

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 8163
OFFERED BY MR. SMITH OF MISSOURI**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Provider Reimburse-
3 ment Stability Act”.

4 SEC. 2. UPDATING THE BUDGET NEUTRALITY THRESHOLD.

5 Section 1848(c)(2)(B)(ii)(II) of the Social Security
6 Act (42 U.S.C. 1395w-4(c)(2)(B)(ii)(II)) is amended—

7 (1) by striking “Subject to” and inserting the
8 following:

9 (aa) IN GENERAL.—Sub-
10 ject to”;

11 (2) in item (aa), as inserted by paragraph (1),
12 by striking “\$20,000,000” and inserting “the
13 amount specified in item (bb) for such year”; and

14 (3) by adding at the end the following new
15 items:

16 (bb) AMOUNT SPECI-
17 FIED.—For purposes of item
18 (aa), subject to item (cc), the

1 amount specified in this item
2 is—

3 “(AA) for years before
4 2028, \$20,000,000;

5 “(BB) for 2028,
6 \$57,640,000; and

7 “(CC) for 2029 and
8 each subsequent year, the
9 amount specified in this
10 item for the preceding year.

11 “(cc) INDEXING LIMITATION
12 ON ANNUAL ADJUSTMENTS.—For
13 2033 and every subsequent fifth
14 year, the Secretary shall increase
15 the amount specified in item (bb)
16 for such year by the cumulative
17 percentage increase in the MEI
18 (as defined in section 1842(i)(3))
19 applicable to physicians’ services
20 for each year occurring during
21 the 5-year period ending on the
22 last day of the preceding year.”.

1 **SEC. 3. BUDGET NEUTRALITY CORRECTIONS RELATING TO**
2 **ESTIMATED UTILIZATION.**

3 (a) IN GENERAL.—Section 1848(c)(2)(B) of the So-
4 cial Security Act (42 U.S.C. 1395w-4(c)(2)(B)) is amend-
5 ed by adding at the end the following new clause:

6 “(vii) BUDGET NEUTRALITY CORREC-
7 TIONS RELATING TO ESTIMATED UTILIZA-
8 TION.—

9 “(I) IN GENERAL.—In the case
10 of a budget neutrality adjustment ap-
11 plied pursuant to clause (ii)(II) for a
12 year (beginning with 2029) that is de-
13 termined in part using estimated utili-
14 zation (as defined in subclause
15 (II)(bb)) with respect to a specified
16 service (as defined in subclause
17 (II)(cc)), the Secretary shall, as part
18 of the final rule establishing the phy-
19 sician fee schedule under this section
20 for the assumption correction period
21 (as defined in subclause (II)(aa)) with
22 respect to such year—

23 “(aa) determine the dif-
24 ference between expenditures for
25 such service in such year using
26 estimated utilization and actual

1 utilization for such service (in a
2 manner determined appropriate
3 by the Secretary); and

4 “(bb) in the case that the
5 Secretary determines the dif-
6 ference described in item (aa) is
7 greater than the threshold
8 amount (as defined in subclause
9 (II)(dd)) for such year, adjust
10 the conversion factor under this
11 section for such assumption cor-
12 rection period by such amount to
13 reconcile such difference (which
14 may be positive or negative), as
15 determined by the Secretary.

16 “(II) DEFINITIONS.—For pur-
17 poses of this clause:

18 “(aa) ASSUMPTION CORREC-
19 TION PERIOD.—The term ‘as-
20 sumption correction period’
21 means, with respect to a year,
22 the second year beginning after
23 such year.

24 “(bb) ESTIMATED UTILIZA-
25 TION.—The term ‘estimated utili-

1 zation’ means an estimate of uti-
2 lization used for purposes of ap-
3 plying clause (ii)(II).

4 “(cc) SPECIFIED SERVICE.—
5 The term ‘specified service’
6 means, with respect to a year, a
7 service—

8 “(AA) with expected ex-
9 penditures for such year
10 under this section based on
11 estimated utilization that ex-
12 ceed the threshold amount
13 (as defined in item (dd)) for
14 such year; and

15 “(BB) for which pay-
16 ment had been bundled into
17 payment for another service
18 during the preceding year
19 and for which a separate
20 payment or add-on payment
21 is made during such year.

22 “(dd) THRESHOLD
23 AMOUNT.—The term ‘threshold
24 amount’ means, with respect to a
25 year, 0.1 percent of the total esti-

1 mated expenditures under this
2 part for services furnished under
3 this section during such year.”.

4 (b) NONAPPLICATION OF BUDGET NEUTRALITY TO
5 RECONCILIATION ADJUSTMENTS.—Section 1848(c)(2)(B)
6 of the Social Security Act (42 U.S.C. 1395w-4(c)(2)(B))
7 is amended—

8 (1) in clause (iv)—

9 (A) in subclause (V), by striking “and” at
10 the end;

11 (B) in subclause (VI), by striking the pe-
12 riod and inserting “; and”; and

13 (C) by adding at the end the following new
14 subclause:

15 “(VII) clause (vii)(I)(bb) for an
16 assumption correction period (as de-
17 fined in clause (vii)(II)) shall not be
18 taken into account in applying clause
19 (ii)(II) with respect to such period.”;
20 and

21 (2) in clause (v), by adding at the end the fol-
22 lowing new subclause:

23 “(XII) REDUCTIONS ATTRIB-
24 UTABLE TO AN ASSUMPTION CORREC-
25 TION.—For an assumption correction

1 period (as defined in clause (vii)(II)),
2 reduced expenditures attributable to
3 application of clause (vii)(I)(bb) with
4 respect to such period.”.

5 **SEC. 4. TIMELY UPDATES TO DIRECT COSTS USED TO CAL-**
6 **CULATE PRACTICE EXPENSE RVUS.**

7 Section 1848(c)(2)(B) of the Social Security Act (42
8 U.S.C. 1395w-4(c)(2)(B)), as amended by section 3, is
9 further amended by adding at the end the following new
10 clause:

11 “(viii) TIMELY UPDATES TO DIRECT
12 COSTS USED TO CALCULATE PRACTICE EX-
13 PENSE RELATIVE VALUE UNITS.—

14 “(I) SIMULTANEOUS UPDATES TO
15 DIRECT COST INPUTS AT LEAST ONCE
16 EVERY 5 YEARS.—The Secretary shall,
17 not later than 5 years after the date
18 of the enactment of this clause, and
19 not less often than every 5 years
20 thereafter, update the prices and
21 rates, as applicable, on a category-
22 wide basis for each of the categories
23 of direct cost inputs described in sub-
24 clause (II) used in the methodology
25 for calculating the practice expense

1 relative value units under this sub-
2 section for physicians' services. Up-
3 dates made pursuant to the previous
4 sentence shall be made in the same
5 year for all categories of direct cost
6 inputs described in such subclause.

7 “(II) DIRECT COST INPUTS CAT-
8 EGORIES DESCRIBED.—For purposes
9 of this clause, the categories of direct
10 cost inputs described in this subclause
11 are clinical staff wage rates, prices of
12 medical supplies, prices of equipment,
13 and any other category of such inputs
14 used in the methodology described in
15 subclause (I) (as specified by the Sec-
16 retary).

17 “(III) CONSULTATION.—In mak-
18 ing the updates under this clause, the
19 Secretary shall consult with relevant
20 stakeholders, including physician spe-
21 cialty societies.”.

22 **SEC. 5. LIMITATION ON YEAR-TO-YEAR CONVERSION FAC-**
23 **TOR VARIANCE.**

24 Section 1848(c)(2)(B) of the Social Security Act (42
25 U.S.C. 1395w-4(c)(2)(B)), as amended by sections 3 and

1 4, is further amended by adding at the end the following
2 new clause:

3 “(ix) LIMITATION ON CONVERSION
4 FACTOR VARIANCE.—

5 “(I) IN GENERAL.—Beginning
6 with 2028, the Secretary may not, for
7 purposes of complying with clause
8 (ii)(II), apply a budget neutrality ad-
9 justment to a conversion factor estab-
10 lished under subsection (d) for such
11 year that would cause such factor, not
12 taking into account any adjustment to
13 such factor for such year provided
14 under such subsection, to vary by
15 more than 2.5 percent compared to
16 such factor so established for the pre-
17 ceding year.

18 “(II) CONTINUED APPLICABILITY
19 OF BUDGET NEUTRALITY REQUIRE-
20 MENT.—Nothing in subclause (I) may
21 be construed to alter the requirement
22 described in clause (ii)(II).”.

