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(Original Signature of Member)

114TH CONGRESS
2D SESSION

H. R.

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

Mrs. BLACK (for herself and Ms. SEWELL of Alabama) introduced the following bill; which was referred to the Committee on

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 “The Fair Medicare
5 Hospital Payments Act of 2016”.

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

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) AREA WAGE INDEX FLOOR.—

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

19 “(II) ENSURING BUDGET NEU-
20 TRALITY.—In order to ensure that the
21 aggregate payments made under this
22 subsection for a fiscal year (beginning
23 with fiscal year 2017) are not greater
24 than the aggregate payments that
25 would have been made under this sub-
26 section for such fiscal year without

1 the application of subclause (I), the
2 Secretary shall establish pursuant to
3 rulemaking a maximum area wage
4 index to apply under this subpara-
5 graph to any hospital which is not lo-
6 cated in a frontier State (as defined
7 in clause (iii)(II)).”.

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

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

14 (2) by adding at the end the following new
15 paragraph:

16 “(22) FLOOR ON AREA WAGE ADJUSTMENT
17 FACTOR FOR HOSPITAL OUTPATIENT DEPARTMENT
18 SERVICES.—

19 “(A) IN GENERAL.—Subject to subpara-
20 graph (B), with respect to covered OPD serv-
21 ices furnished on or after January 1, 2017, the
22 area wage adjustment factor applicable under
23 the payment system established under this sub-
24 section to any hospital outpatient department
25 which is not located in a frontier State (as de-

1 fined in section 1886(d)(3)(E)(iii)(II)) may not
2 be less than 0.874.

3 “(B) ENSURING BUDGET NEUTRALITY.—

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