

114TH CONGRESS
2D SESSION

H. R. 4428

To amend title XVIII of the Social Security Act to ensure fairness in Medicare hospital payments by establishing a floor for the area wage index applied with respect to certain hospitals.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 2016

Mrs. BLACK (for herself, Ms. SEWELL of Alabama, Mr. ROE of Tennessee, Mr. DUNCAN of Tennessee, Mr. FLEISCHMANN, Mr. DESJARLAIS, Mr. COOPER, Mrs. BLACKBURN, Mr. FINCHER, Mr. COHEN, Mr. BYRNE, Mrs. ROBY, Mr. ROGERS of Alabama, Mr. ADERHOLT, Mr. BROOKS of Alabama, Mr. DAVID SCOTT of Georgia, Mr. GRIFFITH, Mr. WESTERMAN, Mr. CRAWFORD, Mr. HILL, Mr. WOMACK, Mr. BISHOP of Georgia, Mr. PALMER, Mr. VELA, Mr. WHITFIELD, Mr. HARPER, Mr. BOUSTANY, Mr. RICHMOND, Mr. ALLEN, Mr. GUTHRIE, Mr. CARTER of Georgia, and Mr. HINOJOSA) 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 ensure fairness in Medicare hospital payments by establishing a floor for the area wage index applied with respect to certain hospitals.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “The Fair Medicare
3 Hospital Payments Act of 2016”.

4 **SEC. 2. ENSURING FAIRNESS IN MEDICARE HOSPITAL PAY-**
5 **MENTS.**

6 (a) HOSPITAL INPATIENT SERVICES.—Section
7 1886(d)(3)(E) of the Social Security Act (42 U.S.C.
8 1395www(d)(3)(E)) is amended—

9 (1) in clause (i), by striking “clause (ii) or (iii)”
10 and inserting “clause (ii), (iii), or (iv)”; and

11 (2) by adding at the end the following new
12 clause:

13 “(iv) AREA WAGE INDEX FLOOR.—

14 “(I) IN GENERAL.—Subject to
15 subclause (II), for discharges occur-
16 ring on or after October 1, 2016, the
17 area wage index applicable under this
18 subparagraph to any hospital which is
19 not located in a frontier State (as de-
20 fined in clause (iii)(II)) may not be
21 less than 0.874.

22 “(II) ENSURING BUDGET NEU-
23 TRALITY.—In order to ensure that the
24 aggregate payments made under this
25 subsection for a fiscal year (beginning
26 with fiscal year 2017) are not greater

1 than the aggregate payments that
2 would have been made under this sub-
3 section for such fiscal year without
4 the application of subclause (I), the
5 Secretary shall establish pursuant to
6 rulemaking a maximum area wage
7 index to apply under this subpara-
8 graph to any hospital which is not lo-
9 cated in a frontier State (as defined
10 in clause (iii)(II)).”.

11 (b) HOSPITAL OUTPATIENT DEPARTMENT SERV-
12 ICES.—Section 1833(t) of the Social Security Act (42
13 U.S.C. 1395l(t)), is amended—

14 (1) in paragraph (2)(D), by striking “para-
15 graph (19), the Secretary” and inserting “para-
16 graphs (19) and (22), the Secretary”; and

17 (2) by adding at the end the following new
18 paragraph:

19 “(22) FLOOR ON AREA WAGE ADJUSTMENT
20 FACTOR FOR HOSPITAL OUTPATIENT DEPARTMENT
21 SERVICES.—

22 “(A) IN GENERAL.—Subject to subpara-
23 graph (B), with respect to covered OPD serv-
24 ices furnished on or after January 1, 2017, the
25 area wage adjustment factor applicable under

1 the payment system established under this sub-
2 section to any hospital outpatient department
3 which is not located in a frontier State (as de-
4 fined in section 1886(d)(3)(E)(iii)(II)) may not
5 be less than 0.874.

6 “(B) ENSURING BUDGET NEUTRALITY.—
7 In order to ensure that the aggregate payments
8 made under this subsection for a year (begin-
9 ning with 2017) are not greater than the aggre-
10 gate payments that would have been made
11 under this subsection for such year without the
12 application of subparagraph (A), the Secretary
13 shall establish pursuant to rulemaking a max-
14 imum area wage adjustment factor to apply
15 under the payment system established under
16 this subsection to any hospital outpatient de-
17 partment which is not located in a frontier
18 State (as defined in clause (iii)(II)).”.

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