance and economics, actuarial science, integrated delivery systems, allopathic and osteopathic medicine and other areas of health services, and other related fields, who provide a mix of different professionals, broad geographic representation, and a balance between urban and rural representatives.

1	(B) Inclusion.—The members of the
2	Commission shall include (but not be limited to)
3	physicians and other health professionals, em-
4	ployers, third-party payers, individuals skilled
5	in the conduct and interpretation of biomedical,
6	health services, and health economics research
7	and technology assessment. Such membership
8	shall also include representatives of consumers
9	and the elderly.
10	(C) Majority physicians and other
11	HEALTH PROFESSIONALS.—Individuals who are
12	physicians or other health professionals shall
13	constitute a majority of the membership of the
14	Commission.
15	(4) Term; vacancies.—
16	(A) TERM.—A member shall be appointed
17	for the life of the Commission.
18	(B) Vacancies.—A vacancy on the Com-
19	mission—
20	(i) shall not affect the powers of the
21	Commission; and
22	(ii) shall be filled in the same manner
23	as the original appointment was made.
24	(5) Meetings.—The Commission shall meet at
25	the call of the Chairperson.

- 1 (6) QUORUM.—A majority of the members of 2 the Commission shall constitute a quorum, but a 3 lesser number of members may hold hearings.
  - (7) CHAIRPERSON.—The Comptroller General shall designate a member of the Commission, at the time of the appointment of the member, as Chairperson.

#### (c) Duties.—

- (1) STUDY.—The Commission shall conduct a study of all matters relating to payment rates under the Medicare physician fee schedule under section 1848 of the Social Security Act (42 U.S.C. 1395w–4).
- (2) RECOMMENDATIONS.—The Commission shall develop recommendations on the establishment of a new physician payment system under the Medicare program that would appropriately reimburse physicians by keeping pace with increases in medical practice costs and providing stable, positive Medicare updates.
- (3) Report.—Not later than December 1, 2010, the Commission shall submit to the appropriate Committees of Congress and the Medicare Payment Advisory Commission—

1	(A) a detailed statement of the findings
2	and conclusions of the Commission;
3	(B) the recommendations of the Commis-
4	sion for such legislation and administrative ac-
5	tions as the Commission considers appropriate
6	(including proposed legislative language to carry
7	out such recommendations); and
8	(C) a long-term CBO cost estimate regard-
9	ing such recommendations (as described under
10	subsection (i)).
11	(d) Powers.—
12	(1) Hearings.—The Commission may hold
13	such hearings, meet and act at such times and
14	places, take such testimony, and receive such evi-
15	dence as the Commission considers advisable to
16	carry out this section.
17	(2) Information from federal agencies.—
18	(A) In General.—The Commission may
19	secure directly from a Federal agency such in-
20	formation as the Commission considers nec-
21	essary to carry out this section.
22	(B) Provision of Information.—On re-
23	quest of the Chairperson of the Commission,
24	the head of the agency shall provide the infor-
25	mation to the Commission.

1	(3) Postal services.—The Commission may
2	use the United States mails in the same manner and
3	under the same conditions as other agencies of the
4	Federal Government.
5	(e) Commission Personnel Matters.—
6	(1) Compensation of members.—
7	(A) IN GENERAL.—Members of the Com-
8	mission shall serve without compensation in ad-
9	dition to the compensation received for the serv-
10	ices of the member as an officer or employee of
11	the Federal Government.
12	(B) Travel expenses.—A member of the
13	Commission shall be allowed travel expenses, in-
14	cluding per diem in lieu of subsistence, at rates
15	authorized for an employee of an agency under
16	subchapter I of chapter 57 of title 5, United
17	States Code, while away from the home or reg-
18	ular place of business of the member in the per-
19	formance of the duties of the Commission.
20	(2) Staff and support services.—
21	(A) EXECUTIVE DIRECTOR.—The Chair-
22	person shall appoint an executive director of the
23	Commission.
24	(B) Staff.—With the approval of the
25	Commission, the executive director may appoint

- such personnel as the executive director considers appropriate.
- 3 (C) Applicability of civil SERVICE 4 LAWS.—The staff of the Commission shall be appointed without regard to the provisions of 6 title 5, United States Code, governing appoint-7 ments in the competitive service, and shall be 8 paid without regard to the provisions of chapter 9 51 and subchapter III of chapter 53 of such title (relating to classification and General 10 11 Schedule pay rates).
- 12 (D) EXPERTS AND CONSULTANTS.—With 13 the approval of the Commission, the executive 14 director may procure temporary and intermit-15 tent services under section 3109(b) of title 5, 16 United States Code.
- 17 (f) TERMINATION OF COMMISSION.—The Commis-18 sion shall terminate 30 days after the date on which the 19 Commission submits its report under subsection (c)(3).
- 20 (g) REVIEW AND RESPONSE TO RECOMMENDATIONS
   21 BY THE MEDICARE PAYMENT ADVISORY COMMISSION.—
- (1) IN GENERAL.—Not later than February 1,
   23 2011, the Medicare Payment Advisory Commission
   24 shall—

1	(A) review the recommendations included
2	in the report submitted under subsection (c)(3);
3	(B) examine the budget consequences of
4	such recommendations, directly or through con-
5	sultation with appropriate expert entities; and
6	(C) submit to the appropriate Committees
7	of Congress a report on such review.
8	(2) Contents of Report on Review of Com-
9	MISSION RECOMMENDATIONS.—The report sub-
10	mitted under paragraph (1)(C) shall include—
11	(A) if the Medicare Payment Advisory
12	Commission supports the recommendations of
13	the Commission, the reasons for such support;
14	or
15	(B) if the Medicare Payment Advisory
16	Commission does not support such rec-
17	ommendations, the recommendations of the
18	Medicare Payment Advisory Commission, to-
19	gether with an explanation as to why the Medi-
20	care Payment Advisory Commission does not
21	support the recommendations of the Commis-
22	sion.
23	(h) Authorization of Appropriations.—There
24	are authorized to be appropriated such sums as may be
25	necessary for the Commission to carry out this section.

1	Such appropriation shall be payable from the Federal Sup-
2	plementary Medical Insurance Trust Fund under section
3	1841 of the Social Security Act (42 U.S.C. 1395t).
4	(i) Long-Term CBO Cost Estimate.—
5	(1) Preparation and submission.—When
6	the Commission submits a written request to the Di-
7	rector of the Congressional Budget Office for a long-
8	term CBO cost estimate of recommended legislation
9	or administrative actions (as described under sub-
10	section (c)(3)), the Director shall prepare the esti-
11	mate and have it published in the Congressional
12	Record as expeditiously as possible.
13	(2) Content.—A long-term CBO cost estimate
14	shall include—
15	(A) an estimate of the cost of each provi-
16	sion (if practicable) or group of provisions of
17	the recommended legislation or administrative
18	actions for first fiscal year it would take effect
19	and for each of the 49 fiscal years thereafter;
20	and
21	(B) a statement of any estimated future
22	costs not reflected by the estimate described in
23	subparagraph (A).
24	(3) FORM.—To the extent that a long-term
25	CBO cost estimate presented in dollars is impracti-

cable, the Director of the Congressional Budget Office may instead present the estimate in terms of percentages of gross domestic product, with rounding to the nearest ½10 of 1 percent of gross domestic product.

(4) Limitations on discretionary spending.—A long-term CBO cost estimate shall only consider the effects of provisions affecting revenues and direct spending (as defined by the Balanced Budget and Emergency Deficit Control Act of 1985), and shall not assume that any changes in outlays will result from limitations on, or reductions in, annual appropriations.

14 (j) Expedited Consideration of Commission 15 Recommendations.—

#### (1) Introduction.—

(A) In GENERAL.—The proposed legislative language contained in the report submitted pursuant to subsection (c)(3) (referred to in this subsection as the "Commission bill") shall be introduced within the first 10 calendar days of the 112th Congress (or on the first session day thereafter) in the House of Representatives and in the Senate by the majority leader of each House of Congress, for himself, the minor-

ity leader of each House of Congress, for himself, or any member of the House designated by the majority leader or minority leader. If the Commission bill is not introduced in accordance with the preceding sentence in either House of Congress, then any Member of that House may introduce the Commission bill on any day thereafter. Upon introduction, the Commission bill shall be referred to the appropriate committees under subparagraph (B).

(B) Committee consideration.—A Commission bill introduced in either House of Congress shall be jointly referred to the committee or committees of jurisdiction, which shall report the bill without any revision and with a favorable recommendation, an unfavorable recommendation, or without recommendation, not later than 10 calendar days after the date of introduction of the bill in that House. If any committee fails to report the bill within that period, that committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

(2) Expedited procedure.—

1	(A) In the house of representa-
2	TIVES.—
3	(i) In general.—Not later than 5
4	days of session after the date on which a
5	Commission bill is reported or discharged
6	from all committees to which it was re-
7	ferred, the majority leader of the House of
8	Representatives or the majority leader's
9	designee shall move to proceed to the con-
10	sideration of the Commission bill. It shall
11	also be in order for any Member of the
12	House of Representatives to move to pro-
13	ceed to the consideration of the Commis-
14	sion bill at any time after the conclusion of
15	such 5-day period.
16	(ii) MOTION TO PROCEED.—A motion
17	to proceed to the consideration of the Com-
18	mission bill is highly privileged in the
19	House of Representatives and is not debat-
20	able. The motion is not subject to amend-
21	ment or to a motion to postpone consider-

ation of the Commission bill. A motion to

proceed to the consideration of other busi-

ness shall not be in order. A motion to re-

consider the vote by which the motion to

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proceed is agreed to or not agreed to shall not be in order. If the motion to proceed is agreed to, the House of Representatives shall immediately proceed to consideration of the Commission bill without intervening motion, order, or other business, and the Commission bill shall remain the unfinished business of the House of Representatives until disposed of.

(iii) Limits on debate.—Debate in the House of Representatives on a Commission bill under this paragraph shall not exceed a total of 100 hours, which shall be divided equally between those favoring and those opposing the bill. A motion further to limit debate is in order and shall not be debatable. It shall not be in order to move to recommit a Commission bill under this paragraph or to move to reconsider the vote by which the bill is agreed to or disagreed to.

(iv) APPEALS.—Appeals from decisions of the chair relating to the application of the Rules of the House of Representatives to the procedure relating to a

Commission bill shall be decided without debate.

- (v) APPLICATION OF HOUSE RULES.— Except to the extent specifically provided in this paragraph, consideration of a Commission bill shall be governed by the Rules of the House of Representatives. It shall not be in order in the House of Representatives to consider any Commission bill introduced pursuant to the provisions of this subsection under a suspension of the rules or under a special rule.
- (vi) NO AMENDMENTS.—No amendment to the Commission bill shall be in order in the House of Representatives.
- (vii) Vote on final passage.—In the House of Representatives, immediately following the conclusion of consideration of the Commission bill, the vote on final passage of the Commission bill shall occur without any intervening action or motion, requiring an affirmative vote of 3/5 of the Members, duly chosen and sworn. If the Commission bill is passed, the Clerk of the House of Representatives shall cause the

bill to be transmitted to the Senate before
the close of the next day of session of the
House.

#### (B) In the senate.—

- (i) In General.—Not later than 5 days of session after the date on which a Commission bill is reported or discharged from all committees to which it was referred, the majority leader of the Senate or the majority leader's designee shall move to proceed to the consideration of the Commission bill. It shall also be in order for any Member of the Senate to move to proceed to the consideration of the Commission bill at any time after the conclusion of such 5-day period.
- (ii) MOTION TO PROCEED.—A motion to proceed to the consideration of the Commission bill is privileged in the Senate and is not debatable. The motion is not subject to amendment or to a motion to postpone consideration of the Commission bill. A motion to proceed to consideration of the Commission bill may be made even though a previous motion to the same effect has

been disagreed to. A motion to proceed to the consideration of other business shall not be in order. A motion to reconsider the vote by which the motion to proceed is agreed to or not agreed to shall not be in order. If the motion to proceed is agreed to, the Senate shall immediately proceed to consideration of the Commission bill without intervening motion, order, or other business, and the Commission bill shall remain the unfinished business of the Senate until disposed of.

(iii) Limits on debate.—In the Senate, consideration of the Commission bill and on all debatable motions and appeals in connection therewith shall not exceed a total of 100 hours, which shall be divided equally between those favoring and those opposing the Commission bill. A motion further to limit debate on the Commission bill is in order and is not debatable. Any debatable motion or appeal is debatable for not to exceed 1 hour, to be divided equally between those favoring and those opposing the motion or appeal. All time used for

1	consideration of the Commission bill, in-
2	cluding time used for quorum calls and
3	voting, shall be counted against the total
4	100 hours of consideration.
5	(iv) No amendments.—No amend-
6	ment to the Commission bill shall be in
7	order in the Senate.
8	(v) MOTION TO RECOMMIT.—A motion
9	to recommit a Commission bill shall not be
10	in order under this paragraph.
11	(vi) Vote on final passage.—In
12	the Senate, immediately following the con-
13	clusion of consideration of the Commission
14	bill and a request to establish the presence
15	of a quorum, the vote on final passage of
16	the Commission bill shall occur and shall
17	require an affirmative vote of 3/5 of the
18	Members, duly chosen and sworn.
19	(vii) Other motions not in
20	ORDER.—A motion to postpone or a mo-
21	tion to proceed to the consideration of
22	other business is not in order in the Sen-
23	ate. A motion to reconsider the vote by
24	which the Commission bill is agreed to or

not agreed to is not in order in the Senate.

1	(viii) Consideration of the house
2	BILL.—
3	(I) IN GENERAL.—If the Senate
4	has received the House companion bill
5	to the Commission bill introduced in
6	the Senate prior to the vote required
7	under clause (vi) and the House com-
8	panion bill is identical to the Commis-
9	sion bill introduced in the Senate,
10	then the Senate shall consider, and
11	the vote under clause (vi) shall occur
12	on, the House companion bill.
13	(II) PROCEDURE AFTER VOTE ON
14	SENATE BILL.—If the Senate votes,
15	pursuant to clause (vi), on the bill in-
16	troduced in the Senate, the Senate bill
17	shall be held pending receipt of the
18	House message on the bill. Upon re-
19	ceipt of the House companion bill, if
20	the House bill is identical to the Sen-
21	ate bill, the House bill shall be
22	deemed to be considered, read for the
23	third time, and the vote on passage of
24	the Senate bill shall be considered to

1	be the vote on the bill received from
2	the House.
3	(C) No suspension.—No motion to sus-
4	pend the application of this paragraph shall be
5	in order in the Senate or in the House of Rep-
6	resentatives.
7	TITLE II—MEDICAL CARE
8	ACCESS PROTECTION
9	SEC. 101. SHORT TITLE.
10	This title may be cited as the "Medical Care Access
11	Protection Act of 2009" or the "MCAP Act".
12	SEC. 102. FINDINGS AND PURPOSE.
13	(a) Findings.—
14	(1) Effect on health care access and
15	COSTS.—Congress finds that our current civil justice
16	system is adversely affecting patient access to health
17	care services, better patient care, and cost-efficient
18	health care, in that the health care liability system
19	is a costly and ineffective mechanism for resolving
20	claims of health care liability and compensating in-
21	jured patients, and is a deterrent to the sharing of
22	information among health care professionals which
23	impedes efforts to improve patient safety and quality

of care.

- 1 EFFECT ON INTERSTATE COMMERCE.— 2 Congress finds that the health care and insurance 3 industries are industries affecting interstate commerce and the health care liability litigation systems 5 existing throughout the United States are activities 6 that affect interstate commerce by contributing to 7 the high costs of health care and premiums for 8 health care liability insurance purchased by health 9 care system providers.
  - (3) Effect on federal spending.—Congress finds that the health care liability litigation systems existing throughout the United States have a significant effect on the amount, distribution, and use of Federal funds because of—
    - (A) the large number of individuals who receive health care benefits under programs operated or financed by the Federal Government;
    - (B) the large number of individuals who benefit because of the exclusion from Federal taxes of the amounts spent to provide them with health insurance benefits; and
    - (C) the large number of health care providers who provide items or services for which the Federal Government makes payments.

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- 1 (b) Purpose.—It is the purpose of this title to imple-
- 2 ment reasonable, comprehensive, and effective health care
- 3 liability reforms designed to—

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- (1) improve the availability of health care services in cases in which health care liability actions
  have been shown to be a factor in the decreased
  availability of services;
  - (2) reduce the incidence of "defensive medicine" and lower the cost of health care liability insurance, all of which contribute to the escalation of health care costs;
    - (3) ensure that persons with meritorious health care injury claims receive fair and adequate compensation, including reasonable noneconomic damages;
    - (4) improve the fairness and cost-effectiveness of our current health care liability system to resolve disputes over, and provide compensation for, health care liability by reducing uncertainty in the amount of compensation provided to injured individuals; and
- 21 (5) provide an increased sharing of information 22 in the health care system which will reduce unin-23 tended injury and improve patient care.
- 24 SEC. 103. DEFINITIONS.
- In this title:

- 1 (1) ALTERNATIVE DISPUTE RESOLUTION SYS2 TEM; ADR.—The term "alternative dispute resolution
  3 system" or "ADR" means a system that provides
  4 for the resolution of health care lawsuits in a man5 ner other than through a civil action brought in a
  6 State or Federal court.
  - (2) CLAIMANT.—The term "claimant" means any person who brings a health care lawsuit, including a person who asserts or claims a right to legal or equitable contribution, indemnity or subrogation, arising out of a health care liability claim or action, and any person on whose behalf such a claim is asserted or such an action is brought, whether deceased, incompetent, or a minor.
  - (3) Collateral source benefits" means any amount paid or reasonably likely to be paid in the future to or on behalf of the claimant, or any service, product or other benefit provided or reasonably likely to be provided in the future to or on behalf of the claimant, as a result of the injury or wrongful death, pursuant to—
    - (A) any State or Federal health, sickness, income-disability, accident, or workers' compensation law;

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- (B) any health, sickness, income-disability, or accident insurance that provides health benefits or income-disability coverage;
  - (C) any contract or agreement of any group, organization, partnership, or corporation to provide, pay for, or reimburse the cost of medical, hospital, dental, or income disability benefits; and
  - (D) any other publicly or privately funded program.
  - DAMAGES.—The (4)Compensatory term "compensatory damages" objectively means verifiable monetary losses incurred as a result of the provision of, use of, or payment for (or failure to provide, use, or pay for) health care services or medical products, such as past and future medical expenses, loss of past and future earnings, cost of obtaining domestic services, loss of employment, and loss of business or employment opportunities, damages for physical and emotional pain, suffering, inconvenience, physical impairment, mental anguish, disfigurement, loss of enjoyment of life, loss of society and companionship, loss of consortium (other than loss of domestic service), hedonic damages, injury to reputation, and all other nonpecuniary losses

- of any kind or nature. Such term includes economic
  damages and noneconomic damages, as such terms
  are defined in this section.
  - (5) CONTINGENT FEE.—The term "contingent fee" includes all compensation to any person or persons which is payable only if a recovery is effected on behalf of one or more claimants.
  - (6) Economic damages.—The term "economic damages" means objectively verifiable monetary losses incurred as a result of the provision of, use of, or payment for (or failure to provide, use, or pay for) health care services or medical products, such as past and future medical expenses, loss of past and future earnings, cost of obtaining domestic services, loss of employment, and loss of business or employment opportunities.
  - (7) Health care goods or services.—The term "health care goods or services" means any goods or services provided by a health care institution, provider, or by any individual working under the supervision of a health care provider, that relates to the diagnosis, prevention, care, or treatment of any human disease or impairment, or the assessment of the health of human beings.

- 1 (8) HEALTH CARE INSTITUTION.—The term 2 "health care institution" means any entity licensed 3 under Federal or State law to provide health care 4 services (including but not limited to ambulatory 5 surgical centers, assisted living facilities, emergency 6 medical services providers, hospitals and 7 hospital systems, nursing homes, or other entities li-8 censed to provide such services).
  - (9)HEALTH CARE LAWSUIT.—The term "health care lawsuit" means any health care liability claim concerning the provision of health care goods or services affecting interstate commerce, or any health care liability action concerning the provision of (or the failure to provide) health care goods or services affecting interstate commerce, brought in a State or Federal court or pursuant to an alternative dispute resolution system, against a health care provider or a health care institution regardless of the theory of liability on which the claim is based, or the number of claimants, plaintiffs, defendants, or other parties, or the number of claims or causes of action, in which the claimant alleges a health care liability claim.
  - (10) HEALTH CARE LIABILITY ACTION.—The term "health care liability action" means a civil ac-

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ant to an alternative dispute resolution system, against a health care provider or a health care institution regardless of the theory of liability on which the claim is based, or the number of plaintiffs, defendants, or other parties, or the number of causes of action, in which the claimant alleges a health care liability claim.

(11) Health care liability claim" means a demand by any person, whether or not pursuant to ADR, against a health care provider or health care institution, including third-party claims, cross-claims, counter-claims, or contribution claims, which are based upon the provision of, use of, or payment for (or the failure to provide, use, or pay for) health care services, regardless of the theory of liability on which the claim is based, or the number of plaintiffs, defendants, or other parties, or the number of causes of action.

#### (12) Health care provider.—

(A) IN GENERAL.—The term "health care provider" means any person (including but not limited to a physician (as defined by section 1861(r) of the Social Security Act (42 U.S.C.

- 1395x(r)), registered nurse, dentist, podiatrist, pharmacist, chiropractor, or optometrist) required by State or Federal law to be licensed, registered, or certified to provide health care services, and being either so licensed, registered, or certified, or exempted from such requirement by other statute or regulation.
  - (B) Treatment of Certain Professional associations.—For purposes of this title, a professional association that is organized under State law by an individual physician or group of physicians, a partnership or limited liability partnership formed by a group of physicians, a nonprofit health corporation certified under State law, or a company formed by a group of physicians under State law shall be treated as a health care provider under subparagraph (A).
  - (13) Malicious intent to injure" means intentionally causing or attempting to cause physical injury other than providing health care goods or services.
- 24 (14) Noneconomic damages.—The term 25 "noneconomic damages" means damages for phys-

- ical and emotional pain, suffering, inconvenience,
  physical impairment, mental anguish, disfigurement,
  loss of enjoyment of life, loss of society and companionship, loss of consortium (other than loss of domestic service), hedonic damages, injury to reputation, and all other nonpecuniary losses of any kind
  or nature.
  - (15) Punitive damages.—The term "punitive damages" means damages awarded, for the purpose of punishment or deterrence, and not solely for compensatory purposes, against a health care provider or health care institution. Punitive damages are neither economic nor noneconomic damages.
  - (16) Recovery.—The term "recovery" means the net sum recovered after deducting any disbursements or costs incurred in connection with prosecution or settlement of the claim, including all costs paid or advanced by any person. Costs of health care incurred by the plaintiff and the attorneys' office overhead costs or charges for legal services are not deductible disbursements or costs for such purpose.
  - (17) STATE.—The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Is-

- lands, the Trust Territory of the Pacific Islands, and
- 2 any other territory or possession of the United
- 3 States, or any political subdivision thereof.

#### 4 SEC. 104. ENCOURAGING SPEEDY RESOLUTION OF CLAIMS.

- 5 (a) In General.—Except as otherwise provided for
- 6 in this section, the time for the commencement of a health
- 7 care lawsuit shall be 3 years after the date of manifesta-
- 8 tion of injury or 1 year after the claimant discovers, or
- 9 through the use of reasonable diligence should have discov-
- 10 ered, the injury, whichever occurs first.
- 11 (b) GENERAL EXCEPTION.—The time for the com-
- 12 mencement of a health care lawsuit shall not exceed 3
- 13 years after the date of manifestation of injury unless the
- 14 tolling of time was delayed as a result of—
- 15 (1) fraud;
- 16 (2) intentional concealment; or
- 17 (3) the presence of a foreign body, which has no
- therapeutic or diagnostic purpose or effect, in the
- 19 person of the injured person.
- 20 (c) MINORS.—An action by a minor shall be com-
- 21 menced within 3 years from the date of the alleged mani-
- 22 festation of injury except that if such minor is under the
- 23 full age of 6 years, such action shall be commenced within
- 24 3 years of the manifestation of injury, or prior to the
- 25 eighth birthday of the minor, whichever provides a longer

- 1 period. Such time limitation shall be tolled for minors for
- 2 any period during which a parent or guardian and a health
- 3 care provider or health care institution have committed
- 4 fraud or collusion in the failure to bring an action on be-
- 5 half of the injured minor.
- 6 (d) Rule 11 Sanctions.—Whenever a Federal or
- 7 State court determines (whether by motion of the parties
- 8 or whether on the motion of the court) that there has been
- 9 a violation of Rule 11 of the Federal Rules of Civil Proce-
- 10 dure (or a similar violation of applicable State court rules)
- 11 in a health care liability action to which this title applies,
- 12 the court shall impose upon the attorneys, law firms, or
- 13 pro se litigants that have violated Rule 11 or are respon-
- 14 sible for the violation, an appropriate sanction, which shall
- 15 include an order to pay the other party or parties for the
- 16 reasonable expenses incurred as a direct result of the filing
- 17 of the pleading, motion, or other paper that is the subject
- 18 of the violation, including a reasonable attorneys' fee.
- 19 Such sanction shall be sufficient to deter repetition of such
- 20 conduct or comparable conduct by others similarly situ-
- 21 ated, and to compensate the party or parties injured by
- 22 such conduct.
- 23 SEC. 105. COMPENSATING PATIENT INJURY.
- 24 (a) Unlimited Amount of Damages for Actual
- 25 Economic Losses in Health Care Lawsuits.—In any

- 1 health care lawsuit, nothing in this title shall limit the re-
- 2 covery by a claimant of the full amount of the available
- 3 economic damages, notwithstanding the limitation con-
- 4 tained in subsection (b).

#### (b) Additional Noneconomic Damages.—

(1) Health care providers.—In any health care lawsuit where final judgment is rendered against a health care provider, the amount of non-economic damages recovered from the provider, if otherwise available under applicable Federal or State law, may be as much as \$250,000, regardless of the number of parties other than a health care institution against whom the action is brought or the number of separate claims or actions brought with respect to the same occurrence.

#### (2) Health care institutions.—

(A) SINGLE INSTITUTION.—In any health care lawsuit where final judgment is rendered against a single health care institution, the amount of noneconomic damages recovered from the institution, if otherwise available under applicable Federal or State law, may be as much as \$250,000, regardless of the number of parties against whom the action is brought

or the number of separate claims or actions brought with respect to the same occurrence.

- (B) MULTIPLE INSTITUTIONS.—In any health care lawsuit where final judgment is rendered against more than one health care institution, the amount of noneconomic damages recovered from each institution, if otherwise available under applicable Federal or State law, may be as much as \$250,000, regardless of the number of parties against whom the action is brought or the number of separate claims or actions brought with respect to the same occurrence, except that the total amount recovered from all such institutions in such lawsuit shall not exceed \$500,000.
- (c) No Discount of Award for Noneconomic
   Damages.—In any health care lawsuit—
  - (1) an award for future noneconomic damages shall not be discounted to present value;
  - (2) the jury shall not be informed about the maximum award for noneconomic damages under subsection (b);
- 23 (3) an award for noneconomic damages in ex-24 cess of the limitations provided for in subsection (b) 25 shall be reduced either before the entry of judgment,

- or by amendment of the judgment after entry of
- 2 judgment, and such reduction shall be made before
- accounting for any other reduction in damages re-
- 4 quired by law; and
- 5 (4) if separate awards are rendered for past
- 6 and future noneconomic damages and the combined
- 7 awards exceed the limitations described in subsection
- 8 (b), the future noneconomic damages shall be re-
- 9 duced first.
- 10 (d) Fair Share Rule.—In any health care lawsuit,
- 11 each party shall be liable for that party's several share
- 12 of any damages only and not for the share of any other
- 13 person. Each party shall be liable only for the amount of
- 14 damages allocated to such party in direct proportion to
- 15 such party's percentage of responsibility. A separate judg-
- 16 ment shall be rendered against each such party for the
- 17 amount allocated to such party. For purposes of this sec-
- 18 tion, the trier of fact shall determine the proportion of
- 19 responsibility of each party for the claimant's harm.
- 20 SEC. 106. MAXIMIZING PATIENT RECOVERY.
- 21 (a) COURT SUPERVISION OF SHARE OF DAMAGES
- 22 ACTUALLY PAID TO CLAIMANTS.—
- 23 (1) In General.—In any health care lawsuit,
- 24 the court shall supervise the arrangements for pay-
- 25 ment of damages to protect against conflicts of in-

1	terest that may have the effect of reducing the
2	amount of damages awarded that are actually paid
3	to claimants.
4	(2) Contingency fees.—
5	(A) IN GENERAL.—In any health care law-
6	suit in which the attorney for a party claims a
7	financial stake in the outcome by virtue of a
8	contingent fee, the court shall have the power
9	to restrict the payment of a claimant's damage
10	recovery to such attorney, and to redirect such
11	damages to the claimant based upon the inter-
12	ests of justice and principles of equity.
13	(B) Limitation.—The total of all contin-
14	gent fees for representing all claimants in a
15	health care lawsuit shall not exceed the fol-
16	lowing limits:
17	(i) 40 percent of the first \$50,000 re-
18	covered by the claimant(s).
19	(ii) $33\frac{1}{3}$ percent of the next \$50,000
20	recovered by the claimant(s).
21	(iii) 25 percent of the next \$500,000
22	recovered by the claimant(s).
23	(iv) 15 percent of any amount by
24	which the recovery by the claimant(s) is in
25	excess of \$600,000.

1	(b) Applicability.—
2	(1) In general.—The limitations in subsection
3	(a) shall apply whether the recovery is by judgment,
4	settlement, mediation, arbitration, or any other form
5	of alternative dispute resolution.
6	(2) Minors.—In a health care lawsuit involving
7	a minor or incompetent person, a court retains the
8	authority to authorize or approve a fee that is less
9	than the maximum permitted under this section.
10	(c) Expert Witnesses.—
11	(1) Requirement.—No individual shall be
12	qualified to testify as an expert witness concerning
13	issues of negligence in any health care lawsuit
14	against a defendant unless such individual—
15	(A) except as required under paragraph
16	(2), is a health care professional who—
17	(i) is appropriately credentialed or li-
18	censed in 1 or more States to deliver
19	health care services; and
20	(ii) typically treats the diagnosis or
21	condition or provides the type of treatment
22	under review; and
23	(B) can demonstrate by competent evi-
24	dence that, as a result of training, education,
25	knowledge, and experience in the evaluation, di-

- agnosis, and treatment of the disease or injury which is the subject matter of the lawsuit against the defendant, the individual was substantially familiar with applicable standards of care and practice as they relate to the act or omission which is the subject of the lawsuit on the date of the incident.
  - (2) Physician Review.—In a health care lawsuit, if the claim of the plaintiff involved treatment that is recommended or provided by a physician (allopathic or osteopathic), an individual shall not be qualified to be an expert witness under this subsection with respect to issues of negligence concerning such treatment unless such individual is a physician.
  - (3) SPECIALTIES AND SUBSPECIALTIES.—With respect to a lawsuit described in paragraph (1), a court shall not permit an expert in one medical specialty or subspecialty to testify against a defendant in another medical specialty or subspecialty unless, in addition to a showing of substantial familiarity in accordance with paragraph (1)(B), there is a showing that the standards of care and practice in the two specialty or subspecialty fields are similar.

(4) Limitation.—The limitations in this sub-

section shall not apply to expert witnesses testifying
as to the degree or permanency of medical or phys-
ical impairment.
SEC. 107. ADDITIONAL HEALTH BENEFITS.
(a) In General.—The amount of any damages re-
ceived by a claimant in any health care lawsuit shall be
reduced by the court by the amount of any collateral
source benefits to which the claimant is entitled, less any
insurance premiums or other payments made by the claim-
ant (or by the spouse, parent, child, or legal guardian of
the claimant) to obtain or secure such benefits.
(b) Preservation of Current Law.—Where a
payor of collateral source benefits has a right of recovery
by reimbursement or subrogation and such right is per-
mitted under Federal or State law, subsection (a) shall
not apply.
(c) Application of Provision.—This section shall
apply to any health care lawsuit that is settled or resolved
by a fact finder.
SEC. 108. PUNITIVE DAMAGES.
(a) Punitive Damages Permitted.—
(1) In general.—Punitive damages may, if
otherwise available under applicable State or Federal
law, be awarded against any person in a health care

- lawsuit only if it is proven by clear and convincing evidence that such person acted with malicious intent to injure the claimant, or that such person deliberately failed to avoid unnecessary injury that such person knew the claimant was substantially certain to suffer.
  - (2) FILING OF LAWSUIT.—No demand for punitive damages shall be included in a health care lawsuit as initially filed. A court may allow a claimant to file an amended pleading for punitive damages only upon a motion by the claimant and after a finding by the court, upon review of supporting and opposing affidavits or after a hearing, after weighing the evidence, that the claimant has established by a substantial probability that the claimant will prevail on the claim for punitive damages.
  - (3) Separate proceeding.—At the request of any party in a health care lawsuit, the trier of fact shall consider in a separate proceeding—
    - (A) whether punitive damages are to be awarded and the amount of such award; and
- (B) the amount of punitive damages following a determination of punitive liability.
- If a separate proceeding is requested, evidence relevant only to the claim for punitive damages, as de-

1	termined by applicable State law, shall be inadmis-
2	sible in any proceeding to determine whether com-
3	pensatory damages are to be awarded.
4	(4) Limitation where no compensatory
5	DAMAGES ARE AWARDED.—In any health care law-
6	suit where no judgment for compensatory damages
7	is rendered against a person, no punitive damages
8	may be awarded with respect to the claim in such
9	lawsuit against such person.
10	(b) Determining Amount of Punitive Dam-
11	AGES.—
12	(1) Factors considered.—In determining
13	the amount of punitive damages under this section,
14	the trier of fact shall consider only the following:
15	(A) the severity of the harm caused by the
16	conduct of such party;
17	(B) the duration of the conduct or any
18	concealment of it by such party;
19	(C) the profitability of the conduct to such
20	party;
21	(D) the number of products sold or med-
22	ical procedures rendered for compensation, as
23	the case may be, by such party, of the kind
24	causing the harm complained of by the claim-
25	ant:

- 1 (E) any criminal penalties imposed on such 2 party, as a result of the conduct complained of 3 by the claimant; and
  - (F) the amount of any civil fines assessed against such party as a result of the conduct complained of by the claimant.
  - (2) MAXIMUM AWARD.—The amount of punitive damages awarded in a health care lawsuit may not exceed an amount equal to two times the amount of economic damages awarded in the lawsuit or \$250,000, whichever is greater. The jury shall not be informed of the limitation under the preceding sentence.

### (c) Liability of Health Care Providers.—

(1) In General.—A health care provider who prescribes, or who dispenses pursuant to a prescription, a drug, biological product, or medical device approved by the Food and Drug Administration, for an approved indication of the drug, biological product, or medical device, shall not be named as a party to a product liability lawsuit invoking such drug, biological product, or medical device and shall not be liable to a claimant in a class action lawsuit against the manufacturer, distributor, or product seller of such drug, biological product, or medical device.

- (2) Medical product.—The term "medical 1 2 product" means a drug or device intended for humans. The terms "drug" and "device" have the 3 meanings given such terms in sections 201(g)(1) and 5 201(h) of the Federal Food, Drug and Cosmetic Act 6 (21 U.S.C. 321), respectively, including any compo-7 nent or raw material used therein, but excluding 8 health care services. SEC. 109. AUTHORIZATION OF PAYMENT OF FUTURE DAM-10 AGES TO CLAIMANTS IN HEALTH CARE LAW-11 SUITS. 12 (a) IN GENERAL.—In any health care lawsuit, if an award of future damages, without reduction to present value, equaling or exceeding \$50,000 is made against a 14 15 party with sufficient insurance or other assets to fund a periodic payment of such a judgment, the court shall, at the request of any party, enter a judgment ordering that 17 18 the future damages be paid by periodic payments in ac-19 cordance with the Uniform Periodic Payment of Judg-20 ments Act promulgated by the National Conference of 21 Commissioners on Uniform State Laws. 22 (b) APPLICABILITY.—This section applies to all actions which have not been first set for trial or retrial be-23

fore the effective date of this title.

## 1 SEC. 110. EFFECT ON OTHER LAWS.

2	(a) General Vaccine Injury.—
3	(1) In general.—To the extent that title XXI
4	of the Public Health Service Act establishes a Fed-
5	eral rule of law applicable to a civil action brought
6	for a vaccine-related injury or death—
7	(A) this title shall not affect the applica-
8	tion of the rule of law to such an action; and
9	(B) any rule of law prescribed by this title
10	in conflict with a rule of law under title XXI
11	shall not apply to such action.
12	(2) Exception.—If there is an aspect of a civil
13	action brought for a vaccine-related injury or death
14	to which a Federal rule of law under title XXI of
15	the Public Health Service Act does not apply, then
16	this title or otherwise applicable law (as determined
17	under this title) will apply to such aspect of such ac-
18	tion.
19	(b) SMALLPOX VACCINE INJURY.—
20	(1) In general.—To the extent that part C of
21	title II of the Public Health Service Act establishes
22	a Federal rule of law applicable to a civil action
23	brought for a smallpox vaccine-related injury or
24	death—
25	(A) this title shall not affect the applica-
26	tion of the rule of law to such an action; and

- 1 (B) any rule of law prescribed by this title 2 in conflict with a rule of law of such part C 3 shall not apply to such action.
- 4 (2) EXCEPTION.—If there is an aspect of a civil
  5 action brought for a smallpox vaccine-related injury
  6 or death to which a Federal rule of law under part
  7 C of title II of the Public Health Service Act does
  8 not apply, then this title or otherwise applicable law
  9 (as determined under this title) will apply to such
  10 aspect of such action.
- 11 (c) OTHER FEDERAL LAW.—Except as provided in 12 this section, nothing in this title shall be deemed to affect 13 any defense available, or any limitation on liability that 14 applies to, a defendant in a health care lawsuit or action 15 under any other provision of Federal law.

# 16 SEC. 111. STATE FLEXIBILITY AND PROTECTION OF STATES' RIGHTS.

18 (a) HEALTH CARE LAWSUITS.—The provisions gov19 erning health care lawsuits set forth in this title shall pre20 empt, subject to subsections (b) and (c), State law to the
21 extent that State law prevents the application of any pro22 visions of law established by or under this title. The provi23 sions governing health care lawsuits set forth in this title
24 supersede chapter 171 of title 28, United States Code, to

the extent that such chapter—

1	(1) provides for a greater amount of damages
2	or contingent fees, a longer period in which a health
3	care lawsuit may be commenced, or a reduced appli-
4	cability or scope of periodic payment of future dam-
5	ages, than provided in this title; or
6	(2) prohibits the introduction of evidence re-
7	garding collateral source benefits.
8	(b) Preemption of Certain State Laws.—No
9	provision of this title shall be construed to preempt any
10	State law (whether effective before, on, or after the date
11	of the enactment of this Act) that specifies a particular
12	monetary amount of compensatory or punitive damages
13	(or the total amount of damages) that may be awarded
14	in a health care lawsuit, regardless of whether such mone-
15	tary amount is greater or lesser than is provided for under
16	this title, notwithstanding section 105(a).
17	(c) Protection of State's Rights and Other
18	Laws.—
19	(1) In general.—Any issue that is not gov-
20	erned by a provision of law established by or under
21	this title (including the State standards of neg-
22	ligence) shall be governed by otherwise applicable
23	Federal or State law.
24	(2) Rule of Construction.—Nothing in this
25	title shall be construed to—

	(A) preempt or supersede any Federal or
2	State law that imposes greater procedural or
3	substantive protections (such as a shorter stat-
1	ute of limitations) for a health care provider or
5	health care institution from liability, loss, or
6	damages than those provided by this title;

- (B) preempt or supercede any State law that permits and provides for the enforcement of any arbitration agreement related to a health care liability claim whether enacted prior to or after the date of enactment of this Act;
- (C) create a cause of action that is not otherwise available under Federal or State law; or
- 15 (D) affect the scope of preemption of any other Federal law.

#### 17 SEC. 112. APPLICABILITY; EFFECTIVE DATE.

This title shall apply to any health care lawsuit brought in a Federal or State court, or subject to an alternative dispute resolution system, that is initiated on or after the date of the enactment of this Act, except that any health care lawsuit arising from an injury occurring prior to the date of enactment of this Act shall be governed by the applicable statute of limitations provisions in effect at the time the injury occurred.

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## 1 TITLE III—RESCISSION OF

## 2 UNUSED STIMULUS FUNDS

- 3 SEC. 201. RESCISSION IN ARRA.
- 4 Effective as of October 1, 2010, any unobligated bal-
- 5 ances available on such date of funds made available by
- 6 division A of the American Recovery and Reinvestment
- 7 Act of 2009 (Public Law 111–5) are rescinded.

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