

118TH CONGRESS  
1ST SESSION

# H. R. 3635

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

MAY 24, 2023

Mr. FERGUSON (for himself, Ms. SEWELL, Mrs. HARSHBARGER, Mr. MANN, Mr. ALLEN, Mr. CARTER of Georgia, Mr. THOMPSON of Mississippi, and Mr. NEGUSE) 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 “Save Rural Hospitals  
5 Act of 2023”.

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 “or (iv)” and in-  
7 serting “(iv), or (v)”;

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

10 “(v) FLOOR ON AREA WAGE INDEX FOR  
11 HOSPITALS IN CERTAIN OTHER AREAS.—

12 “(I) IN GENERAL.—For discharges  
13 occurring on or after October 1, 2023, the  
14 area wage index applicable under this sub-  
15 paragraph to any hospital which is not lo-  
16 cated in a frontier State (as defined in  
17 clause (iii)(II)) may not be less than 0.85.

18 “(II) ENSURING BUDGET NEU-  
19 TRALITY.—In order to ensure that the ag-  
20 gregate payments made under this sub-  
21 section for a fiscal year (beginning with  
22 fiscal year 2024) are not greater than the  
23 aggregate payments that would have been  
24 made under this subsection for such fiscal  
25 year without the application of subclause  
26 (I), as estimated by the Secretary, the Sec-

1           retary shall establish pursuant to rule-  
2           making a maximum area wage index to  
3           apply under this subparagraph to any hos-  
4           pital which is not located in a frontier  
5           State (as defined in clause (iii)(II)).

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

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

19                 (1) in paragraph (2)(D), by striking “para-  
20                 graph (19), the Secretary” and inserting “para-  
21                 graphs (19) and (23), the Secretary”; and

22                 (2) by adding at the end the following new  
23                 paragraph:

24                 “(23) FLOOR ON AREA WAGE ADJUSTMENT  
25                 FACTOR FOR HOSPITAL OUTPATIENT DEPARTMENT

1 SERVICES IN AREAS OTHER THAN IN FRONTIER  
2 STATES.—

3 “(A) IN GENERAL.—With respect to cov-  
4 ered OPD services furnished on or after Janu-  
5 ary 1, 2024, the area wage adjustment factor  
6 applicable under the payment system estab-  
7 lished under this subsection to any hospital out-  
8 patient department which is not located in a  
9 frontier State (as defined in section  
10 1886(d)(3)(E)(iii)(II)) may not be less than  
11 0.85.

12 “(B) ENSURING BUDGET NEUTRALITY.—  
13 In order to ensure that the aggregate payments  
14 made under this subsection for a year (begin-  
15 ning with 2024) are not greater than the aggre-  
16 gate payments that would have been made  
17 under this subsection for such year without the  
18 application of subparagraph (A), as estimated  
19 by the Secretary, the Secretary shall establish  
20 pursuant to rulemaking a maximum area wage  
21 adjustment factor to apply under the payment  
22 system established under this subsection to any  
23 hospital outpatient department which is not lo-  
24 cated in a frontier State (as defined in clause  
25 (iii)(II)).

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

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