

107TH CONGRESS
2^D SESSION

S. 3041

To require the Secretary of Health and Human Services to conduct a study and submit a report to Congress on new technology payments under the medicare prospective payment system for hospital outpatient department services.

IN THE SENATE OF THE UNITED STATES

OCTOBER 3, 2002

Mr. HATCH introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To require the Secretary of Health and Human Services to conduct a study and submit a report to Congress on new technology payments under the medicare prospective payment system for hospital outpatient department services.

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. STUDY AND REPORT ON NEW TECHNOLOGY**
4 **PAYMENTS UNDER THE PROSPECTIVE PAY-**
5 **MENT SYSTEM FOR HOSPITAL OUTPATIENT**
6 **DEPARTMENT SERVICES.**

7 (a) STUDY.—

1 (1) IN GENERAL.—The Secretary of Health and
2 Human Services (in this section referred to as the
3 “Secretary”) shall conduct a study of the methods
4 by which new medical devices, new drugs,
5 biologicals, and other new technologies are recog-
6 nized for payment under the hospital outpatient de-
7 partment prospective payment system established
8 under section 1833(t) of the Social Security Act (42
9 U.S.C. 1395l(t)) and on possible changes to those
10 methods.

11 (2) ISSUES EXAMINED.—The study conducted
12 under paragraph (1) shall examine the following:

13 (A) The experience to date of the transi-
14 tional pass-through payment mechanism for ad-
15 ditional costs of innovative medical devices,
16 drugs, and biologicals (provided under section
17 1833(t)(6) of the Social Security Act (42
18 U.S.C. 1395l(t)(6))) and of the provision for
19 new technology ambulatory payment classifica-
20 tions provided through regulations. In par-
21 ticular, the study should examine the effect of
22 such payment mechanism on access of medicare
23 beneficiaries to orphan and single source drugs.

24 (B) The impact of transitional pass-
25 through payments of payment rates for proce-

1 dures not using new medical devices, drugs,
2 biologicals, and other new technologies.

3 (C) The impact of transitional pass-
4 through payments on various types of hospitals,
5 including teaching hospitals, rural hospitals,
6 and small urban hospitals.

7 (D) The extent to which additional pay-
8 ments are necessary to facilitate access to im-
9 proved treatments by medicare beneficiaries.

10 (3) OPTIONS CONSIDERED.—In conducting the
11 study under paragraph (1), the Secretary shall con-
12 sider the following options:

13 (A) Statutory, regulatory, or administra-
14 tive changes that may be desirable to assure ap-
15 propriate recognition of the costs to hospitals of
16 delivering such services. In considering such
17 changes, the Secretary shall take into account
18 the effect of such changes on the payment for
19 new technology services, on payment for serv-
20 ices that do not employ such technology serv-
21 ices, and on administrative resources of both
22 the Department of Health and Human Services
23 and hospitals that may be necessary to imple-
24 ment various changes in a reliable fashion.

1 (B) Appropriate methods for assuring that
2 decisions concerning the eligibility of new tech-
3 nologies for additional payment are made and
4 implemented expeditiously (including possible
5 methods for shortening the interval between ap-
6 proval of a technology by the Food and Drug
7 Administration and commencement of addi-
8 tional payment in instances when a new tech-
9 nology qualifies for such payment) and for as-
10 suring that additional payments are directed to
11 those services that add value for medicare bene-
12 ficiaries by comparison to other technologies for
13 which they may substitute.

14 (C) Methods of setting additional payment
15 rates that may reasonably reflect hospital costs
16 in furnishing new technology services, including
17 alternatives to pricing new drugs based on aver-
18 age wholesale price.

19 (D) Methods for appropriately reflecting
20 the costs of new technology services in payment
21 rates under the hospital outpatient department
22 prospective payment system after the period
23 during which additional payments are made.

24 (b) REPORT.—Not later than July 1, 2003, the Sec-
25 retary shall submit a report on the study conducted under

1 paragraph (1) to the Committee on Ways and Means and
2 the Committee on Energy and Commerce of the House
3 of Representatives and the Committee on Finance of the
4 Senate together with such recommendations for legislative
5 and administrative action as the Secretary determines ap-
6 propriate.

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