

115TH CONGRESS  
1ST SESSION

# H. R. 1130

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.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 2017

Mrs. BLACK (for herself, Ms. SEWELL of Alabama, Mrs. BLACKBURN, Mr. ROE of Tennessee, Mr. BYRNE, Mr. COHEN, Mrs. ROBY, Mr. ROGERS of Alabama, Mr. BROOKS of Alabama, Mr. DUNCAN of Tennessee, Mr. COOPER, Mr. DESJARLAIS, Mr. FLEISCHMANN, Mr. KUSTOFF of Tennessee, and Mr. ADERHOLT) 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

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## 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fair Medicare Hospital  
5 Payments Act of 2017”.

1 **SEC. 2. ENSURING FAIRNESS IN MEDICARE HOSPITAL PAY-**  
2 **MENTS IN A BUDGET NEUTRAL MANNER.**

3 (a) HOSPITAL INPATIENT SERVICES.—Section  
4 1886(d)(3)(E) of the Social Security Act (42 U.S.C.  
5 1395www(d)(3)(E)) is amended—

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

8 (2) by adding at the end the following new  
9 clause:

10 “(iv) FLOOR ON AREA WAGE INDEX FOR HOS-  
11 PITALS IN CERTAIN OTHER AREAS.—

12 “(I) IN GENERAL.—For discharges occur-  
13 ring on or after October 1, 2017, the area wage  
14 index applicable under this subparagraph to  
15 any hospital which is not located in a frontier  
16 State (as defined in clause (iii)(II)) may not be  
17 less than 0.874.

18 “(II) ENSURING BUDGET NEUTRALITY.—  
19 In order to ensure that the aggregate payments  
20 made under this subsection for a fiscal year  
21 (beginning with fiscal year 2018) are not great-  
22 er than the aggregate payments that would  
23 have been made under this subsection for such  
24 fiscal year without the application of subclause  
25 (I), as estimated by the Secretary, the Sec-  
26 retary shall establish pursuant to rulemaking a

1 maximum area wage index to apply under this  
2 subparagraph to any hospital which is not lo-  
3 cated in a frontier State (as defined in clause  
4 (iii)(II)).

5 “(III) NO IMPACT FOR HOSPITALS WITH  
6 AN AREA WAGE INDEX BETWEEN THE FLOOR  
7 AND THE MAXIMUM INDEX.—Subclauses (I)  
8 and (II) shall have no effect on the area wage  
9 index applicable in a fiscal year to a hospital  
10 with an area wage index that is greater than  
11 the floor under subclause (I) but less than the  
12 maximum area wage index established under  
13 subclause (II) for the fiscal year.”.

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

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

20 (2) by adding at the end the following new  
21 paragraph:

22 “(22) FLOOR ON AREA WAGE ADJUSTMENT  
23 FACTOR FOR HOSPITAL OUTPATIENT DEPARTMENT  
24 SERVICES IN AREAS OTHER THAN IN FRONTIER  
25 STATES.—

1           “(A) IN GENERAL.—With respect to cov-  
2           ered OPD services furnished on or after Janu-  
3           ary 1, 2018, the area wage adjustment factor  
4           applicable under the payment system estab-  
5           lished under this subsection to any hospital out-  
6           patient department which is not located in a  
7           frontier State (as defined in section  
8           1886(d)(3)(E)(iii)(II)) may not be less than  
9           0.874.

10           “(B) ENSURING BUDGET NEUTRALITY.—  
11           In order to ensure that the aggregate payments  
12           made under this subsection for a year (begin-  
13           ning with 2018) are not greater than the aggre-  
14           gate payments that would have been made  
15           under this subsection for such year without the  
16           application of subparagraph (A), as estimated  
17           by the Secretary, the Secretary shall establish  
18           pursuant to rulemaking a maximum area wage  
19           adjustment factor to apply under the payment  
20           system established under this subsection to any  
21           hospital outpatient department which is not lo-  
22           cated in a frontier State (as defined in clause  
23           (iii)(II)).

24           “(C) NO IMPACT FOR HOSPITALS WITH AN  
25           AREA WAGE ADJUSTMENT FACTOR BETWEEN

1 THE FLOOR AND THE MAXIMUM FACTOR.—Sub-  
2 paragraphs (A) and (B) shall have no effect on  
3 the area wage adjustment factor applicable in a  
4 year to a hospital with an area wage adjust-  
5 ment factor that is greater than the floor under  
6 subparagraph (A) but less than the maximum  
7 area wage adjustment factor established under  
8 subparagraph (B) for the year.”.

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