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107TH CONGRESS
1ST SESSION

H. R. 3569

To amend title XVIII of the Social Security Act to establish a minimum geographic cost-of-practice index value for physicians' services furnished under the Medicare Program.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 20, 2001

Mr. BEREUTER (for himself, Mr. FOLEY, Mr. HALL of Texas, Mr. MCHUGH, Mr. FROST, Mr. HEFLEY, Mr. LEACH, Mr. PETERSON of Pennsylvania, Mr. OSBORNE, Mr. MCINTYRE, Mr. SANDLIN, Mr. BASS, Mr. GORDON, Mr. MCINNIS, Mr. LATHAM, Mr. GREEN of Wisconsin, Mr. PETRI, Mr. HILLIARD, Mrs. EMERSON, Mr. TOWNS, Mr. SCHAFFER, Mrs. CUBIN, Mr. TERRY, and Mr. TURNER) 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 establish a minimum geographic cost-of-practice index value for physicians' services furnished under the Medicare Program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Rural Equity Payment Index Reform Act''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Variations in the physician work adjustment factors under section 1848(e) of the Social Security Act (42 U.S.C. 1395w–4w(e)) result in a physician work payment inequity between urban and rural localities under the medicare physician fee schedule.

(2) The amount the medicare program spends on its beneficiaries varies substantially across the country, far more than can be accounted for by differences in the cost of living or differences in health status.

(3) Since beneficiaries and others pay into the program on the basis of income and wages and beneficiaries pay the same premium for Part B services, these payments result in substantial crosssubsidies from people living in low payment States with conservative practice styles or beneficiary preferences to people living in higher payment States with aggressive practice styles or beneficiary preferences.

(4) Congress has been mindful of these variations when it comes to capitation payments made to managed care plans in Medicare+Choice and has

put in place floors that increase monthly payments by more than one-third in some of the lowest payment counties over what would otherwise occur. But this change addresses only a very small fraction of medicare beneficiaries who are presently enrolled in Medicare+Choice plans operating in low payment counties.

(5) Unfortunately, Congress has only begun to address the underlying problem of substantial geographic variations in fee-for-service spending under traditional medicare.

(6) Improvements in rural hospital payment systems under Medicare help to reduce aggregate per capita payment variation as rural hospitals are in large part located in low payment counties.

(7) Many rural communities have great difficulty attracting and retaining physicians and other skilled health professionals.

(8) Targeted efforts to provide relief to rural doctors in low payment localities would further reduce variation by improving access to primary and tertiary services along with more equitable payment.

(9) Geographic adjustment factors in medicare's resource-based relative value scale unfairly suppress fee-for-service payments to rural providers.

(10) Actual costs are not presently being measured accurately and payments do not reflect the costs of providing care.

(11) Unless something is done about medicare payment in rural areas, as the baby boom cohort ages into medicare, the financial demands on rural communities to subsidize care for their aged and disabled medicare beneficiaries will progress from difficult to impossible in another 10 years.

(12) The impact on rural health care infrastructure will be first felt in economically depressed rural areas where the ability to shift costs is already limited.

SEC. 3. PHYSICIAN FEE SCHEDULE WAGE INDEX REVISION.

Section 1848(e)(1) of the Social Security Act (42 U.S.C. 1395w–4(e)(1)) is amended by adding at the end the following new subparagraph:

''(D) FLOOR FOR WORK GEOGRAPHIC INDICES.—

''(i) IN GENERAL.—Notwithstanding the work geographic index otherwise calculated under subparagraph (A)(iii), no such index applied for payment under this section shall be less than—

"(I) 0.976 for services furnished during 2002;

"(II) 0.987 for services furnished during 2003;

"(III) 0.995 for services furnished during 2004; and

"(IV) 1.000 for services furnished during 2005 and subsequent years.

"(ii) EXEMPTION FROM LIMITATION ON ANNUAL ADJUSTMENTS.—The increase in expenditures attributable to clause (i) shall not be taken into account in applying subsection (c)(2)(B)(ii)(II).".

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