

109TH CONGRESS
2D SESSION

S. 4017

To provide for an appeals process for hospital wage index classification under the Medicare program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29, 2006

Mr. SPECTER (for himself and Mr. SANTORUM) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for an appeals process for hospital wage index classification under the Medicare program, 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 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Hospital Payment Im-
5 provement and Equity Act of 2006”.

6 **SEC. 2. APPEALS PROCESS FOR HOSPITAL WAGE INDEX**
7 **CLASSIFICATION.**

8 (a) ESTABLISHMENT OF PROCESS.—

9 (1) IN GENERAL.—The Secretary shall establish
10 not later than January 1, 2007, by instruction or

1 otherwise, a process under which a hospital may ap-
2 peal the wage index classification otherwise applica-
3 ble to the hospital and select another area within the
4 State (or, at the discretion of the Secretary, within
5 a contiguous State) to which to be reclassified.

6 (2) PROCESS REQUIREMENTS.—The process es-
7 tablished under paragraph (1) shall be consistent
8 with the following:

9 (A) Such an appeal may be filed as soon
10 as possible after the date of the enactment of
11 this Act but shall be filed by not later than
12 February 15, 2007.

13 (B) Such an appeal shall be heard by the
14 Medicare Geographic Reclassification Review
15 Board.

16 (C) There shall be no further administra-
17 tive or judicial review of a decision of such
18 Board.

19 (3) RECLASSIFICATION UPON SUCCESSFUL AP-
20 PEAL.—

21 (A) RECLASSIFICATION.—If the Medicare
22 Geographic Reclassification Review Board de-
23 termines that the hospital is a qualifying hos-
24 pital (as defined in subsection (c)), the hospital

1 shall be reclassified to the area selected under
2 paragraph (1).

3 (B) APPLICABILITY.—A reclassification
4 under subparagraph (A) shall apply with re-
5 spect to discharges occurring during the 3-year
6 period beginning with April 1, 2007.

7 (4) SPECIAL RULES.—

8 (A) IN GENERAL.—Any qualifying hospital
9 that is within 3 miles driving distance, starting
10 at the hospital entrance and driving over im-
11 proved roads, to the nearest Metropolitan Sta-
12 tistical Area in which a majority of the other
13 qualifying hospitals located in the same Metro-
14 politan Statistical Area as the hospital have
15 been reclassified to (or if there is no majority,
16 the Metropolitan Statistical Area in which at
17 least one such other qualifying hospital has
18 been reclassified to (as determined appropriate
19 by the Secretary of Health and Human Serv-
20 ices), the hospital shall be eligible to select to
21 be reclassified to such nearest Metropolitan
22 Statistical Area (or if no majority, to the area
23 so determined appropriate by the Secretary).

1 (B) COMPETITIVELY DISADVANTAGED
2 HOSPITAL IN A SINGLE-HOSPITAL MSA SUR-
3 ROUNDED BY RURAL COUNTIES.—

4 (i) IN GENERAL.—If a hospital meets
5 the requirements described in clause (ii)—

6 (I) such hospital shall be deemed
7 to be a qualifying hospital; and

8 (II) such hospital shall be reclas-
9 sified to the closest urban area which
10 is part of a Combined Statistical Area
11 located in the same State as the hos-
12 pital.

13 (ii) REQUIREMENTS.—The require-
14 ments described in this clause are the fol-
15 lowing:

16 (I) The hospital is the only hos-
17 pital in its urban area.

18 (II) The hospital is in an urban
19 area that is not adjacent to any other
20 urban area.

21 (III) The hospital is seeking re-
22 classification to the closest urban area
23 which is part of a Combined Statis-
24 tical Area located in the same state as
25 the hospital.

1 (5) INAPPLICABILITY OF CERTAIN PROVI-
2 SIONS.—Except as the Secretary may provide, the
3 provisions of paragraphs (8) and (10) of section
4 1886(d) of the Social Security Act (42 U.S.C.
5 1395ww(d)) shall not apply to an appeal under this
6 section.

7 (b) APPLICATION OF RECLASSIFICATION.—In the
8 case of an appeal decided in favor of a qualifying hospital
9 under subsection (a), the wage index reclassification shall
10 not affect the wage index computation for any area or for
11 any other hospital and shall not be effected in a budget
12 neutral manner. The provisions of this section shall not
13 affect payment for discharges occurring after the end of
14 the 3-year-period referred to in subsection (a)(3)(B).

15 (c) QUALIFYING HOSPITAL DEFINED.—For purposes
16 of this section, the term “qualifying hospital” means a
17 subsection (d) hospital (as defined in section
18 1886(d)(1)(B) of the Social Security Act (42 U.S.C.
19 1395ww(d)(1)(B))) that—

20 (1) does not qualify for a change in wage index
21 classification under paragraph (8) or (10) of section
22 1886(d) of such Act (42 U.S.C. 1395ww(d)) on the
23 basis of requirements relating to distance or com-
24 muting; and

1 (2) meets such other criteria, such as quality,
2 as the Secretary may specify by instruction or other-
3 wise.

4 The Secretary may modify the wage comparison guidelines
5 promulgated under section 1886(d)(10)(D) of such Act
6 (42 U.S.C. 1395ww(d)(10)(D)) in carrying out this sec-
7 tion.

8 (d) WAGE INDEX CLASSIFICATION.—For purposes of
9 this section, the term “wage index classification” means
10 the geographic area in which the hospital is classified for
11 purposes of determining for a fiscal year the factor used
12 to adjust the DRG prospective payment rate under section
13 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d))
14 for area differences in hospital wage levels that applies
15 to such hospital under paragraph (3)(E) of such section.

16 (e) SPECIAL RULE FOR REHABILITATION HOSPITALS
17 AND REHABILITATION UNITS.—

18 (1) IN GENERAL.—Effective for discharges oc-
19 ccurring during the 3-year period beginning with
20 April 1, 2007, for purposes of making payments
21 under section 1886(j) of the Social Security Act (42
22 U.S.C. 1395ww(j)) to a qualifying rehabilitation fa-
23 cility, such facility shall be deemed to be located in
24 the area described in paragraph (3).

1 (2) QUALIFYING REHABILITATION FACILITY DE-
2 FINED.—For purposes of this subsection, the term
3 “qualifying rehabilitation facility” means a rehabili-
4 tation hospital or a rehabilitation unit that is located
5 in a Metropolitan Statistical Area in which all sub-
6 section (d) hospitals (as defined in subsection
7 (d)(1)(B) of section 1886 of the Social Security Act
8 (42 U.S.C. 1395ww)) that are not sole community
9 hospitals (as defined in subsection (d)(5)(D)(iii) of
10 such section) located in the area have been reclassi-
11 fied to another Metropolitan Statistical Area.

12 (3) AREA DESCRIBED.—The area described in
13 this paragraph with respect to a qualifying rehabili-
14 tation facility is the Metropolitan Statistical Area in
15 which the majority of the subsection (d) hospitals
16 (as so defined) located in the same Metropolitan
17 Statistical Area as the qualifying rehabilitation facil-
18 ity have been reclassified to (or if there is no major-
19 ity, the Metropolitan Statistical Area in which at
20 least one such subsection (d) hospital has been re-
21 classified to (as determined appropriate by the Sec-
22 retary of Health and Human Services).

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