

.....
(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend title XVIII of the Social Security Act to improve risk adjustment
under Medicare Advantage, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mrs. SPARTZ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend title XVIII of the Social Security Act to improve
risk adjustment under Medicare Advantage, 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 “Stopping Medicare
5 Abuses to Restore Trust in Health Care Act” or the
6 “SMART Health Care Act”.

1 **SEC. 2. IMPROVING RISK ADJUSTMENT UNDER MEDICARE**
2 **ADVANTAGE.**

3 Section 1853(a)(3)(C)(iii) of the Social Security Act
4 (42 U.S.C. 1395w-23(a)(3)(C)(iii)) is amended—

5 (1) by striking “METHODOLOGY.—Such risk”
6 and inserting “METHODOLOGY.—

7 “(I) IN GENERAL.—Subject to
8 subclause (II), such risk”; and

9 (2) by adding at the end the following new sub-
10 clauses:

11 “(II) USE OF HEALTH STATUS
12 DATA.—For 2026 and each subse-
13 quent year, the Secretary shall use 2
14 years of diagnostic data (when avail-
15 able) under such risk adjustment
16 methodology.”.

17 **SEC. 3. PROMOTING MEDICARE SITE-NEUTRAL PAYMENTS.**

18 (a) IN GENERAL.—Section 1833(t)(21) of the Social
19 Security Act (42 U.S.C. 1395l(t)(21)) is amended—

20 (1) by redesignating subparagraph (E) as sub-
21 paragraph (F); and

22 (2) by inserting after subparagraph (D) the fol-
23 lowing new subparagraphs:

24 “(E) SUNSET OF CERTAIN EXCEPTIONS.—
25 The provisions of clauses (ii) and (iv) of sub-
26 paragraph (B) shall not apply with respect to

1 applicable items and services furnished on or
2 after January 1, 2026.”.

3 (b) ON-CAMPUS OUTPATIENT DEPARTMENTS.—Sec-
4 tion 1833(t) of the Social Security Act is amended—

5 (1) in paragraph (1)(B)—

6 (A) in cause (iv), by striking “and” at the
7 end;

8 (B) in cause (v), by striking the period at
9 the end and inserting “; and”; and

10 (C) by inserting at the end the following
11 new clause:

12 “(vi) does not include applicable items
13 and services (as defined in subparagraph
14 (A) of paragraph (23)); and”; and

15 (2) by adding at the end the following new
16 paragraph:

17 “(23) SERVICES FURNISHED BY AN ON-CAMPUS
18 OUTPATIENT DEPARTMENT OF A PROVIDER.—

19 “(A) APPLICABLE ITEMS AND SERVICES.—

20 For purposes of paragraph (1)(B)(v) and this
21 paragraph, the term ‘applicable items and serv-
22 ices’ means items and services other than items
23 and services furnished by a dedicated emer-
24 gency department (as defined in section

1 489.24(b) of title 42 of the Code of Federal
2 Regulations).

3 “(B) ON-CAMPUS OUTPATIENT DEPART-
4 MENT OF A PROVIDER.—

5 “(i) IN GENERAL.—On-campus out-
6 patient department of a provider—

7 “(I) on the campus (as defined in
8 such section 413.65(a)(2) of title 42,
9 Code of Federal Regulations) of such
10 provider; or

11 “(II) within the distance (de-
12 scribed in such definition of campus)
13 from a remote location of a hospital
14 facility (as defined in such section
15 413.65(a)(2) of title 42, Code of Fed-
16 eral Regulations).

17 “(ii) EXCEPTION FOR CERTAIN HOS-
18 PITALS LOCATED IN RURAL OR MEDICALLY
19 UNDERSERVED AREAS.—For purposes of
20 paragraph (1)(B)(vi) and this paragraph
21 with respect to applicable items and serv-
22 ices, the term ‘on-campus outpatient de-
23 partment of a provider’ shall not include a
24 department of a provider (as so defined) if
25 the provider is:

1 “(I) A critical access hospital (as
2 defined in section 1861(mm)(1)).

3 “(II) A sole community hospital
4 (as defined in section
5 1886(d)(5)(D)(iii)).

6 “(III) A Medicare-dependent,
7 small rural hospital (as defined in sec-
8 tion 1886(d)(5)(G)(iv)).

9 “(IV) Any other hospital that is
10 located in a rural area (as defined in
11 section 1886(d)(2)(D)).

12 “(C) AVAILABILITY OF PAYMENT UNDER
13 OTHER PAYMENT SYSTEMS.—With respect to
14 items and services furnished in an on-campus
15 provider-based department, payment under this
16 section for such items and services shall be the
17 amount determined under the fee schedule
18 under section 1848 for such items and services
19 furnished if furnished in a physician office set-
20 ting.”.

21 **SEC. 4. INCREASING MEDICARE ACCESS FOR RURAL COM-**
22 **MUNITIES BY PHYSICIAN-OWNED HOSPITALS.**

23 Section 1877(d) of the Social Security Act (42 U.S.C.
24 1395nn(d)) is amended by striking paragraph (2) and in-
25 serting the following:

1 “(2) RURAL PROVIDERS.—In the case of des-
2 ignated health services furnished in a rural area (as
3 defined in section 1886(d)(2)(D)) by an entity, if
4 substantially all of the designated health services
5 furnished by the entity are furnished to individuals
6 residing in such a rural area.”.

7 **SEC. 5. MAKING DRUGS MORE AFFORDABLE FOR MEDI-**
8 **CARE PATIENTS.**

9 Section 340B(a)(5) of the Public Health Service Act
10 (42 U.S.C. 256b(a)(5)) is amended—

11 (1) in subparagraph (C), by striking “subpara-
12 graphs (A) or (B)” and inserting “subparagraph
13 (A), (B), or (E)”;

14 (2) in subparagraph (D), by striking “subpara-
15 graphs (A) or (B)” and inserting “subparagraph
16 (A), (B), or (E)”;

17 (3) by adding at the end the following:

18 “(E) REQUIREMENT TO PROVIDE DRUG
19 DISCOUNTS TO PATIENTS.—

20 “(i) IN GENERAL.—A covered entity
21 shall ensure that each patient who receives
22 a covered outpatient drug from such cov-
23 ered entity is provided such drug at a price
24 that does not exceed the price at which the
25 covered entity purchased the drug in ac-

1 cordance with paragraph (1), less any ad-
2 ditional discounts or rebates received by
3 the covered entity with respect to the drug.

4 “(ii) ESTABLISHMENT OF MECHA-
5 NISM.—The Secretary shall establish a
6 mechanism—

7 “(I) ensure that covered entities
8 comply with clause (i);

9 “(II) adjust reimbursement rates
10 for covered entities for certain out-
11 patient prescription drugs provided by
12 hospitals to Medicare patients under
13 section 1395l(t)(14)(A)(iii); and

14 “(III) report the total amount
15 paid and the total amount received for
16 covered outpatient drugs under this
17 subsection.

18 “(iii) PUBLIC REPORTING.—The Sec-
19 retary shall make the information reported
20 under subclause (ii)(III) publicly avail-
21 able.”.

22 **SEC. 6. IMPROVING QUALITY OF CARE AT THE SKILLED**
23 **NURSING FACILITIES.**

24 Section 1888(e)(6) of the Social Security Act (42
25 U.S.C. 1395yy(e)(6)) is amended by inserting “(or, with

1 respect to fiscal year 2025 or a subsequent fiscal year,
2 by between 2 and 5 percentage points (as determined ap-
3 propriate by the Secretary))” after “2 percentage points”.