

108TH CONGRESS  
2D SESSION

# S. 2906

To amend title XVIII of the Social Security Act to provide for reductions in the medicare part B premium through elimination of certain overpayments to Medicare Advantage organizations.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 6, 2004

Mr. BINGAMAN (for himself, Ms. MIKULSKI, Mr. GRAHAM of Florida, Mr. CORZINE, Mr. HARKIN, Mr. DURBIN, Mr. FEINGOLD, Mr. ROCKEFELLER, and Mr. KOHL) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XVIII of the Social Security Act to provide for reductions in the medicare part B premium through elimination of certain overpayments to Medicare Advantage organizations.

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 “Affordability in Medi-  
5 care Premiums Act of 2004”.

1 **SEC. 2. REDUCTION OF MEDICARE PART B PREMIUM FOR**  
2 **INDIVIDUALS NOT ENROLLED IN A MEDI-**  
3 **CARE ADVANTAGE PLAN.**

4 Section 1839(a) of the Social Security Act (42 U.S.C.  
5 1395r(a)) is amended—

6 (1) in paragraph (3), in the first sentence, by  
7 striking “The Secretary” and inserting “Subject to  
8 paragraph (5), the Secretary”; and

9 (2) by adding at the end the following new  
10 paragraph:

11 “(5)(A) For each year (beginning with 2005), the  
12 Secretary shall reduce the monthly premium rate deter-  
13 mined under paragraph (3) for each month in the year  
14 for individuals who are not enrolled in a Medicare Advan-  
15 tage plan (including such individuals subject to an in-  
16 creased premium under subsection (b) or (i)) so that the  
17 aggregate amount of such reductions in the year is equal  
18 to the aggregate amount of reduced expenditures from the  
19 Federal Supplementary Medicare Insurance Trust Fund  
20 that the Secretary estimates would result in the year if  
21 the annual Medicare+Choice capitation rate for the year  
22 was equal to the amount specified under subparagraph  
23 (D) of section 1853(c)(1), and not subparagraph (A), (B),  
24 or (C) of such section.

25 “(B) In order to carry out subsections (a)(1) and  
26 (b)(1) of section 1840, the Secretary shall transmit to the

1 Commissioner of Social Security and the Railroad Retirement Board by the beginning of each year (beginning with  
 2 2005), such information determined appropriate by the  
 3 Secretary, in consultation with the Commissioner of Social  
 4 Security and the Railroad Retirement Board, regarding  
 5 the amount of the monthly premium rate determined  
 6 under paragraph (3) for individuals after the application  
 7 of subparagraph (A).”.

9 **SEC. 3. FUNDING REDUCTIONS IN THE MEDICARE PART B**  
 10 **PREMIUM THROUGH REDUCTIONS IN PAY-**  
 11 **MENTS TO MEDICARE ADVANTAGE ORGANI-**  
 12 **ZATIONS.**

13 Section 1839(a) of the Social Security Act (42 U.S.C.  
 14 1395r(a)), as amended by section 2, is amended—

15 (1) in paragraph (3), in the first sentence, by  
 16 striking “paragraph (5)” and inserting “paragraphs  
 17 (5) and (6)”; and

18 (2) by adding at the end the following new  
 19 paragraph:

20 “(6) For each year (beginning with 2005), the Sec-  
 21 retary shall reduce the monthly premium rate determined  
 22 under paragraph (3) for each month in the year for each  
 23 individual enrolled under this part (including such an indi-  
 24 vidual subject to an increased premium under subsection

1 (b) or (i)) so that the aggregate amount of such reductions  
 2 in the year is equal to an amount equal to—

3 “(A) the aggregate amount of reduced expendi-  
 4 tures from the Federal Supplementary Medicare In-  
 5 surance Trust Fund in the year that the Secretary  
 6 estimates will result from the provisions of, and the  
 7 amendments made by, sections 4 and 5 of the Af-  
 8 fordability in Medicare Premiums Act of 2004;  
 9 minus

10 “(B) the aggregate amount of reductions in the  
 11 monthly premium rate in the year pursuant to para-  
 12 graph (5)(A).”.

13 **SEC. 4. APPLICATION OF RISK ADJUSTMENT REFLECTING**  
 14 **CHARACTERISTICS FOR THE ENTIRE MEDI-**  
 15 **CARE POPULATION IN PAYMENTS TO MEDI-**  
 16 **CARE ADVANTAGE ORGANIZATIONS.**

17 Effective January 1, 2005, in applying risk adjust-  
 18 ment factors to payments to organizations under section  
 19 1853 of the Social Security Act (42 U.S.C. 1395w–23),  
 20 the Secretary of Health and Human Services shall ensure  
 21 that payments to such organizations are adjusted based  
 22 on such factors to ensure that the health status of the  
 23 enrollee is reflected in such adjusted payments, including  
 24 adjusting for the difference between the health status of  
 25 the enrollee and individuals enrolled under the original

1 medicare fee-for-service program under parts A and B of  
2 title XVIII of such Act. Payments to such organizations  
3 must, in aggregate, reflect such differences.

4 **SEC. 5. ELIMINATION OF MA REGIONAL PLAN STABILIZA-**  
5 **TION FUND (SLUSH FUND).**

6 Subsection (e) of section 1858 of the Social Security  
7 Act (42 U.S.C. 1395w-27a), as added by section 221(c)  
8 of the Medicare Prescription Drug, Improvement, and  
9 Modernization Act of 2003 (Public Law 108-173), is re-  
10 pealed.

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