

TITLE V—MEDICARE AND MEDICAID

PROVISIONS

SEC. 501. MEDICARE IMPROVEMENT FUND.

Section 1898(b)(1) of the Social Security Act (42 U.S.C. 1395iii(b)(1)) is amended by striking “\$205,000,000” and inserting “\$5,000,000”.

SEC. 502. MEDICARE PAYMENT INCENTIVE FOR THE TRANSITION FROM TRADITIONAL X-RAY IMAGING TO DIGITAL RADIOGRAPHY AND OTHER MEDICARE IMAGING PAYMENT PROVISION.

(a) PHYSICIAN FEE SCHEDULE.— (1) PAYMENT INCENTIVE FOR TRANSITION.—

(A) IN GENERAL.—Section 1848(b) of the Social Security Act (42 U.S.C. 1395w–4(b)) is amended by adding at the end the following new paragraph:

“(9) SPECIAL RULE TO INCENTIVIZE TRANSITION FROM TRADITIONAL X-RAY IMAGING TO DIGITAL RADIOGRAPHY.—

“(A) LIMITATION ON PAYMENT FOR FILM X-RAY IMAGING SERVICES.—In the case of an imaging service (including the imaging portion of a service) that is an X-ray taken using film and that is furnished during 2017 or a subsequent year, the payment amount for the technical component (including the technical component portion of a global service) of such service that would otherwise be determined under this section (without application of this paragraph and before application of any other adjustment under this section) for such year shall be reduced by 20 percent.

“(B) PHASED-IN LIMITATION ON PAYMENT FOR COMPUTED RADIOGRAPHY IMAGING SERVICES.—In the case of an imaging service (including the imaging portion of a service) that is an X-ray taken using computed radiography technology—

“(i) in the case of such a service furnished during 2018, 2019, 2020, 2021, or 2022, the payment amount for the technical component (including the technical component portion of a global service) of such service that would otherwise be determined under this section (without application of this paragraph and before application of any other adjustment under this section) for such year shall be reduced by 7 percent; and

“(ii) in the case of such a service furnished during 2023 or a subsequent year, the payment amount for the technical component (including the technical component portion of a global service) of such service that would otherwise be determined under this section

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(without application of this paragraph and before application of any other adjustment under this section) for such year shall be reduced by 10 percent.

“(C) COMPUTED RADIOGRAPHY TECHNOLOGY DEFINED.—For purposes of this paragraph, the term ‘computed radiography technology’ means cassette-based imaging which utilizes

an imaging plate to create the image involved.

“(D) IMPLEMENTATION.—In order to implement this paragraph, the Secretary shall adopt appropriate mechanisms which may include use of modifiers.”.

(B) EXEMPTION FROM BUDGET NEUTRALITY.—Section 1848(c)(2)(B)(v) of the Social Security Act (42 U.S.C. 1395w–4(c)(2)(B)(v)) is amended by adding at the end the following new subclause:

“(X) REDUCED EXPENDITURES ATTRIBUTABLE TO INCENTIVES TO TRANSITION TO DIGITAL RADIOGRAPHY.—Effective for fee schedules established beginning with 2017, reduced expenditures attributable to subparagraph (A) of subsection (b)(9) and effective for fee schedules established beginning with 2018, reduced expenditures attributable to subparagraph (B) of such subsection.”.

(2) REDUCTION OF DISCOUNT IN PAYMENT FOR PROFESSIONAL COMPONENT OF MULTIPLE IMAGING SERVICES.—

(A) IN GENERAL.—Section 1848(b) of the Social Security Act (42 U.S.C. 1395w–4(b)), as amended by paragraph (1), is amended by adding at the end the following new paragraph:

“(10) REDUCTION OF DISCOUNT IN PAYMENT FOR PROFESSIONAL COMPONENT OF MULTIPLE IMAGING SERVICES.—In the case of the professional component of imaging services furnished

on or after January 1, 2017, instead of the 25 percent reduction for multiple procedures specified in the final rule published by the Secretary in the Federal Register on November 28, 2011, as amended in the final rule published by the Secretary in the Federal Register on November 16, 2012, the reduction percentage shall be 5 percent.”.

(B) EXEMPTION FROM BUDGET NEUTRALITY.—Section 1848(c)(2)(B)(v) of the Social Security Act (42 U.S.C. 1395w-4(c)(2)(B)(v)), as amended by paragraph (1), is amended by adding at the end by the following new subclause:

“(XI) DISCOUNT IN PAYMENT FOR PROFESSIONAL COMPONENT OF IMAGING SERVICES.—Effective for fee schedules established beginning with 2017, reduced expenditures attributable to subsection (b)(10).”.

(C) CONFORMING AMENDMENT.—Section 220(i) of the Protecting Access to Medicare Act of 2014 (42 U.S.C. 1395w-4 note) is repealed.

(b) PAYMENT INCENTIVE FOR TRANSITION UNDER HOSPITAL OUTPATIENT PROSPECTIVE PAYMENT SYSTEM.—Section 1833(t)(16) of the Social Security Act (42 U.S.C. 1395(t)(16)) is amended by adding at the end the following new subparagraph:

“(F) PAYMENT INCENTIVE FOR THE TRANSITION FROM TRADITIONAL X-RAY IMAGING TO DIGITAL RADIOGRAPHY.—Notwithstanding the previous provisions of this subsection:

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“(i) LIMITATION ON PAYMENT FOR FILM X-RAY IMAGING SERVICES.—In the case of an imaging service that is an X-ray taken using film and that is furnished during 2017 or a subsequent year, the payment amount for such service (including the X-ray component of a packaged service) that would otherwise be determined under this section (without application of this paragraph and before application of any other adjustment under this subsection) for such year shall be reduced by 20 percent.

“(ii) PHASED-IN LIMITATION ON PAYMENT FOR COMPUTED RADIOGRAPHY IMAGING SERVICES.—In the case of an imaging service that is an X-ray taken using computed radiography technology (as defined in section 1848(b)(9)(C))—

“(I) in the case of such a service furnished during 2018, 2019, 2020, 2021, or 2022, the payment amount for such service (including the Xray component of a packaged service) that would otherwise be determined under this section (without application of this paragraph and before application of any other adjustment under this subsection) for such year shall be reduced by 7 percent; and

“(II) in the case of such a service furnished during 2023 or a subsequent year, the payment amount for such service (including the X-ray component of a packaged service) that would otherwise be determined under this section (without application of this paragraph and before application of any other adjustment under this subsection) for such year shall be reduced by 10 percent.

“(iii) APPLICATION WITHOUT REGARD TO BUDGET NEUTRALITY.—The reductions made under this subparagraph—

“(I) shall not be considered an adjustment under paragraph (2)(E); and

“(II) shall not be implemented in a budget neutral manner.

“(iv) IMPLEMENTATION.—In order to implement this subparagraph, the Secretary shall adopt appropriate mechanisms which may include use of modifiers.”.

SEC. 503. LIMITING FEDERAL MEDICAID REIMBURSEMENT TO STATES FOR DURABLE MEDICAL EQUIPMENT (DME) TO MEDICARE PAYMENT RATES.

(a) MEDICAID REIMBURSEMENT.—

(1) IN GENERAL.—Section 1903(i) of the Social Security Act (42 U.S.C. 1396b(i)) is amended—

(A) in paragraph (25), by striking “or” at the end;

(B) in paragraph (26), by striking the period at the end and inserting “; or”; and

(C) by inserting after paragraph (26) the following new paragraph:

“(27) with respect to any amounts expended by the State on the basis of a fee schedule for items described in section

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1861(n) and furnished on or after January 1, 2019, as determined

in the aggregate with respect to each class of such items as defined by the Secretary, in excess of the aggregate amount, if any, that would be paid for such items within such class on a fee-for-service basis under the program under part B of title XVIII, including, as applicable, under a competitive acquisition program under section 1847 in an area of the State.”.

(2) RULE OF CONSTRUCTION.—Nothing in the amendments made by paragraph (1) shall be construed to prohibit a State Medicaid program from providing medical assistance for durable medical equipment for which payment is denied or not available under the Medicare program under title XVIII of such Act.

(b) EVALUATING APPLICATION OF DME PAYMENT LIMITS UNDER MEDICAID.—The Secretary of Health and Human Services shall evaluate the impact of applying Medicare payment rates with respect to payment for durable medical equipment under the Medicaid

program under section 1903(i)(27) of the Social Security Act, as inserted by subsection (a)(1)(C). The Secretary shall make available to the public the results of such evaluation.

SEC. 504. TREATMENT OF DISPOSABLE DEVICES.

(a) IN GENERAL.—Section 1834 of the Social Security Act (42 U.S.C. 1395m) is amended by adding at the end the following new subsection:

“(s) PAYMENT FOR APPLICABLE DISPOSABLE DEVICES.—

“(1) SEPARATE PAYMENT.—The Secretary shall make a payment (separate from the payments otherwise made under section 1895) in the amount established under paragraph (3) to a home health agency for an applicable disposable device (as defined in paragraph (2)) when furnished on or after January 1, 2017, to an individual who receives home health services for which payment is made under section 1895(b).

“(2) APPLICABLE DISPOSABLE DEVICE.—In this subsection, the term applicable disposable device means a disposable device that, as determined by the Secretary, is—

“(A) a disposable negative pressure wound therapy device that is an integrated system comprised of a nonmanual vacuum pump, a receptacle for collecting exudate, and dressings for the purposes of wound therapy; and

“(B) a substitute for, and used in lieu of, a negative pressure wound therapy durable medical equipment item that is an integrated system of a negative pressure vacuum

pump, a separate exudate collection canister, and dressings that would otherwise be covered for individuals for such wound therapy.

“(3) PAYMENT AMOUNT.—The separate payment amount established under this paragraph for an applicable disposable device for a year shall be equal to the amount of the payment that would be made under section 1833(t) (relating to payment for covered OPD services) for the year for the Level I Healthcare Common Procedure Coding System (HCPCS) code for which the description for a professional service includes the furnishing of such device.”.

(b) CONFORMING AMENDMENTS.—

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(1) COINSURANCE.—Section 1833(a)(1) of the Social Security

Act (42 U.S.C. 1395l(a)(1)) is amended—

(A) by striking “and (Z)” and inserting “(Z)”; and

(B) by inserting before the semicolon at the end the following: “, and (AA) with respect to an applicable disposable device (as defined in paragraph (2) of section 1834(s)) furnished to an individual pursuant to paragraph (1) of such section, the amount paid shall be equal to 80 percent of the lesser of the actual charge or the amount determined under paragraph (3) of such section”.

(2) HOME HEALTH.—Section 1861(m)(5) of the Social Security

Act (42 U.S.C. 1395x(m)(5)) is amended by inserting “and

applicable disposable devices (as defined in section 1834(s)(2))”

after “durable medical equipment”.

(c) REPORTS.—

(1) GAO STUDY AND REPORT ON DISPOSABLE DEVICES.—

(A) STUDY.—The Comptroller General of the United States shall conduct a study on the value of disposable devices to the Medicare program and Medicare beneficiaries and the role of disposable devices as substitutes for durable medical equipment. Such study shall address the following:

(i) The types of disposable devices that could potentially qualify as being substitutes for durable medical equipment under the Medicare program, the similarities and differences between such disposable devices and the durable medical equipment for which they would be a substitute, and the extent to which other payers, including the Medicaid program and private payers, cover such disposable devices.

(ii) Views of, and information from, medical device manufacturers, providers of services, and suppliers on the incentives and disincentives under current Medicare coverage and payment policies for disposable devices that are substitutes for durable medical equipment and how such policies affect manufacturers’ decisions to develop innovative products and providers’ and suppliers’ decisions to use such products.

(iii) Implications of expanding coverage under the Medicare program to include additional disposable devices that are substitutes for durable medical equipment.

(iv) Payment methodologies that could be used to pay for disposable devices that are substitutes for durable medical equipment other than applicable disposable devices pursuant to the amendments made by subsections (a) and (b).

(v) Other applicable areas determined appropriate by the Comptroller General.

(B) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Comptroller General of the United States shall submit to Congress and the Secretary of Health and Human Services a report on the study conducted under subparagraph (A), together with recommendations for such legislation and administrative action as the Comptroller General determines to be appropriate.

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(2) GAO STUDY AND REPORT ON THE IMPACT OF THE PAYMENT OF APPLICABLE DISPOSABLE DEVICES.—

(A) STUDY.—The Comptroller General of the United States shall conduct a study on the impact of the payment for applicable disposable devices (as defined in section

1834(s)(2) of the Social Security Act) under the provisions of, and the amendments made by, subsections (a) and (b).

Such study shall address the following:

(i) The impact on utilization and Medicare program and beneficiary spending as a result of such provisions and amendments.

(ii) The type of Medicare beneficiaries who, under the home health benefit, use the applicable disposable device and the period of use of the applicable disposable devices compared to the beneficiaries who use the substitute durable medical equipment and their period of use.

(iii) How payment rates of other payers, including the Medicaid program and private payers, for applicable disposable devices compare to the payment rates for such devices under such provisions and amendments.

(iv) Other applicable areas determined appropriate by the Comptroller General.

(B) REPORT.—Not later than 4 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit to Congress and the Secretary of Health and Human Services a report on the study conducted under subparagraph (A), together with recommendations for such legislation and administrative

action as the Comptroller General determines to be appropriate.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to items furnished on or after January 1, 2017.