

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To amend title XVIII of the Social Security Act to ensure stability for provider payments under the Medicare program.

IN THE HOUSE OF REPRESENTATIVES

Mr. MURPHY introduced the following bill; which was referred to the Committee on _____

A BILL

To amend title XVIII of the Social Security Act to ensure stability for provider payments under the Medicare program.

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 “Provider Reimburse-
5 ment Stability Act of 2025”.

6 **SEC. 2. UPDATING THE BUDGET NEUTRALITY THRESHOLD.**

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

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

3 “(aa) IN GENERAL.—Sub-
4 ject to”;

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

8 (3) by adding at the end the following new
9 items:

10 “(bb) AMOUNT SPECI-
11 FIED.—For purposes of item
12 (aa), subject to item (cc), the
13 amount specified in this item
14 is—

15 “(AA) for years before
16 2027, \$20,000,000;

17 “(BB) for 2027,
18 \$54,300,000; and

19 “(CC) for 2028 and
20 each subsequent year, the
21 amount specified in this
22 item for the preceding year.

23 “(cc) INDEXING LIMITATION
24 ON ANNUAL ADJUSTMENTS.—For
25 2032 and every subsequent fifth

1 year, the Secretary shall increase
2 the amount specified in item (bb)
3 for such year by the cumulative
4 percentage increase in the MEI
5 (as defined in section 1842(i)(3))
6 applicable to physicians' services
7 for each year occurring during
8 the 5-year period ending on the
9 last day of the preceding year.”.

10 **SEC. 3. BUDGET NEUTRALITY CORRECTIONS RELATING TO**
11 **ESTIMATED UTILIZATION.**

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

15 “(vii) BUDGET NEUTRALITY CORREC-
16 TIONS RELATING TO ESTIMATED UTILIZA-
17 TION.—

18 “(I) IN GENERAL.—In the case
19 of a budget neutrality adjustment ap-
20 plied pursuant to clause (ii)(II) for a
21 year (beginning with 2027) that is de-
22 termined in part using estimated utili-
23 zation (as defined in subclause
24 (II)(bb)) with respect to a specified
25 service (as defined in subclause

1 (II)(cc)), the Secretary shall, as part
2 of the final rule establishing the phy-
3 sician fee schedule under this section
4 for the assumption correction period
5 (as defined in subclause (II)(aa)) with
6 respect to such year—

7 “(aa) determine the dif-
8 ference between expenditures for
9 such service in such year using
10 estimated utilization and actual
11 utilization for such service (in a
12 manner determined appropriate
13 by the Secretary); and

14 “(bb) in the case that the
15 Secretary determines the dif-
16 ference described in item (aa) is
17 greater than the threshold
18 amount (as defined in subclause
19 (II)(dd)) for such year, adjust
20 the conversion factor under this
21 section for such assumption cor-
22 rection period by such amount to
23 reconcile such difference (which
24 may be positive or negative), as
25 determined by the Secretary.

1 “(II) DEFINITIONS.—For pur-
2 poses of this clause:

3 “(aa) ASSUMPTION CORREC-
4 TION PERIOD.—The term ‘as-
5 sumption correction period’
6 means, with respect to a year,
7 the second year beginning after
8 such year.

9 “(bb) ESTIMATED UTILIZA-
10 TION.—The term ‘estimated utili-
11 zation’ means an estimate of uti-
12 lization used for purposes of ap-
13 plying clause (ii)(II).

14 “(cc) SPECIFIED SERVICE.—
15 The term ‘specified service’
16 means, with respect to a year, a
17 service—

18 “(AA) with expected ex-
19 penditures for such year
20 under this part based on es-
21 timated utilization that ex-
22 ceed the threshold amount
23 (as defined in item (dd)) for
24 such year; and

1 “(BB) for which pay-
2 ment had been bundled into
3 payment for another service
4 during the preceding year
5 and for which a separate
6 payment or add-on payment
7 is made during such year.

8 “(dd) THRESHOLD
9 AMOUNT.—The term ‘threshold
10 amount’ means, with respect to a
11 year, 0.1 percent of the total esti-
12 mated expenditures under this
13 part for services furnished under
14 this section during such year.”.

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

19 (1) in clause (iv)—

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

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

24 (C) by adding at the end the following new
25 subclause:

1 “(VII) clause (vii)(I)(bb) for an
2 assumption correction period (as de-
3 fined in clause (vii)(II)) shall not be
4 taken into account in applying clause
5 (ii)(II) with respect to such period.”;
6 and

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

9 “(XII) REDUCTIONS ATTRIB-
10 UTABLE TO AN ASSUMPTION CORREC-
11 TION.—For an assumption correction
12 period (as defined in clause (vii)(II)),
13 reduced expenditures attributable to
14 application of clause (vii)(I)(bb) with
15 respect to such period.”.

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

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

22 “(viii) TIMELY UPDATES TO DIRECT
23 COSTS USED TO CALCULATE PRACTICE EX-
24 PENSE RELATIVE VALUE UNITS.—

1 “(I) SIMULTANEOUS UPDATES TO
2 DIRECT COST INPUTS AT LEAST ONCE
3 EVERY 5 YEARS.—The Secretary shall,
4 not less often than every 5 years, up-
5 date the prices and rates, as applica-
6 ble, on a category-wide basis for each
7 of the categories of direct cost inputs
8 described in subclause (II) used in the
9 methodology for calculating the prac-
10 tice expense relative value units under
11 this subsection for physicians’ serv-
12 ices. Updates made pursuant to the
13 previous sentence shall be made in the
14 same year for all categories of direct
15 cost inputs described in such sub-
16 clause.

17 “(II) DIRECT COST INPUTS CAT-
18 EGORIES DESCRIBED.—For purposes
19 of this clause, the categories of direct
20 cost inputs described in this subclause
21 are clinical staff wage rates, prices of
22 medical supplies, prices of equipment,
23 and any other category of such inputs
24 used in the methodology described in

1 subclause (I) (as specified by the Sec-
2 retary).

3 “(III) CONSULTATION.—In mak-
4 ing the updates under this clause, the
5 Secretary shall consult with relevant
6 stakeholders, including physician spe-
7 cialty societies.”.

8 **SEC. 5. LIMITATION ON YEAR-TO-YEAR CONVERSION FAC-**
9 **TOR VARIANCE.**

10 Section 1848(c)(2)(B) of the Social Security Act (42
11 U.S.C. 1395w-4(c)(2)(B)), as amended by sections 3 and
12 4, is further amended by adding at the end the following
13 new clause:

14 “(ix) LIMITATION ON CONVERSION
15 FACTOR VARIANCE.—

16 “(I) IN GENERAL.—Beginning
17 with 2027, the Secretary may not, for
18 purposes of complying with clause
19 (ii)(II), apply a budget neutrality ad-
20 justment to a conversion factor estab-
21 lished under subsection (d) for such
22 year that would cause such factor, not
23 taking into account any adjustment to
24 such factor for such year provided
25 under such subsection, to vary by

1 more than 2.5 percent compared to
2 such factor so established for the pre-
3 ceding year.

4 “(II) CONTINUED APPLICABILITY
5 OF BUDGET NEUTRALITY REQUIRE-
6 MENT.—Nothing in subclause (I) may
7 be construed to alter the requirement
8 described in clause (ii)(II).”