

1 ment of section 112 of the Protecting Access to Medicare
2 Act of 2014.

3 **SEC. 3. MODIFICATION TO MEDICARE LONG-TERM CARE**
4 **HOSPITAL HIGH COST OUTLIER PAYMENTS.**

5 Section 1886(m) of the Social Security Act (42
6 U.S.C. 1395ww(m)) is amended by adding at the end the
7 following new paragraph:

8 “(7) TREATMENT OF HIGH COST OUTLIER PAY-
9 MENTS.—

10 “(A) ADJUSTMENT TO THE STANDARD
11 FEDERAL PAYMENT RATE FOR ESTIMATED
12 HIGH COST OUTLIER PAYMENTS.—Under the
13 system described in paragraph (1), for fiscal
14 years beginning on or after October 1, 2016,
15 the Secretary shall reduce the standard Federal
16 payment rate as if the estimated aggregate
17 amount of high cost outlier payments for stand-
18 ard Federal payment rate discharges for each
19 such fiscal year would be equal to 8 percent of
20 estimated aggregate payments for standard
21 Federal payment rate discharges for each such
22 fiscal year.

23 “(B) LIMITATION ON HIGH COST OUTLIER
24 PAYMENT AMOUNTS.—Notwithstanding sub-
25 paragraph (A), the Secretary shall set the fixed

1 loss amount for high cost outlier payments such
2 that the estimated aggregate amount of high
3 cost outlier payments made for standard Fed-
4 eral payment rate discharges for fiscal years be-
5 ginning on or after October 1, 2016, shall be
6 equal to 99.0625 percent of 8 percent of esti-
7 mated aggregate payments for standard Fed-
8 eral payment rate discharges for each such fis-
9 cal year.

10 “(C) WAIVER OF BUDGET NEUTRALITY.—
11 Any reduction in payments resulting from the
12 application of subparagraph (B) shall not be
13 taken into account in applying any budget neu-
14 trality provision under such system.

15 “(D) NO EFFECT ON SITE NEUTRAL HIGH
16 COST OUTLIER PAYMENT RATE.—This para-
17 graph shall not apply with respect to the com-
18 putation of the applicable site neutral payment
19 rate under paragraph (6), except for the stand-
20 ard Federal payment rate portion of blended
21 payment rates determined under subparagraph
22 (B)(iii)(II) of such paragraph.”.

