

and of individuals enrolled under this part [probably means part B of title XVIII of the Social Security Act, 42 U.S.C. 1395j et seq.], and information comparing prices for drugs and biologicals under such section and section 1847A of such Act [42 U.S.C. 1395w-3a], as added by subsection (c).”

APPLICATION OF 2003 AMENDMENT TO PHYSICIAN  
SPECIALTIES

Amendment by section 303 of Pub. L. 108-173, insofar as applicable to payments for drugs or biologicals and drug administration services furnished by physicians, is applicable only to physicians in the specialties of hematology, hematology/oncology, and medical oncology under this subchapter, see section 303(j) of Pub. L. 108-173, set out as a note under section 1395u of this title.

Notwithstanding section 303(j) of Pub. L. 108-173 (see note above), amendment by section 303 of Pub. L. 108-173 also applicable to payments for drugs or biologicals and drug administration services furnished by physicians in specialties other than the specialties of hematology, hematology/oncology, and medical oncology, see section 304 of Pub. L. 108-173, set out as a note under section 1395u of this title.

**§ 1395w-4. Payment for physicians' services**

**(a) Payment based on fee schedule**

**(1) In general**

Effective for all physicians' services (as defined in subsection (j)(3) of this section) furnished under this part during a year (beginning with 1992) for which payment is otherwise made on the basis of a reasonable charge or on the basis of a fee schedule under section 1395m(b) of this title, payment under this part shall instead be based on the lesser of—

(A) the actual charge for the service, or

(B) subject to the succeeding provisions of this subsection, the amount determined under the fee schedule established under subsection (b) of this section for services furnished during that year (in this subsection referred to as the “fee schedule amount”).

**(2) Transition to full fee schedule**

**(A) Limiting reductions and increases to 15 percent in 1992**

**(i) Limit on increase**

In the case of a service in a fee schedule area (as defined in subsection (j)(2) of this section) for which the adjusted historical payment basis (as defined in subparagraph (D)) is less than 85 percent of the fee schedule amount for services furnished in 1992, there shall be substituted for the fee schedule amount an amount equal to the adjusted historical payment basis plus 15 percent of the fee schedule amount otherwise established (without regard to this paragraph).

**(ii) Limit in reduction**

In the case of a service in a fee schedule area for which the adjusted historical payment basis exceeds 115 percent of the fee schedule amount for services furnished in 1992, there shall be substituted for the fee schedule amount an amount equal to the adjusted historical payment basis minus 15 percent of the fee schedule amount otherwise established (without regard to this paragraph).

**(B) Special rule for 1993, 1994, and 1995**

If a physicians' service in a fee schedule area is subject to the provisions of subparagraph (A) in 1992, for physicians' services furnished in the area—

(i) during 1993, there shall be substituted for the fee schedule amount an amount equal to the sum of—

(I) 75 percent of the fee schedule amount determined under subparagraph (A), adjusted by the update established under subsection (d)(3) of this section for 1993, and

(II) 25 percent of the fee schedule amount determined under paragraph (1) for 1993 without regard to this paragraph;

(ii) during 1994, there shall be substituted for the fee schedule amount an amount equal to the sum of—

(I) 67 percent of the fee schedule amount determined under clause (i), adjusted by the update established under subsection (d)(3) of this section for 1994 and as adjusted under subsection (c)(2)(F)(ii) of this section and under section 13515(b) of the Omnibus Budget Reconciliation Act of 1993, and

(II) 33 percent of the fee schedule amount determined under paragraph (1) for 1994 without regard to this paragraph; and

(iii) during 1995, there shall be substituted for the fee schedule amount an amount equal to the sum of—

(I) 50 percent of the fee schedule amount determined under clause (ii) adjusted by the update established under subsection (d)(3) of this section for 1995, and

(II) 50 percent of the fee schedule amount determined under paragraph (1) for 1995 without regard to this paragraph.

**(C) Special rule for anesthesia and radiology services**

With respect to physicians' services which are anesthesia services, the Secretary shall provide for a transition in the same manner as a transition is provided for other services under subparagraph (B). With respect to radiology services, “109 percent” and “9 percent” shall be substituted for “115 percent” and “15 percent”, respectively, in subparagraph (A)(ii).

**(D) “Adjusted historical payment basis” defined**

**(i) In general**

In this paragraph, the term “adjusted historical payment basis” means, with respect to a physicians' service furnished in a fee schedule area, the weighted average prevailing charge applied in the area for the service in 1991 (as determined by the Secretary without regard to physician specialty and as adjusted to reflect payments for services with customary charges below the prevailing charge or other payment

limitations imposed by law or regulation) adjusted by the update established under subsection (d)(3) of this section for 1992.

**(ii) Application to radiology services**

In applying clause (i) in the case of physicians' services which are radiology services (including radiologist services, as defined in section 1395m(b)(6) of this title), but excluding nuclear medicine services that are subject to section 6105(b) of the Omnibus Budget Reconciliation Act of 1989, there shall be substituted for the weighted average prevailing charge the amount provided under the fee schedule established for the service for the fee schedule area under section 1395m(b) of this title.

**(iii) Nuclear medicine services**

In applying clause (i) in the case of physicians' services which are nuclear medicine services, there shall be substituted for the weighted average prevailing charge the amount provided under section 6105(b) of the Omnibus Budget Reconciliation Act of 1989.

**(3) Incentives for participating physicians and suppliers**

In applying paragraph (1)(B) in the case of a nonparticipating physician or a nonparticipating supplier or other person, the fee schedule amount shall be 95 percent of such amount otherwise applied under this subsection (without regard to this paragraph). In the case of physicians' services (including services which the Secretary excludes pursuant to subsection (j)(3) of this section) of a nonparticipating physician, supplier, or other person for which payment is made under this part on a basis other than the fee schedule amount, the payment shall be based on 95 percent of the payment basis for such services furnished by a participating physician, supplier, or other person.

**(4) Special rule for medical direction**

**(A) In general**

With respect to physicians' services furnished on or after January 1, 1994, and consisting of medical direction of two, three, or four concurrent anesthesia cases, except as provided in paragraph (5), the fee schedule amount to be applied shall be equal to one-half of the amount described in subparagraph (B).

**(B) Amount**

The amount described in this subparagraph, for a physician's medical direction of the performance of anesthesia services, is the following percentage of the fee schedule amount otherwise applicable under this section if the anesthesia services were personally performed by the physician alone:

- (i) For services furnished during 1994, 120 percent.
- (ii) For services furnished during 1995, 115 percent.
- (iii) For services furnished during 1996, 110 percent.

(iv) For services furnished during 1997, 105 percent.

(v) For services furnished after 1997, 100 percent.

**(5) Incentives for electronic prescribing**

**(A) Adjustment**

**(i) In general**

Subject to subparagraph (B) and subsection (m)(2)(B), with respect to covered professional services furnished by an eligible professional during 2012, 2013 or 2014, if the eligible professional is not a successful electronic prescriber for the reporting period for the year (as determined under subsection (m)(3)(B)), the fee schedule amount for such services furnished by such professional during the year (including the fee schedule amount for purposes of determining a payment based on such amount) shall be equal to the applicable percent of the fee schedule amount that would otherwise apply to such services under this subsection (determined after application of paragraph (3) but without regard to this paragraph).

**(ii) Applicable percent**

For purposes of clause (i), the term "applicable percent" means—

- (I) for 2012, 99 percent;
- (II) for 2013, 98.5 percent; and
- (III) for 2014, 98 percent.

**(B) Significant hardship exception**

The Secretary may, on a case-by-case basis, exempt an eligible professional from the application of the payment adjustment under subparagraph (A) if the Secretary determines, subject to annual renewal, that compliance with the requirement for being a successful electronic prescriber would result in a significant hardship, such as in the case of an eligible professional who practices in a rural area without sufficient Internet access.

**(C) Application**

**(i) Physician reporting system rules**

Paragraphs (5), (6), and (8) of subsection (k) shall apply for purposes of this paragraph in the same manner as they apply for purposes of such subsection.

**(ii) Incentive payment validation rules**

Clauses (ii) and (iii) of subsection (m)(5)(D) shall apply for purposes of this paragraph in a similar manner as they apply for purposes of such subsection.

**(D) Definitions**

For purposes of this paragraph:

**(i) Eligible professional; covered professional services**

The terms "eligible professional" and "covered professional services" have the meanings given such terms in subsection (k)(3).

**(ii) Physician reporting system**

The term "physician reporting system" means the system established under subsection (k).

**(iii) Reporting period**

The term “reporting period” means, with respect to a year, a period specified by the Secretary.

**(6) Special rule for teaching anesthesiologists**

With respect to physicians’ services furnished on or after January 1, 2010, in the case of teaching anesthesiologists involved in the training of physician residents in a single anesthesia case or two concurrent anesthesia cases, the fee schedule amount to be applied shall be 100 percent of the fee schedule amount otherwise applicable under this section if the anesthesia services were personally performed by the teaching anesthesiologist alone and paragraph (4) shall not apply if—

(A) the teaching anesthesiologist is present during all critical or key portions of the anesthesia service or procedure involved; and

(B) the teaching anesthesiologist (or another anesthesiologist with whom the teaching anesthesiologist has entered into an arrangement) is immediately available to furnish anesthesia services during the entire procedure.

**(7) Incentives for meaningful use of certified EHR technology****(A) Adjustment****(i) In general**

Subject to subparagraphs (B) and (D), with respect to covered professional services furnished by an eligible professional during 2015 or any subsequent payment year, if the eligible professional is not a meaningful EHR user (as determined under subsection (o)(2)) for an EHR reporting period for the year, the fee schedule amount for such services furnished by such professional during the year (including the fee schedule amount for purposes of determining a payment based on such amount) shall be equal to the applicable percent of the fee schedule amount that would otherwise apply to such services under this subsection (determined after application of paragraph (3) but without regard to this paragraph).

**(ii) Applicable percent**

Subject to clause (iii), for purposes of clause (i), the term “applicable percent” means—

(I) for 2015, 99 percent (or, in the case of an eligible professional who was subject to the application of the payment adjustment under subsection (a)(5) for 2014, 98 percent);

(II) for 2016, 98 percent; and

(III) for 2017 and each subsequent year, 97 percent.

**(iii) Authority to decrease applicable percentage for 2018 and subsequent years**

For 2018 and each subsequent year, if the Secretary finds that the proportion of eligible professionals who are meaningful EHR users (as determined under subsection (o)(2)) is less than 75 percent, the

applicable percent shall be decreased by 1 percentage point from the applicable percent in the preceding year, but in no case shall the applicable percent be less than 95 percent.

**(B) Significant hardship exception**

The Secretary may, on a case-by-case basis, exempt an eligible professional from the application of the payment adjustment under subparagraph (A) if the Secretary determines, subject to annual renewal, that compliance with the requirement for being a meaningful EHR user would result in a significant hardship, such as in the case of an eligible professional who practices in a rural area without sufficient Internet access. In no case may an eligible professional be granted an exemption under this subparagraph for more than 5 years.

**(C) Application of physician reporting system rules**

Paragraphs (5), (6), and (8) of subsection (k) shall apply for purposes of this paragraph in the same manner as they apply for purposes of such subsection.

**(D) Non-application to hospital-based eligible professionals**

No payment adjustment may be made under subparagraph (A) in the case of hospital-based eligible professionals (as defined in subsection (o)(1)(C)(ii)).

**(E) Definitions**

For purposes of this paragraph:

**(i) Covered professional services**

The term “covered professional services” has the meaning given such term in subsection (k)(3).

**(ii) EHR reporting period**

The term “EHR reporting period” means, with respect to a year, a period (or periods) specified by the Secretary.

**(iii) Eligible professional**

The term “eligible professional” means a physician, as defined in section 1395x(r) of this title.

**(8) Incentives for quality reporting****(A) Adjustment****(i) In general**

With respect to covered professional services furnished by an eligible professional during 2015 or any subsequent year, if the eligible professional does not satisfactorily submit data on quality measures for covered professional services for the quality reporting period for the year (as determined under subsection (m)(3)(A)), the fee schedule amount for such services furnished by such professional during the year (including the fee schedule amount for purposes of determining a payment based on such amount) shall be equal to the applicable percent of the fee schedule amount that would otherwise apply to such services under this subsection (determined after application of paragraphs (3),

(5), and (7), but without regard to this paragraph).

**(ii) Applicable percent**

For purposes of clause (i), the term “applicable percent” means—

(I) for 2015, 98.5 percent; and

(II) for 2016 and each subsequent year, 98 percent.

**(B) Application**

**(i) Physician reporting system rules**

Paragraphs (5), (6), and (8) of subsection (k) shall apply for purposes of this paragraph in the same manner as they apply for purposes of such subsection.

**(ii) Incentive payment validation rules**

Clauses (ii) and (iii) of subsection (m)(5)(D) shall apply for purposes of this paragraph in a similar manner as they apply for purposes of such subsection.

**(C) Definitions**

For purposes of this paragraph:

**(i) Eligible professional; covered professional services**

The terms “eligible professional” and “covered professional services” have the meanings given such terms in subsection (k)(3).

**(ii) Physician reporting system**

The term “physician reporting system” means the system established under subsection (k).

**(iii) Quality reporting period**

The term “quality reporting period” means, with respect to a year, a period specified by the Secretary.

**(b) Establishment of fee schedules**

**(1) In general**

Before November 1 of the preceding year, for each year beginning with 1998, subject to subsection (p), the Secretary shall establish, by regulation, fee schedules that establish payment amounts for all physicians’ services furnished in all fee schedule areas (as defined in subsection (j)(2) of this section) for the year. Except as provided in paragraph (2), each such payment amount for a service shall be equal to the product of—

(A) the relative value for the service (as determined in subsection (c)(2) of this section),

(B) the conversion factor (established under subsection (d) of this section) for the year, and

(C) the geographic adjustment factor (established under subsection (e)(2) of this section) for the service for the fee schedule area.

**(2) Treatment of radiology services and anesthesia services**

**(A) Radiology services**

With respect to radiology services (including radiologist services, as defined in section 1395m(b)(6) of this title), the Secretary shall base the relative values on the relative value

scale developed under section 1395m(b)(1)(A) of this title, with appropriate modifications of the relative values to assure that the relative values established for radiology services which are similar or related to other physicians’ services are consistent with the relative values established for those similar or related services.

**(B) Anesthesia services**

In establishing the fee schedule for anesthesia services for which a relative value guide has been established under section 4048(b) of the Omnibus Budget Reconciliation Act of 1987, the Secretary shall use, to the extent practicable, such relative value guide, with appropriate adjustment of the conversion factor, in a manner to assure that the fee schedule amounts for anesthesia services are consistent with the fee schedule amounts for other services determined by the Secretary to be of comparable value. In applying the previous sentence, the Secretary shall adjust the conversion factor by geographic adjustment factors in the same manner as such adjustment is made under paragraph (1)(C).

**(C) Consultation**

The Secretary shall consult with the Physician Payment Review Commission and organizations representing physicians or suppliers who furnish radiology services and anesthesia services in applying subparagraphs (A) and (B).

**(3) Treatment of interpretation of electrocardiograms**

The Secretary—

(A) shall make separate payment under this section for the interpretation of electrocardiograms performed or ordered to be performed as part of or in conjunction with a visit to or a consultation with a physician, and

(B) shall adjust the relative values established for visits and consultations under subsection (c) of this section so as not to include relative value units for interpretations of electrocardiograms in the relative value for visits and consultations.

**(4) Special rule for imaging services**

**(A) In general**

In the case of imaging services described in subparagraph (B) furnished on or after January 1, 2007, if—

(i) the technical component (including the technical component portion of a global fee) of the service established for a year under the fee schedule described in paragraph (1) without application of the geographic adjustment factor described in paragraph (1)(C), exceeds

(ii) the Medicare OPD fee schedule amount established under the prospective payment system for hospital outpatient department services under paragraph (3)(D) of section 1395l(t) of this title for such service for such year, determined without regard to geographic adjustment under paragraph (2)(D) of such section,

the Secretary shall substitute the amount described in clause (ii), adjusted by the geographic adjustment factor described in paragraph (1)(C), for the fee schedule amount for such technical component for such year.

**(B) Imaging services described**

For purposes of subparagraph (A), imaging services described in this subparagraph are imaging and computer-assisted imaging services, including X-ray, ultrasound (including echocardiography), nuclear medicine (including positron emission tomography), magnetic resonance imaging, computed tomography, and fluoroscopy, but excluding diagnostic and screening mammography, and for 2010, 2011, and the first 2 months of 2012, dual-energy x-ray absorptiometry services (as described in paragraph (6)).

**(C) Adjustment in imaging utilization rate**

With respect to fee schedules established for 2011, 2012, and 2013, in the methodology for determining practice expense relative value units for expensive diagnostic imaging equipment under the final rule published by the Secretary in the Federal Register on November 25, 2009 (42 CFR 410 et al.), the Secretary shall use a 75 percent assumption instead of the utilization rates otherwise established in such final rule. With respect to fee schedules established for 2014 and subsequent years, in such methodology, the Secretary shall use a 90 percent utilization rate.

**(D) Adjustment in technical component discount on single-session imaging involving consecutive body parts**

For services furnished on or after July 1, 2010, the Secretary shall increase the reduction in payments attributable to the multiple procedure payment reduction applicable to the technical component for imaging under the final rule published by the Secretary in the Federal Register on November 21, 2005 (part 405 of title 42, Code of Federal Regulations) from 25 percent to 50 percent.

**(5) Treatment of intensive cardiac rehabilitation program**

**(A) In general**

In the case of an intensive cardiac rehabilitation program described in section 1395x(eee)(4) of this title, the Secretary shall substitute the Medicare OPD fee schedule amount established under the prospective payment system for hospital outpatient department service under paragraph (3)(D) of section 1395(t) of this title for cardiac rehabilitation (under HCPCS codes 93797 and 93798 for calendar year 2007, or any succeeding HCPCS codes for cardiac rehabilitation).

**(B) Definition of session**

Each of the services described in subparagraphs (A) through (E) of section 1395x(eee)(3) of this title, when furnished for one hour, is a separate session of intensive cardiac rehabilitation.

**(C) Multiple sessions per day**

Payment may be made for up to 6 sessions per day of the series of 72 one-hour sessions

of intensive cardiac rehabilitation services described in section 1395x(eee)(4)(B) of this title.

**(6) Treatment of bone mass scans**

For dual-energy x-ray absorptiometry services (identified in 2006 by HCPCS codes 76075 and 76077 (and any succeeding codes)) furnished during 2010, 2011, and the first 2 months of 2012, instead of the payment amount that would otherwise be determined under this section for such years, the payment amount shall be equal to 70 percent of the product of—

(A) the relative value for the service (as determined in subsection (c)(2)) for 2006;

(B) the conversion factor (established under subsection (d)) for 2006; and

(C) the geographic adjustment factor (established under subsection (e)(2)) for the service for the fee schedule area for 2010, 2011, and the first 2 months of 2012, respectively.

**(7) Adjustment in discount for certain multiple therapy services**

In the case of therapy services furnished on or after January 1, 2011, and before April 1, 2013, and for which payment is made under fee schedules established under this section, instead of the 25 percent multiple procedure payment reduction specified in the final rule published by the Secretary in the Federal Register on November 29, 2010, the reduction percentage shall be 20 percent. In the case of such services furnished on or after April 1, 2013, and for which payment is made under such fee schedules, instead of the 25 percent multiple procedure payment reduction specified in such final rule, the reduction percentage shall be 50 percent.

**(c) Determination of relative values for physicians' services**

**(1) Division of physicians' services into components**

In this section, with respect to a physicians' service:

**(A) "Work component" defined**

The term "work component" means the portion of the resources used in furnishing the service that reflects physician time and intensity in furnishing the service. Such portion shall—

(i) include activities before and after direct patient contact, and

(ii) be defined, with respect to surgical procedures, to reflect a global definition including pre-operative and post-operative physicians' services.

**(B) "Practice expense component" defined**

The term "practice expense component" means the portion of the resources used in furnishing the service that reflects the general categories of expenses (such as office rent and wages of personnel, but excluding malpractice expenses) comprising practice expenses.

**(C) "Malpractice component" defined**

The term "malpractice component" means the portion of the resources used in furnish-

ing the service that reflects malpractice expenses in furnishing the service.

**(2) Determination of relative values**

**(A) In general**

**(i) Combination of units for components**

The Secretary shall develop a methodology for combining the work, practice expense, and malpractice relative value units, determined under subparagraph (C), for each service in a manner to produce a single relative value for that service. Such relative values are subject to adjustment under subparagraph (F)(i) and section 13515(b) of the Omnibus Budget Reconciliation Act of 1993.

**(ii) Extrapolation**

The Secretary may use extrapolation and other techniques to determine the number of relative value units for physicians' services for which specific data are not available and shall take into account recommendations of the Physician Payment Review Commission and the results of consultations with organizations representing physicians who provide such services.

**(B) Periodic review and adjustments in relative values**

**(i) Periodic review**

The Secretary, not less often than every 5 years, shall review the relative values established under this paragraph for all physicians' services.

**(ii) Adjustments**

**(I) In general**

The Secretary shall, to the extent the Secretary determines to be necessary and subject to subclause (II), adjust the number of such units to take into account changes in medical practice, coding changes, new data on relative value components, or the addition of new procedures. The Secretary shall publish an explanation of the basis for such adjustments.

**(II) Limitation on annual adjustments**

Subject to clauses (iv) and (v), the adjustments under subclause (I) for a year may not cause the amount of expenditures under this part for the year to differ by more than \$20,000,000 from the amount of expenditures under this part that would have been made if such adjustments had not been made.

**(iii) Consultation**

The Secretary, in making adjustments under clause (ii), shall consult with the Medicare Payment Advisory Commission and organizations representing physicians.

**(iv) Exemption of certain additional expenditures from budget neutrality**

The additional expenditures attributable to—

(I) subparagraph (H) shall not be taken into account in applying clause (ii)(II) for 2004;

(II) subparagraph (I) insofar as it relates to a physician fee schedule for 2005 or 2006 shall not be taken into account in applying clause (ii)(II) for drug administration services under the fee schedule for such year for a specialty described in subparagraph (I)(ii)(II);

(III) subparagraph (J) insofar as it relates to a physician fee schedule for 2005 or 2006 shall not be taken into account in applying clause (ii)(II) for drug administration services under the fee schedule for such year; and

(IV) subsection (b)(6) shall not be taken into account in applying clause (ii)(II) for 2010, 2011, or the first 2 months of 2012.

**(v) Exemption of certain reduced expenditures from budget-neutrality calculation**

The following reduced expenditures, as estimated by the Secretary, shall not be taken into account in applying clause (ii)(II):

**(I) Reduced payment for multiple imaging procedures**

Effective for fee schedules established beginning with 2007, reduced expenditures attributable to the multiple procedure payment reduction for imaging under the final rule published by the Secretary in the Federal Register on November 21, 2005 (42 CFR 405, et al.) insofar as it relates to the physician fee schedules for 2006 and 2007.

**(II) OPD payment cap for imaging services**

Effective for fee schedules established beginning with 2007, reduced expenditures attributable to subsection (b)(4).

**(III) Change in utilization rate for certain imaging services**

Effective for fee schedules established beginning with 2011, reduced expenditures attributable to the changes in the utilization rate applicable to 2011 and 2014, as described in the first and second sentence, respectively, of subsection (b)(4)(C).

**(IV), (V) Repealed. Pub. L. 111-152, title I, § 1107(2), Mar. 30, 2010, 124 Stat. 1050**

**(VI) Additional reduced payment for multiple imaging procedures**

Effective for fee schedules established beginning with 2010 (but not applied for services furnished prior to July 1, 2010), reduced expenditures attributable to the increase in the multiple procedure payment reduction from 25 to 50 percent (as described in subsection (b)(4)(D)).

**(VII) Reduced expenditures for multiple therapy services**

Effective for fee schedules established beginning with 2011, reduced expenditures attributable to the multiple procedure payment reduction for therapy

services (as described in subsection (b)(7)).

**(vi) Alternative application of budget-neutrality adjustment**

Notwithstanding subsection (d)(9)(A), effective for fee schedules established beginning with 2009, with respect to the 5-year review of work relative value units used in fee schedules for 2007 and 2008, in lieu of continuing to apply budget-neutrality adjustments required under clause (ii) for 2007 and 2008 to work relative value units, the Secretary shall apply such budget-neutrality adjustments to the conversion factor otherwise determined for years beginning with 2009.

**(C) Computation of relative value units for components**

For purposes of this section for each physicians' service—

**(i) Work relative value units**

The Secretary shall determine a number of work relative value units for the service based on the relative resources incorporating physician time and intensity required in furnishing the service.

**(ii) Practice expense relative value units**

The Secretary shall determine a number of practice expense relative value units for the service for years before 1999 equal to the product of—

(I) the base allowed charges (as defined in subparagraph (D)) for the service, and

(II) the practice expense percentage for the service (as determined under paragraph (3)(C)(ii)),

and for years beginning with 1999 based on the relative practice expense resources involved in furnishing the service. For 1999, such number of units shall be determined based 75 percent on such product and based 25 percent on the relative practice expense resources involved in furnishing the service. For 2000, such number of units shall be determined based 50 percent on such product and based 50 percent on such relative practice expense resources. For 2001, such number of units shall be determined based 25 percent on such product and based 75 percent on such relative practice expense resources. For a subsequent year, such number of units shall be determined based entirely on such relative practice expense resources.

**(iii) Malpractice relative value units**

The Secretary shall determine a number of malpractice relative value units for the service for years before 2000 equal to the product of—

(I) the base allowed charges (as defined in subparagraph (D)) for the service, and

(II) the malpractice percentage for the service (as determined under paragraph (3)(C)(iii)),

and for years beginning with 2000 based on the malpractice expense resources involved in furnishing the service.

**(D) "Base allowed charges" defined**

In this paragraph, the term "base allowed charges" means, with respect to a physician's service, the national average allowed charges for the service under this part for services furnished during 1991, as estimated by the Secretary using the most recent data available.

**(E) Reduction in practice expense relative value units for certain services**

**(i) In general**

Subject to clause (ii), the Secretary shall reduce the practice expense relative value units applied to services described in clause (iii) furnished in—

(I) 1994, by 25 percent of the number by which the number of practice expense relative value units (determined for 1994 without regard to this subparagraph) exceeds the number of work relative value units determined for 1994,

(II) 1995, by an additional 25 percent of such excess, and

(III) 1996, by an additional 25 percent of such excess.

**(ii) Floor on reductions**

The practice expense relative value units for a physician's service shall not be reduced under this subparagraph to a number less than 128 percent of the number of work relative value units.

**(iii) Services covered**

For purposes of clause (i), the services described in this clause are physicians' services that are not described in clause (iv) and for which—

(I) there are work relative value units, and

(II) the number of practice expense relative value units (determined for 1994) exceeds 128 percent of the number of work relative value units (determined for such year).

**(iv) Excluded services**

For purposes of clause (iii), the services described in this clause are services which the Secretary determines at least 75 percent of which are provided under this subchapter in an office setting.

**(F) Budget neutrality adjustments**

The Secretary—

(i) shall reduce the relative values for all services (other than anesthesia services) established under this paragraph (and, in the case of anesthesia services, the conversion factor established by the Secretary for such services) by such percentage as the Secretary determines to be necessary so that, beginning in 1996, the amendment made by section 13514(a) of the Omnibus Budget Reconciliation Act of 1993 would not result in expenditures under this section that exceed the amount of such expenditures that would have been made if such amendment had not been made, and

(ii) shall reduce the amounts determined under subsection (a)(2)(B)(i)(I) of this sec-

tion by such percentage as the Secretary determines to be required to assure that, taking into account the reductions made under clause (i), the amendment made by section 13514(a) of the Omnibus Budget Reconciliation Act of 1993 would not result in expenditures under this section in 1994 that exceed the amount of such expenditures that would have been made if such amendment had not been made.

**(G) Adjustments in relative value units for 1998**

**(i) In general**

The Secretary shall—

(I) subject to clauses (iv) and (v), reduce the practice expense relative value units applied to any services described in clause (ii) furnished in 1998 to a number equal to 110 percent of the number of work relative value units, and

(II) increase the practice expense relative value units for office visit procedure codes during 1998 by a uniform percentage which the Secretary estimates will result in an aggregate increase in payments for such services equal to the aggregate decrease in payments by reason of subclause (I).

**(ii) Services covered**

For purposes of clause (i), the services described in this clause are physicians' services that are not described in clause (iii) and for which—

(I) there are work relative value units, and

(II) the number of practice expense relative value units (determined for 1998) exceeds 110 percent of the number of work relative value units (determined for such year).

**(iii) Excluded services**

For purposes of clause (ii), the services described in this clause are services which the Secretary determines at least 75 percent of which are provided under this subchapter in an office setting.

**(iv) Limitation on aggregate reallocation**

If the application of clause (i)(I) would result in an aggregate amount of reductions under such clause in excess of \$390,000,000, such clause shall be applied by substituting for 110 percent such greater percentage as the Secretary estimates will result in the aggregate amount of such reductions equaling \$390,000,000.

**(v) No reduction for certain services**

Practice expense relative value units for a procedure performed in an office or in a setting out of an office shall not be reduced under clause (i) if the in-office or out-of-office practice expense relative value, respectively, for the procedure would increase under the proposed rule on resource-based practice expenses issued by the Secretary on June 18, 1997 (62 Federal Register 33158 et seq.).

**(H) Adjustments in practice expense relative value units for certain drug administration services beginning in 2004**

**(i) Use of survey data**

In establishing the physician fee schedule under subsection (b) of this section with respect to payments for services furnished on or after January 1, 2004, the Secretary shall, in determining practice expense relative value units under this subsection, utilize a survey submitted to the Secretary as of January 1, 2003, by a physician specialty organization pursuant to section 212 of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 if the survey—

(I) covers practice expenses for oncology drug administration services; and

(II) meets criteria established by the Secretary for acceptance of such surveys.

**(ii) Pricing of clinical oncology nurses in practice expense methodology**

If the survey described in clause (i) includes data on wages, salaries, and compensation of clinical oncology nurses, the Secretary shall utilize such data in the methodology for determining practice expense relative value units under subsection (c) of this section.

**(iii) Work relative value units for certain drug administration services**

In establishing the relative value units under this paragraph for drug administration services described in clause (iv) furnished on or after January 1, 2004, the Secretary shall establish work relative value units equal to the work relative value units for a level 1 office medical visit for an established patient.

**(iv) Drug administration services described**

The drug administration services described in this clause are physicians' services—

(I) which are classified as of October 1, 2003, within any of the following groups of procedures: therapeutic or diagnostic infusions (excluding chemotherapy); chemotherapy administration services; and therapeutic, prophylactic, or diagnostic injections;

(II) for which there are no work relative value units assigned under this subsection as of such date; and

(III) for which national relative value units have been assigned under this subsection as of such date.

**(I) Adjustments in practice expense relative value units for certain drug administration services beginning with 2005**

**(i) In general**

In establishing the physician fee schedule under subsection (b) of this section with respect to payments for services furnished on or after January 1, 2005 or 2006, the Secretary shall adjust the practice expense relative value units for such year consistent with clause (ii).

**(ii) Use of supplemental survey data****(I) In general**

Subject to subclause (II), if a specialty submits to the Secretary by not later than March 1, 2004, for 2005, or March 1, 2005, for 2006, data that includes expenses for the administration of drugs and biologicals for which the payment amount is determined pursuant to section 1395u(o) of this title, the Secretary shall use such supplemental survey data in carrying out this subparagraph for the years involved insofar as they are collected and provided by entities and organizations consistent with the criteria established by the Secretary pursuant to section 212(a) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999.

**(II) Limitation on specialty**

Subclause (I) shall apply to a specialty only insofar as not less than 40 percent of payments for the specialty under this subchapter in 2002 are attributable to the administration of drugs and biologicals, as determined by the Secretary.

**(III) Application**

This clause shall not apply with respect to a survey to which subparagraph (H)(i) applies.

**(J) Provisions for appropriate reporting and billing for physicians' services associated with the administration of covered outpatient drugs and biologicals****(i) Evaluation of codes**

The Secretary shall promptly evaluate existing drug administration codes for physicians' services to ensure accurate reporting and billing for such services, taking into account levels of complexity of the administration and resource consumption.

**(ii) Use of existing processes**

In carrying out clause (i), the Secretary shall use existing processes for the consideration of coding changes and, to the extent coding changes are made, shall use such processes in establishing relative values for such services.

**(iii) Implementation**

In carrying out clause (i), the Secretary shall consult with representatives of physician specialties affected by the implementation of section 1395w-3a of this title or section 1395w-3b of this title, and shall take such steps within the Secretary's authority to expedite such considerations under clause (ii).

**(iv) Subsequent, budget neutral adjustments permitted**

Nothing in subparagraph (H) or (I) or this subparagraph shall be construed as preventing the Secretary from providing for adjustments in practice expense relative value units under (and consistent with) subparagraph (B) for years after 2004, 2005, or 2006, respectively.

**(K) Potentially misvalued codes****(i) In general**

The Secretary shall—

(I) periodically identify services as being potentially misvalued using criteria specified in clause (ii); and

(II) review and make appropriate adjustments to the relative values established under this paragraph for services identified as being potentially misvalued under subclause (I).

**(ii) Identification of potentially misvalued codes**

For purposes of identifying potentially misvalued services pursuant to clause (i)(I), the Secretary shall examine (as the Secretary determines to be appropriate) codes (and families of codes as appropriate) for which there has been the fastest growth; codes (and families of codes as appropriate) that have experienced substantial changes in practice expenses; codes for new technologies or services within an appropriate period (such as 3 years) after the relative values are initially established for such codes; multiple codes that are frequently billed in conjunction with furnishing a single service; codes with low relative values, particularly those that are often billed multiple times for a single treatment; codes which have not been subject to review since the implementation of the RBRVS (the so-called "Harvard-valued codes"); and such other codes determined to be appropriate by the Secretary.

**(iii) Review and adjustments**

(I) The Secretary may use existing processes to receive recommendations on the review and appropriate adjustment of potentially misvalued services described in clause (i)(II).

(II) The Secretary may conduct surveys, other data collection activities, studies, or other analyses as the Secretary determines to be appropriate to facilitate the review and appropriate adjustment described in clause (i)(II).

(III) The Secretary may use analytic contractors to identify and analyze services identified under clause (i)(I), conduct surveys or collect data, and make recommendations on the review and appropriate adjustment of services described in clause (i)(II).

(IV) The Secretary may coordinate the review and appropriate adjustment described in clause (i)(II) with the periodic review described in subparagraph (B).

(V) As part of the review and adjustment described in clause (i)(II), including with respect to codes with low relative values described in clause (ii), the Secretary may make appropriate coding revisions (including using existing processes for consideration of coding changes) which may include consolidation of individual services into bundled codes for payment under the fee schedule under subsection (b).

(VI) The provisions of subparagraph (B)(ii)(II) shall apply to adjustments to

relative value units made pursuant to this subparagraph in the same manner as such provisions apply to adjustments under subparagraph (B)(ii)(II).

**(L) Validating relative value units**

**(i) In general**

The Secretary shall establish a process to validate relative value units under the fee schedule under subsection (b).

**(ii) Components and elements of work**

The process described in clause (i) may include validation of work elements (such as time, mental effort and professional judgment, technical skill and physical effort, and stress due to risk) involved with furnishing a service and may include validation of the pre-, post-, and intra-service components of work.

**(iii) Scope of codes**

The validation of work relative value units shall include a sampling of codes for services that is the same as the codes listed under subparagraph (K)(ii).

**(iv) Methods**

The Secretary may conduct the validation under this subparagraph using methods described in subclauses (I) through (V) of subparagraph (K)(iii) as the Secretary determines to be appropriate.

**(v) Adjustments**

The Secretary shall make appropriate adjustments to the work relative value units under the fee schedule under subsection (b). The provisions of subparagraph (B)(ii)(II) shall apply to adjustments to relative value units made pursuant to this subparagraph in the same manner as such provisions apply to adjustments under subparagraph (B)(ii)(II).

**(3) Component percentages**

For purposes of paragraph (2), the Secretary shall determine a work percentage, a practice expense percentage, and a malpractice percentage for each physician's service as follows:

**(A) Division of services by specialty**

For each physician's service or class of physicians' services, the Secretary shall determine the average percentage of each such service or class of services that is performed, nationwide, under this part by physicians in each of the different physician specialties (as identified by the Secretary).

**(B) Division of specialty by component**

The Secretary shall determine the average percentage division of resources, among the work component, the practice expense component, and the malpractice component, used by physicians in each of such specialties in furnishing physicians' services. Such percentages shall be based on national data that describe the elements of physician practice costs and revenues, by physician specialty. The Secretary may use extrapolation and other techniques to determine practice costs and revenues for specialties for which adequate data are not available.

**(C) Determination of component percentages**

**(i) Work percentage**

The work percentage for a service (or class of services) is equal to the sum (for all physician specialties) of—

(I) the average percentage division for the work component for each physician specialty (determined under subparagraph (B)), multiplied by

(II) the proportion (determined under subparagraph (A)) of such service (or services) performed by physicians in that specialty.

**(ii) Practice expense percentage**

For years before 2002, the practice expense percentage for a service (or class of services) is equal to the sum (for all physician specialties) of—

(I) the average percentage division for the practice expense component for each physician specialty (determined under subparagraph (B)), multiplied by

(II) the proportion (determined under subparagraph (A)) of such service (or services) performed by physicians in that specialty.

**(iii) Malpractice percentage**

For years before 1999, the malpractice percentage for a service (or class of services) is equal to the sum (for all physician specialties) of—

(I) the average percentage division for the malpractice component for each physician specialty (determined under subparagraph (B)), multiplied by

(II) the proportion (determined under subparagraph (A)) of such service (or services) performed by physicians in that specialty.

**(D) Periodic recomputation**

The Secretary may, from time to time, provide for the recomputation of work percentages, practice expense percentages, and malpractice percentages determined under this paragraph.

**(4) Ancillary policies**

The Secretary may establish ancillary policies (with respect to the use of modifiers, local codes, and other matters) as may be necessary to implement this section.

**(5) Coding**

The Secretary shall establish a uniform procedure coding system for the coding of all physicians' services. The Secretary shall provide for an appropriate coding structure for visits and consultations. The Secretary may incorporate the use of time in the coding for visits and consultations. The Secretary, in establishing such coding system, shall consult with the Physician Payment Review Commission and other organizations representing physicians.

**(6) No variation for specialists**

The Secretary may not vary the conversion factor or the number of relative value units for a physicians' service based on whether the physician furnishing the service is a specialist

or based on the type of specialty of the physician.

**(d) Conversion factors**

**(1) Establishment**

**(A) In general**

The conversion factor for each year shall be the conversion factor established under this subsection for the previous year (or, in the case of 1992, specified in subparagraph (B)) adjusted by the update (established under paragraph (3)) for the year involved (for years before 2001) and, for years beginning with 2001, multiplied by the update (established under paragraph (4)) for the year involved.

**(B) Special provision for 1992**

For purposes of subparagraph (A), the conversion factor specified in this subparagraph is a conversion factor (determined by the Secretary) which, if this section were to apply during 1991 using such conversion factor, would result in the same aggregate amount of payments under this part for physicians' services as the estimated aggregate amount of the payments under this part for such services in 1991.

**(C) Special rules for 1998**

Except as provided in subparagraph (D), the single conversion factor for 1998 under this subsection shall be the conversion factor for primary care services for 1997, increased by the Secretary's estimate of the weighted average of the three separate updates that would otherwise occur were it not for the enactment of chapter 1 of subtitle F of title IV of the Balanced Budget Act of 1997.

**(D) Special rules for anesthesia services**

The separate conversion factor for anesthesia services for a year shall be equal to 46 percent of the single conversion factor established for other physicians' services, except as adjusted for changes in work, practice expense, or malpractice relative value units.

**(E) Publication and dissemination of information**

The Secretary shall—

(i) cause to have published in the Federal Register not later than November 1 of each year (beginning with 2000) the conversion factor which will apply to physicians' services for the succeeding year, the update determined under paragraph (4) for such succeeding year, and the allowed expenditures under such paragraph for such succeeding year; and

(ii) make available to the Medicare Payment Advisory Commission and the public by March 1 of each year (beginning with 2000) an estimate of the sustainable growth rate and of the conversion factor which will apply to physicians' services for the succeeding year and data used in making such estimate.

**(2) Repealed. Pub. L. 105-33, title IV, § 4502(b), Aug. 5, 1997, 111 Stat. 433**

**(3) Update for 1999 and 2000**

**(A) In general**

Unless otherwise provided by law, subject to subparagraph (D) and the budget-neutrality factor determined by the Secretary under subsection (c)(2)(B)(ii) of this section, the update to the single conversion factor established in paragraph (1)(C) for 1999 and 2000 is equal to the product of—

(i) 1 plus the Secretary's estimate of the percentage increase in the MEI (as defined in section 1395u(i)(3) of this title) for the year (divided by 100), and

(ii) 1 plus the Secretary's estimate of the update adjustment factor for the year (divided by 100),

minus 1 and multiplied by 100.

**(B) Update adjustment factor**

For purposes of subparagraph (A)(ii), the "update adjustment factor" for a year is equal (as estimated by the Secretary) to—

(i) the difference between (I) the sum of the allowed expenditures for physicians' services (as determined under subparagraph (C)) for the period beginning April 1, 1997, and ending on March 31 of the year involved, and (II) the amount of actual expenditures for physicians' services furnished during the period beginning April 1, 1997, and ending on March 31 of the preceding year; divided by

(ii) the actual expenditures for physicians' services for the 12-month period ending on March 31 of the preceding year, increased by the sustainable growth rate under subsection (f) of this section for the fiscal year which begins during such 12-month period.

**(C) Determination of allowed expenditures**

For purposes of this paragraph and paragraph (4), the allowed expenditures for physicians' services for the 12-month period ending with March 31 of—

(i) 1997 is equal to the actual expenditures for physicians' services furnished during such 12-month period, as estimated by the Secretary; or

(ii) a subsequent year is equal to the allowed expenditures for physicians' services for the previous year, increased by the sustainable growth rate under subsection (f) of this section for the fiscal year which begins during such 12-month period.

**(D) Restriction on variation from medicare economic index**

Notwithstanding the amount of the update adjustment factor determined under subparagraph (B) for a year, the update in the conversion factor under this paragraph for the year may not be—

(i) greater than 100 times the following amount:  $(1.03 + (\text{MEI percentage}/100)) - 1$ ; or

(ii) less than 100 times the following amount:  $(0.93 + (\text{MEI percentage}/100)) - 1$ ,

where “MEI percentage” means the Secretary’s estimate of the percentage increase in the MEI (as defined in section 1395u(i)(3) of this title) for the year involved.

**(4) Update for years beginning with 2001**

**(A) In general**

Unless otherwise provided by law, subject to the budget-neutrality factor determined by the Secretary under subsection (c)(2)(B)(ii) of this section and subject to adjustment under subparagraph (F), the update to the single conversion factor established in paragraph (1)(C) for a year beginning with 2001 is equal to the product of—

(i) 1 plus the Secretary’s estimate of the percentage increase in the MEI (as defined in section 1395u(i)(3) of this title) for the year (divided by 100); and

(ii) 1 plus the Secretary’s estimate of the update adjustment factor under subparagraph (B) for the year.

**(B) Update adjustment factor**

For purposes of subparagraph (A)(ii), subject to subparagraph (D) and the succeeding paragraphs of this subsection, the “update adjustment factor” for a year is equal (as estimated by the Secretary) to the sum of the following:

**(i) Prior year adjustment component**

An amount determined by—

(I) computing the difference (which may be positive or negative) between the amount of the allowed expenditures for physicians’ services for the prior year (as determined under subparagraph (C)) and the amount of the actual expenditures for such services for that year;

(II) dividing that difference by the amount of the actual expenditures for such services for that year; and

(III) multiplying that quotient by 0.75.

**(ii) Cumulative adjustment component**

An amount determined by—

(I) computing the difference (which may be positive or negative) between the amount of the allowed expenditures for physicians’ services (as determined under subparagraph (C)) from April 1, 1996, through the end of the prior year and the amount of the actual expenditures for such services during that period;

(II) dividing that difference by actual expenditures for such services for the prior year as increased by the sustainable growth rate under subsection (f) of this section for the year for which the update adjustment factor is to be determined; and

(III) multiplying that quotient by 0.33.

**(C) Determination of allowed expenditures**

For purposes of this paragraph:

**(i) Period up to April 1, 1999**

The allowed expenditures for physicians’ services for a period before April 1, 1999, shall be the amount of the allowed expenditures for such period as determined under paragraph (3)(C).

**(ii) Transition to calendar year allowed expenditures**

Subject to subparagraph (E), the allowed expenditures for—

(I) the 9-month period beginning April 1, 1999, shall be the Secretary’s estimate of the amount of the allowed expenditures that would be permitted under paragraph (3)(C) for such period; and

(II) the year of 1999, shall be the Secretary’s estimate of the amount of the allowed expenditures that would be permitted under paragraph (3)(C) for such year.

**(iii) Years beginning with 2000**

The allowed expenditures for a year (beginning with 2000) is equal to the allowed expenditures for physicians’ services for the previous year, increased by the sustainable growth rate under subsection (f) of this section for the year involved.

**(D) Restriction on update adjustment factor**

The update adjustment factor determined under subparagraph (B) for a year may not be less than  $-0.07$  or greater than  $0.03$ .

**(E) Recalculation of allowed expenditures for updates beginning with 2001**

For purposes of determining the update adjustment factor for a year beginning with 2001, the Secretary shall recompute the allowed expenditures for previous periods beginning on or after April 1, 1999, consistent with subsection (f)(3) of this section.

**(F) Transitional adjustment designed to provide for budget neutrality**

Under this subparagraph the Secretary shall provide for an adjustment to the update under subparagraph (A)—

(i) for each of 2001, 2002, 2003, and 2004, of  $-0.2$  percent; and

(ii) for 2005 of  $+0.8$  percent.

**(5) Update for 2004 and 2005**

The update to the single conversion factor established in paragraph (1)(C) for each of 2004 and 2005 shall be not less than  $1.5$  percent.

**(6) Update for 2006**

The update to the single conversion factor established in paragraph (1)(C) for 2006 shall be  $0$  percent.

**(7) Conversion factor for 2007**

**(A) In general**

The conversion factor that would otherwise be applicable under this subsection for 2007 shall be the amount of such conversion factor divided by the product of—

(i) 1 plus the Secretary’s estimate of the percentage increase in the MEI (as defined in section 1395u(i)(3) of this title) for 2007 (divided by 100); and

(ii) 1 plus the Secretary’s estimate of the update adjustment factor under paragraph (4)(B) for 2007.

**(B) No effect on computation of conversion factor for 2008**

The conversion factor under this subsection shall be computed under paragraph

(1)(A) for 2008 as if subparagraph (A) had never applied.

**(8) Update for 2008**

**(A) In general**

Subject to paragraph (7)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2008, the update to the single conversion factor shall be 0.5 percent.

**(B) No effect on computation of conversion factor for 2009**

The conversion factor under this subsection shall be computed under paragraph (1)(A) for 2009 and subsequent years as if subparagraph (A) had never applied.

**(9) Update for 2009**

**(A) In general**

Subject to paragraphs (7)(B) and (8)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2009, the update to the single conversion factor shall be 1.1 percent.

**(B) No effect on computation of conversion factor for 2010 and subsequent years**

The conversion factor under this subsection shall be computed under paragraph (1)(A) for 2010 and subsequent years as if subparagraph (A) had never applied.

**(10) Update for January through May of 2010**

**(A) In general**

Subject to paragraphs (7)(B), (8)(B), and (9)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2010 for the period beginning on January 1, 2010, and ending on May 31, 2010, the update to the single conversion factor shall be 0 percent for 2010.

**(B) No effect on computation of conversion factor for remaining portion of 2010 and subsequent years**

The conversion factor under this subsection shall be computed under paragraph (1)(A) for the period beginning on June 1, 2010, and ending on December 31, 2010, and for 2011 and subsequent years as if subparagraph (A) had never applied.

**(11) Update for June through December of 2010**

**(A) In general**

Subject to paragraphs (7)(B), (8)(B), (9)(B), and (10)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2010 for the period beginning on June 1, 2010, and ending on December 31, 2010, the update to the single conversion factor shall be 2.2 percent.

**(B) No effect on computation of conversion factor for 2011 and subsequent years**

The conversion factor under this subsection shall be computed under paragraph (1)(A) for 2011 and subsequent years as if subparagraph (A) had never applied.

**(12) Update for 2011**

**(A) In general**

Subject to paragraphs (7)(B), (8)(B), (9)(B), (10)(B), and (11)(B), in lieu of the update to

the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2011, the update to the single conversion factor shall be 0 percent.

**(B) No effect on computation of conversion factor for 2012 and subsequent years**

The conversion factor under this subsection shall be computed under paragraph (1)(A) for 2012 and subsequent years as if subparagraph (A) had never applied.

**(13) Update for 2012**

**(A) In general**

Subject to paragraphs (7)(B), (8)(B), (9)(B), (10)(B), (11)(B), and (12)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2012, the update to the single conversion factor shall be zero percent.

**(B) No effect on computation of conversion factor for 2013 and subsequent years**

The conversion factor under this subsection shall be computed under paragraph (1)(A) for 2013 and subsequent years as if subparagraph (A) had never applied.

**(14) Update for 2013**

**(A) In general**

Subject to paragraphs (7)(B), (8)(B), (9)(B), (10)(B), (11)(B), (12)(B), and (13)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2013, the update to the single conversion factor for such year shall be zero percent.

**(B) No effect on computation of conversion factor for 2014 and subsequent years**

The conversion factor under this subsection shall be computed under paragraph (1)(A) for 2014 and subsequent years as if subparagraph (A) had never applied.

**(15) Update for January through March of 2014**

**(A) In general**

Subject to paragraphs (7)(B), (8)(B), (9)(B), (10)(B), (11)(B), (12)(B), (13)(B), and (14)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2014 for the period beginning on January 1, 2014, and ending on March 31, 2014, the update to the single conversion factor shall be 0.5 percent.

**(B) No effect on computation of conversion factor for remaining portion of 2014 and subsequent years**

The conversion factor under this subsection shall be computed under paragraph (1)(A) for the period beginning on April 1, 2014, and ending on December 31, 2014, and for 2015 and subsequent years as if subparagraph (A) had never applied.

**(e) Geographic adjustment factors**

**(1) Establishment of geographic indices**

**(A) In general**

Subject to subparagraphs (B), (C), (E), (G), (H), and (I), the Secretary shall establish—

- (i) an index which reflects the relative costs of the mix of goods and services com-

prising practice expenses (other than malpractice expenses) in the different fee schedule areas compared to the national average of such costs,

(ii) an index which reflects the relative costs of malpractice expenses in the different fee schedule areas compared to the national average of such costs, and

(iii) an index which reflects  $\frac{1}{4}$  of the difference between the relative value of physicians' work effort in each of the different fee schedule areas and the national average of such work effort.

**(B) Class-specific geographic cost-of-practice indices**

The Secretary may establish more than one index under subparagraph (A)(i) in the case of classes of physicians' services, if, because of differences in the mix of goods and services comprising practice expenses for the different classes of services, the application of a single index under such clause to different classes of such services would be substantially inequitable.

**(C) Periodic review and adjustments in geographic adjustment factors**

The Secretary, not less often than every 3 years, shall, in consultation with appropriate representatives of physicians, review the indices established under subparagraph (A) and the geographic index values applied under this subsection for all fee schedule areas. Based on such review, the Secretary may revise such index and adjust such index values, except that, if more than 1 year has elapsed<sup>1</sup> since the date of the last previous adjustment, the adjustment to be applied in the first year of the next adjustment shall be  $\frac{1}{2}$  of the adjustment that otherwise would be made.

**(D) Use of recent data**

In establishing indices and index values under this paragraph, the Secretary shall use the most recent data available relating to practice expenses, malpractice expenses, and physician work effort in different fee schedule areas.

**(E) Floor at 1.0 on work geographic index**

After calculating the work geographic index in subparagraph (A)(iii), for purposes of payment for services furnished on or after January 1, 2004, and before April 1, 2014, the Secretary shall increase the work geographic index to 1.00 for any locality for which such work geographic index is less than 1.00.

**(G)<sup>2</sup> Floor for practice expense, malpractice, and work geographic indices for services furnished in Alaska**

For purposes of payment for services furnished in Alaska on or after January 1, 2004, and before January 1, 2006, after calculating the practice expense, malpractice, and work geographic indices in clauses (i), (ii), and (iii) of subparagraph (A) and in subparagraph

(B), the Secretary shall increase any such index to 1.67 if such index would otherwise be less than 1.67. For purposes of payment for services furnished in the State described in the preceding sentence on or after January 1, 2009, after calculating the work geographic index in subparagraph (A)(iii), the Secretary shall increase the work geographic index to 1.5 if such index would otherwise be less than 1.5<sup>3</sup>

**(H) Practice expense geographic adjustment for 2010 and subsequent years**

**(i) For 2010**

Subject to clause (iii), for services furnished during 2010, the employee wage and rent portions of the practice expense geographic index described in subparagraph (A)(i) shall reflect  $\frac{1}{2}$  of the difference between the relative costs of employee wages and rents in each of the different fee schedule areas and the national average of such employee wages and rents.

**(ii) For 2011**

Subject to clause (iii), for services furnished during 2011, the employee wage and rent portions of the practice expense geographic index described in subparagraph (A)(i) shall reflect  $\frac{1}{2}$  of the difference between the relative costs of employee wages and rents in each of the different fee schedule areas and the national average of such employee wages and rents.

**(iii) Hold harmless**

The practice expense portion of the geographic adjustment factor applied in a fee schedule area for services furnished in 2010 or 2011 shall not, as a result of the application of clause (i) or (ii), be reduced below the practice expense portion of the geographic adjustment factor under subparagraph (A)(i) (as calculated prior to the application of such clause (i) or (ii), respectively) for such area for such year.

**(iv) Analysis**

The Secretary shall analyze current methods of establishing practice expense geographic adjustments under subparagraph (A)(i) and evaluate data that fairly and reliably establishes distinctions in the costs of operating a medical practice in the different fee schedule areas. Such analysis shall include an evaluation of the following:

(I) The feasibility of using actual data or reliable survey data developed by medical organizations on the costs of operating a medical practice, including office rents and non-physician staff wages, in different fee schedule areas.

(II) The office expense portion of the practice expense geographic adjustment described in subparagraph (A)(i), including the extent to which types of office expenses are determined in local markets instead of national markets.

(III) The weights assigned to each of the categories within the practice ex-

<sup>1</sup> So in original. Probably should be "elapsed".

<sup>2</sup> So in original. No subpar. (F) has been enacted.

<sup>3</sup> So in original. Probably should be followed by a period.

pense geographic adjustment described in subparagraph (A)(i).

**(v) Revision for 2012 and subsequent years**

As a result of the analysis described in clause (iv), the Secretary shall, not later than January 1, 2012, make appropriate adjustments to the practice expense geographic adjustment described in subparagraph (A)(i) to ensure accurate geographic adjustments across fee schedule areas, including—

(I) basing the office rents component and its weight on office expenses that vary among fee schedule areas; and

(II) considering a representative range of professional and non-professional personnel employed in a medical office based on the use of the American Community Survey data or other reliable data for wage adjustments.

Such adjustments shall be made without regard to adjustments made pursuant to clauses (i) and (ii) and shall be made in a budget neutral manner.

**(I) Floor for practice expense index for services furnished in frontier States**

**(i) In general**

Subject to clause (ii), for purposes of payment for services furnished in a frontier State (as defined in section 1395ww(d)(3)(E)(iii)(II) of this title) on or after January 1, 2011, after calculating the practice expense index in subparagraph (A)(i), the Secretary shall increase any such index to 1.00 if such index would otherwise be less than<sup>4</sup> 1.00. The preceding sentence shall not be applied in a budget neutral manner.

**(ii) Limitation**

This subparagraph shall not apply to services furnished in a State that receives a non-labor related share adjustment under section 1395ww(d)(5)(H) of this title.

**(2) Computation of geographic adjustment factor**

For purposes of subsection (b)(1)(C) of this section, for all physicians' services for each fee schedule area the Secretary shall establish a geographic adjustment factor equal to the sum of the geographic cost-of-practice adjustment factor (specified in paragraph (3)), the geographic malpractice adjustment factor (specified in paragraph (4)), and the geographic physician work adjustment factor (specified in paragraph (5)) for the service and the area.

**(3) Geographic cost-of-practice adjustment factor**

For purposes of paragraph (2), the "geographic cost-of-practice adjustment factor", for a service for a fee schedule area, is the product of—

(A) the proportion of the total relative value for the service that reflects the relative value units for the practice expense component, and

(B) the geographic cost-of-practice index value for the area for the service, based on the index established under paragraph (1)(A)(i) or (1)(B) (as the case may be).

**(4) Geographic malpractice adjustment factor**

For purposes of paragraph (2), the "geographic malpractice adjustment factor", for a service for a fee schedule area, is the product of—

(A) the proportion of the total relative value for the service that reflects the relative value units for the malpractice component, and

(B) the geographic malpractice index value for the area, based on the index established under paragraph (1)(A)(ii).

**(5) Geographic physician work adjustment factor**

For purposes of paragraph (2), the "geographic physician work adjustment factor", for a service for a fee schedule area, is the product of—

(A) the proportion of the total relative value for the service that reflects the relative value units for the work component, and

(B) the geographic physician work index value for the area, based on the index established under paragraph (1)(A)(iii).

**(f) Sustainable growth rate**

**(1) Publication**

The Secretary shall cause to have published in the Federal Register not later than—

(A) November 1, 2000, the sustainable growth rate for 2000 and 2001; and

(B) November 1 of each succeeding year the sustainable growth rate for such succeeding year and each of the preceding 2 years.

**(2) Specification of growth rate**

The sustainable growth rate for all physicians' services for a fiscal year (beginning with fiscal year 1998 and ending with fiscal year 2000) and a year beginning with 2000 shall be equal to the product of—

(A) 1 plus the Secretary's estimate of the weighted average percentage increase (divided by 100) in the fees for all physicians' services in the applicable period involved,

(B) 1 plus the Secretary's estimate of the percentage change (divided by 100) in the average number of individuals enrolled under this part (other than Medicare+Choice plan enrollees) from the previous applicable period to the applicable period involved,

(C) 1 plus the Secretary's estimate of the annual average percentage growth in real gross domestic product per capita (divided by 100) during the 10-year period ending with the applicable period involved, and

(D) 1 plus the Secretary's estimate of the percentage change (divided by 100) in expenditures for all physicians' services in the applicable period (compared with the previous applicable period) which will result from changes in law and regulations, determined without taking into account estimated changes in expenditures resulting

<sup>4</sup>So in original. Probably should be "than".

from the update adjustment factor determined under subsection (d)(3)(B) or (d)(4)(B) of this section, as the case may be,

minus 1 and multiplied by 100.

**(3) Data to be used**

For purposes of determining the update adjustment factor under subsection (d)(4)(B) of this section for a year beginning with 2001, the sustainable growth rates taken into consideration in the determination under paragraph (2) shall be determined as follows:

**(A) For 2001**

For purposes of such calculations for 2001, the sustainable growth rates for fiscal year 2000 and the years 2000 and 2001 shall be determined on the basis of the best data available to the Secretary as of September 1, 2000.

**(B) For 2002**

For purposes of such calculations for 2002, the sustainable growth rates for fiscal year 2000 and for years 2000, 2001, and 2002 shall be determined on the basis of the best data available to the Secretary as of September 1, 2001.

**(C) For 2003 and succeeding years**

For purposes of such calculations for a year after 2002—

(i) the sustainable growth rates for that year and the preceding 2 years shall be determined on the basis of the best data available to the Secretary as of September 1 of the year preceding the year for which the calculation is made; and

(ii) the sustainable growth rate for any year before a year described in clause (i) shall be the rate as most recently determined for that year under this subsection.

Nothing in this paragraph shall be construed as affecting the sustainable growth rates established for fiscal year 1998 or fiscal year 1999.

**(4) Definitions**

In this subsection:

**(A) Services included in physicians' services**

The term "physicians' services" includes other items and services (such as clinical diagnostic laboratory tests and radiology services), specified by the Secretary, that are commonly performed or furnished by a physician or in a physician's office, but does not include services furnished to a Medicare+Choice plan enrollee.

**(B) Medicare+Choice plan enrollee**

The term "Medicare+Choice plan enrollee" means, with respect to a fiscal year, an individual enrolled under this part who has elected to receive benefits under this subchapter for the fiscal year through a Medicare+Choice plan offered under part C of this subchapter, and also includes an individual who is receiving benefits under this part through enrollment with an eligible organization with a risk-sharing contract under section 1395mm of this title.

**(C) Applicable period**

The term "applicable period" means—

(i) a fiscal year, in the case of fiscal year 1998, fiscal year 1999, and fiscal year 2000; or

(ii) a calendar year with respect to a year beginning with 2000;

as the case may be.

**(g) Limitation on beneficiary liability**

**(1) Limitation on actual charges**

**(A) In general**

In the case of a nonparticipating physician or nonparticipating supplier or other person (as defined in section 1395u(i)(2) of this title) who does not accept payment on an assignment-related basis for a physician's service furnished with respect to an individual enrolled under this part, the following rules apply:

**(i) Application of limiting charge**

No person may bill or collect an actual charge for the service in excess of the limiting charge described in paragraph (2) for such service.

**(ii) No liability for excess charges**

No person is liable for payment of any amounts billed for the service in excess of such limiting charge.

**(iii) Correction of excess charges**

If such a physician, supplier, or other person bills, but does not collect, an actual charge for a service in violation of clause (i), the physician, supplier, or other person shall reduce on a timely basis the actual charge billed for the service to an amount not to exceed the limiting charge for the service.

**(iv) Refund of excess collections**

If such a physician, supplier, or other person collects an actual charge for a service in violation of clause (i), the physician, supplier, or other person shall provide on a timely basis a refund to the individual charged in the amount by which the amount collected exceeded the limiting charge for the service. The amount of such a refund shall be reduced to the extent the individual has an outstanding balance owed by the individual to the physician.

**(B) Sanctions**

If a physician, supplier, or other person—

(i) knowingly and willfully bills or collects for services in violation of subparagraph (A)(i) on a repeated basis, or

(ii) fails to comply with clause (iii) or (iv) of subparagraph (A) on a timely basis,

the Secretary may apply sanctions against the physician, supplier, or other person in accordance with paragraph (2) of section 1395u(j) of this title. In applying this subparagraph, paragraph (4) of such section applies in the same manner as such paragraph applies to such section and any reference in such section to a physician is deemed also to include a reference to a supplier or other person under this subparagraph.

**(C) Timely basis**

For purposes of this paragraph, a correction of a bill for an excess charge or refund

of an amount with respect to a violation of subparagraph (A)(i) in the case of a service is considered to be provided “on a timely basis”, if the reduction or refund is made not later than 30 days after the date the physician, supplier, or other person is notified by the carrier under this part of such violation and of the requirements of subparagraph (A).

**(2) “Limiting charge” defined**

**(A) For 1991**

For physicians’ services of a physician furnished during 1991, other than radiologist services subject to section 1395m(b) of this title, the “limiting charge” shall be the same percentage (or, if less, 25 percent) above the recognized payment amount under this part with respect to the physician (as a nonparticipating physician) as the percentage by which—

(i) the maximum allowable actual charge (as determined under section 1395u(j)(1)(C) of this title as of December 31, 1990, or, if less, the maximum actual charge otherwise permitted for the service under this part as of such date) for the service of the physician, exceeds

(ii) the recognized payment amount for the service of the physician (as a nonparticipating physician) as of such date.

In the case of evaluation and management services (as specified in section 1395u(b)(16)(B)(ii) of this title), the preceding sentence shall be applied by substituting “40 percent” for “25 percent”.

**(B) For 1992**

For physicians’ services furnished during 1992, other than radiologist services subject to section 1395m(b) of this title, the “limiting charge” shall be the same percentage (or, if less, 20 percent) above the recognized payment amount under this part for nonparticipating physicians as the percentage by which—

(i) the limiting charge (as determined under subparagraph (A) as of December 31, 1991) for the service, exceeds

(ii) the recognized payment amount for the service for nonparticipating physicians as of such date.

**(C) After 1992**

For physicians’ services furnished in a year after 1992, the “limiting charge” shall be 115 percent of the recognized payment amount under this part for nonparticipating physicians or for nonparticipating suppliers or other persons.

**(D) Recognized payment amount**

In this section, the term “recognized payment amount” means, for services furnished on or after January 1, 1992, the fee schedule amount determined under subsection (a) of this section (or, if payment under this part is made on a basis other than the fee schedule under this section, 95 percent of the other payment basis), and, for services furnished during 1991, the applicable percentage (as defined in section 1395u(b)(4)(A)(iv) of this title) of the prevailing charge (or fee

schedule amount) for nonparticipating physicians for that year.

**(3) Limitation on charges for medicare beneficiaries eligible for medicaid benefits**

**(A) In general**

Payment for physicians’ services furnished on or after April 1, 1990, to an individual who is enrolled under this part and eligible for any medical assistance (including as a qualified medicare beneficiary, as defined in section 1396d(p)(1) of this title) with respect to such services under a State plan approved under subchapter XIX of this chapter may only be made on an assignment-related basis and the provisions of section 1396a(n)(3)(A) of this title apply to further limit permissible charges under this section.

**(B) Penalty**

A person may not bill for physicians’ services subject to subparagraph (A) other than on an assignment-related basis. No person is liable for payment of any amounts billed for such a service in violation of the previous sentence. If a person knowingly and willfully bills for physicians’ services in violation of the first sentence, the Secretary may apply sanctions against the person in accordance with section 1395u(j)(2) of this title.

**(4) Physician submission of claims**

**(A) In general**

For services furnished on or after September 1, 1990, within 1 year after the date of providing a service for which payment is made under this part on a reasonable charge or fee schedule basis, a physician, supplier, or other person (or an employer or facility in the cases described in section 1395u(b)(6)(A) of this title)—

(i) shall complete and submit a claim for such service on a standard claim form specified by the Secretary to the carrier on behalf of a beneficiary, and

(ii) may not impose any charge relating to completing and submitting such a form.

**(B) Penalty**

(i) With respect to an assigned claim whenever a physician, provider, supplier or other person (or an employer or facility in the cases described in section 1395u(b)(6)(A) of this title) fails to submit such a claim as required in subparagraph (A), the Secretary shall reduce by 10 percent the amount that would otherwise be paid for such claim under this part.

(ii) If a physician, supplier, or other person (or an employer or facility in the cases described in section 1395u(b)(6)(A) of this title) fails to submit a claim required to be submitted under subparagraph (A) or imposes a charge in violation of such subparagraph, the Secretary shall apply the sanction with respect to such a violation in the same manner as a sanction may be imposed under section 1395u(p)(3) of this title for a violation of section 1395u(p)(1) of this title.

**(5) Electronic billing; direct deposit**

The Secretary shall encourage and develop a system providing for expedited payment for

claims submitted electronically. The Secretary shall also encourage and provide incentives allowing for direct deposit as payments for services furnished by participating physicians. The Secretary shall provide physicians with such technical information as necessary to enable such physicians to submit claims electronically. The Secretary shall submit a plan to Congress on this paragraph by May 1, 1990.

**(6) Monitoring of charges**

**(A) In general**

The Secretary shall monitor—

(i) the actual charges of nonparticipating physicians for physicians' services furnished on or after January 1, 1991, to individuals enrolled under this part, and

(ii) changes (by specialty, type of service, and geographic area) in (I) the proportion of expenditures for physicians' services provided under this part by participating physicians, (II) the proportion of expenditures for such services for which payment is made under this part on an assignment-related basis, and (III) the amounts charged above the recognized payment amounts under this part.

**(B) Report**

The Secretary shall, by not later than April 15 of each year (beginning in 1992), report to the Congress information on the extent to which actual charges exceed limiting charges, the number and types of services involved, and the average amount of excess charges and information regarding the changes described in subparagraph (A)(ii).

**(C) Plan**

If the Secretary finds that there has been a significant decrease in the proportions described in subclauses (I) and (II) of subparagraph (A)(ii) or an increase in the amounts described in subclause (III) of that subparagraph, the Secretary shall develop a plan to address such a problem and transmit to Congress recommendations regarding the plan. The Medicare Payment Advisory Commission shall review the Secretary's plan and recommendations and transmit to Congress its comments regarding such plan and recommendations.

**(7) Monitoring of utilization and access**

**(A) In general**

The Secretary shall monitor—

(i) changes in the utilization of and access to services furnished under this part within geographic, population, and service related categories,

(ii) possible sources of inappropriate utilization of services furnished under this part which contribute to the overall level of expenditures under this part, and

(iii) factors underlying these changes and their interrelationships.

**(B) Report**

The Secretary shall by not later than April 15,<sup>5</sup> of each year (beginning with 1991)

report to the Congress on the changes described in subparagraph (A)(i) and shall include in the report an examination of the factors (including factors relating to different services and specific categories and groups of services and geographic and demographic variations in utilization) which may contribute to such changes.

**(C) Recommendations**

The Secretary shall include in each annual report under subparagraph (B) recommendations—

(i) addressing any identified patterns of inappropriate utilization,

(ii) on utilization review,

(iii) on physician education or patient education,

(iv) addressing any problems of beneficiary access to care made evident by the monitoring process, and

(v) on such other matters as the Secretary deems appropriate.

The Medicare Payment Advisory Commission shall comment on the Secretary's recommendations and in developing its comments, the Commission shall convene and consult a panel of physician experts to evaluate the implications of medical utilization patterns for the quality of and access to patient care.

**(h) Sending information to physicians**

Before the beginning of each year (beginning with 1992), the Secretary shall send to each physician or nonparticipating supplier or other person furnishing physicians' services (as defined in subsection (j)(3) of this section) furnishing physicians' services under this part, for services commonly performed by the physician, supplier, or other person, information on fee schedule amounts that apply for the year in the fee schedule area for participating and non-participating physicians, and the maximum amount that may be charged consistent with subsection (g)(2) of this section. Such information shall be transmitted in conjunction with notices to physicians, suppliers, and other persons under section 1395u(h) of this title (relating to the participating physician program) for a year.

**(i) Miscellaneous provisions**

**(1) Restriction on administrative and judicial review**

There shall be no administrative or judicial review under section 1395ff of this title or otherwise of—

(A) the determination of the adjusted historical payment basis (as defined in subsection (a)(2)(D)(i) of this section),

(B) the determination of relative values and relative value units under subsection (c) of this section, including adjustments under subsections (c)(2)(F), (c)(2)(H), and (c)(2)(I) of this section and section 13515(b) of the Omnibus Budget Reconciliation Act of 1993,

(C) the determination of conversion factors under subsection (d) of this section, including without limitation a prospective redetermination of the sustainable growth rates for any or all previous fiscal years,

<sup>5</sup> So in original. The comma probably should not appear.

(D) the establishment of geographic adjustment factors under subsection (e) of this section, and

(E) the establishment of the system for the coding of physicians' services under this section.

**(2) Assistants-at-surgery**

**(A) In general**

Subject to subparagraph (B), in the case of a surgical service furnished by a physician, if payment is made separately under this part for the services of a physician serving as an assistant-at-surgery, the fee schedule amount shall not exceed 16 percent of the fee schedule amount otherwise determined under this section for the global surgical service involved.

**(B) Denial of payment in certain cases**

If the Secretary determines, based on the most recent data available, that for a surgical procedure (or class of surgical procedures) the national average percentage of such procedure performed under this part which involve the use of a physician as an assistant at surgery is less than 5 percent, no payment may be made under this part for services of an assistant at surgery involved in the procedure.

**(3) No comparability adjustment**

For physicians' services for which payment under this part is determined under this section—

(A) a carrier may not make any adjustment in the payment amount under section 1395u(b)(3)(B) of this title on the basis that the payment amount is higher than the charge applicable, for comparable services and under comparable circumstances, to the policyholders and subscribers of the carrier,

(B) no payment adjustment may be made under section 1395u(b)(8) of this title, and

(C) section 1395u(b)(9) of this title shall not apply.

**(j) Definitions**

In this section:

**(1) Category**

For services furnished before January 1, 1998, the term "category" means, with respect to physicians' services, surgical services, and all physicians' services other than surgical services (as defined by the Secretary and including anesthesia services), primary care services (as defined in section 1395u(i)(4) of this title), and all other physicians' services. The Secretary shall define surgical services and publish such definition in the Federal Register no later than May 1, 1990, after consultation with organizations representing physicians.

**(2) Fee schedule area**

The term "fee schedule area" means a locality used under section 1395u(b) of this title for purposes of computing payment amounts for physicians' services.

**(3) Physicians' services**

The term "physicians' services" includes items and services described in paragraphs (1),

(2)(A), (2)(D), (2)(G), (2)(P) (with respect to services described in subparagraphs (A) and (C) of section 1395x(oo)(2) of this title), (2)(R) (with respect to services described in subparagraphs (B), (C), and (D) of section 1395x(pp)(1) of this title), (2)(S), (2)(W), (2)(AA), (2)(DD), (2)(EE), (2)(FF) (including administration of the health risk assessment), (3), (4), (13), (14) (with respect to services described in section 1395x(nn)(2) of this title), and (15) of section 1395x(s) of this title (other than clinical diagnostic laboratory tests and, except for purposes of subsections (a)(3), (g), and (h) of this section<sup>6</sup> such other items and services as the Secretary may specify).

**(4) Practice expenses**

The term "practice expenses" includes all expenses for furnishing physicians' services, excluding malpractice expenses, physician compensation, and other physician fringe benefits.

**(k) Quality reporting system**

**(1) In general**

The Secretary shall implement a system for the reporting by eligible professionals of data on quality measures specified under paragraph (2). Such data shall be submitted in a form and manner specified by the Secretary (by program instruction or otherwise), which may include submission of such data on claims under this part.

**(2) Use of consensus-based quality measures**

**(A) For 2007**

**(i) In general**

For purposes of applying this subsection for the reporting of data on quality measures for covered professional services furnished during the period beginning July 1, 2007, and ending December 31, 2007, the quality measures specified under this paragraph are the measures identified as 2007 physician quality measures under the Physician Voluntary Reporting Program as published on the public website of the Centers for Medicare & Medicaid Services as of December 20, 2006, except as may be changed by the Secretary based on the results of a consensus-based process in January of 2007, if such change is published on such website by not later than April 1, 2007.

**(ii) Subsequent refinements in application permitted**

The Secretary may, from time to time (but not later than July 1, 2007), publish on such website (without notice or opportunity for public comment) modifications or refinements (such as code additions, corrections, or revisions) for the application of quality measures previously published under clause (i), but may not, under this clause, change the quality measures under the reporting system.

**(iii) Implementation**

Notwithstanding any other provision of law, the Secretary may implement by pro-

<sup>6</sup> So in original. Probably should be followed by a comma.

gram instruction or otherwise this subsection for 2007.

**(B) For 2008 and 2009**

**(i) In general**

For purposes of reporting data on quality measures for covered professional services furnished during 2008 and 2009, the quality measures specified under this paragraph for covered professional services shall be measures that have been adopted or endorsed by a consensus organization (such as the National Quality Forum or AQA), that include measures that have been submitted by a physician specialty, and that the Secretary identifies as having used a consensus-based process for developing such measures. Such measures shall include structural measures, such as the use of electronic health records and electronic prescribing technology.

**(ii) Proposed set of measures**

Not later than August 15 of each of 2007 and 2008, the Secretary shall publish in the Federal Register a proposed set of quality measures that the Secretary determines are described in clause (i) and would be appropriate for eligible professionals to use to submit data to the Secretary in 2008 or 2009, as applicable. The Secretary shall provide for a period of public comment on such set of measures.

**(iii) Final set of measures**

Not later than November 15 of each of 2007 and 2008, the Secretary shall publish in the Federal Register a final set of quality measures that the Secretary determines are described in clause (i) and would be appropriate for eligible professionals to use to submit data to the Secretary in 2008 or 2009, as applicable.

**(C) For 2010 and subsequent years**

**(i) In general**

Subject to clause (ii), for purposes of reporting data on quality measures for covered professional services furnished during 2010 and each subsequent year, subject to subsection (m)(3)(C), the quality measures (including electronic prescribing quality measures) specified under this paragraph shall be such measures selected by the Secretary from measures that have been endorsed by the entity with a contract with the Secretary under section 1395aaa(a) of this title.

**(ii) Exception**

In the case of a specified area or medical topic determined appropriate by the Secretary for which a feasible and practical measure has not been endorsed by the entity with a contract under section 1395aaa(a) of this title, the Secretary may specify a measure that is not so endorsed as long as due consideration is given to measures that have been endorsed or adopted by a consensus organization identified by the Secretary, such as the AQA alliance.

**(D) Opportunity to provide input on measures for 2009 and subsequent years**

For each quality measure (including an electronic prescribing quality measure) adopted by the Secretary under subparagraph (B) (with respect to 2009) or subparagraph (C), the Secretary shall ensure that eligible professionals have the opportunity to provide input during the development, endorsement, or selection of measures applicable to services they furnish.

**(3) Covered professional services and eligible professionals defined**

For purposes of this subsection:

**(A) Covered professional services**

The term “covered professional services” means services for which payment is made under, or is based on, the fee schedule established under this section and which are furnished by an eligible professional.

**(B) Eligible professional**

The term “eligible professional” means any of the following:

- (i) A physician.
- (ii) A practitioner described in section 1395u(b)(18)(C) of this title.
- (iii) A physical or occupational therapist or a qualified speech-language pathologist.
- (iv) Beginning with 2009, a qualified audiologist (as defined in section 1395x(l)(3)(B) of this title).

**(4) Use of registry-based reporting**

As part of the publication of proposed and final quality measures for 2008 under clauses (ii) and (iii) of paragraph (2)(B), the Secretary shall address a mechanism whereby an eligible professional may provide data on quality measures through an appropriate medical registry (such as the Society of Thoracic Surgeons National Database) or through a Maintenance of Certification program operated by a specialty body of the American Board of Medical Specialties that meets the criteria for such a registry, as identified by the Secretary.

**(5) Identification units**

For purposes of applying this subsection, the Secretary may identify eligible professionals through billing units, which may include the use of the Provider Identification Number, the unique physician identification number (described in section 1395l(q)(1) of this title), the taxpayer identification number, or the National Provider Identifier. For purposes of applying this subsection for 2007, the Secretary shall use the taxpayer identification number as the billing unit.

**(6) Education and outreach**

The Secretary shall provide for education and outreach to eligible professionals on the operation of this subsection.

**(7) Limitations on review**

There shall be no administrative or judicial review under section 1395ff of this title, section 1395oo of this title, or otherwise, of the development and implementation of the reporting system under paragraph (1), including

identification of quality measures under paragraph (2) and the application of paragraphs (4) and (5).

**(8) Implementation**

The Secretary shall carry out this subsection acting through the Administrator of the Centers for Medicare & Medicaid Services.

**(I) Physician Assistance and Quality Initiative Fund**

**(1) Establishment**

The Secretary shall establish under this subsection a Physician Assistance and Quality Initiative Fund (in this subsection referred to as the “Fund”) which shall be available to the Secretary for physician payment and quality improvement initiatives, which may include application of an adjustment to the update of the conversion factor under subsection (d).

**(2) Funding**

**(A) Amount available**

**(i) In general**

Subject to clause (ii), there shall be available to the Fund the following amounts:

(I) For expenditures during 2008, an amount equal to \$150,500,000.

(II) For expenditures during 2009, an amount equal to \$24,500,000.

**(ii) Limitations on expenditures**

**(I) 2008**

The amount available for expenditures during 2008 shall be reduced as provided by subparagraph (A) of section 225(c)(1) and section 524 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008 (division G of the Consolidated Appropriations Act, 2008).

**(II) 2009**

The amount available for expenditures during 2009 shall be reduced as provided by subparagraph (B) of such section 225(c)(1).

**(B) Timely obligation of all available funds for services**

The Secretary shall provide for expenditures from the Fund in a manner designed to provide (to the maximum extent feasible) for the obligation of the entire amount available for expenditures, after application of subparagraph (A)(ii), during—

(i) 2008 for payment with respect to physicians’ services furnished during 2008; and

(ii) 2009 for payment with respect to physicians’ services furnished during 2009.

**(C) Payment from Trust Fund**

The amount specified in subparagraph (A) shall be available to the Fund, as expenditures are made from the Fund, from the Federal Supplementary Medical Insurance Trust Fund under section 1395t of this title.

**(D) Funding limitation**

Amounts in the Fund shall be available in advance of appropriations in accordance

with subparagraph (B) but only if the total amount obligated from the Fund does not exceed the amount available to the Fund under subparagraph (A). The Secretary may obligate funds from the Fund only if the Secretary determines (and the Chief Actuary of the Centers for Medicare & Medicaid Services and the appropriate budget officer certify) that there are available in the Fund sufficient amounts to cover all such obligations incurred consistent with the previous sentence.

**(E) Construction**

In the case that expenditures from the Fund are applied to, or otherwise affect, a conversion factor under subsection (d) for a year, the conversion factor under such subsection shall be computed for a subsequent year as if such application or effect had never occurred.

**(m) Incentive payments for quality reporting**

**(1) Incentive payments**

**(A) In general**

For 2007 through 2014, with respect to covered professional services furnished during a reporting period by an eligible professional, if—

(i) there are any quality measures that have been established under the physician reporting system that are applicable to any such services furnished by such professional for such reporting period; and

(ii) the eligible professional satisfactorily submits (as determined under this subsection) to the Secretary data on such quality measures in accordance with such reporting system for such reporting period,

in addition to the amount otherwise paid under this part, there also shall be paid to the eligible professional (or to an employer or facility in the cases described in clause (A) of section 1395u(b)(6) of this title) or, in the case of a group practice under paragraph (3)(C), to the group practice, from the Federal Supplementary Medical Insurance Trust Fund established under section 1395t of this title an amount equal to the applicable quality percent of the Secretary’s estimate (based on claims submitted not later than 2 months after the end of the reporting period) of the allowed charges under this part for all such covered professional services furnished by the eligible professional (or, in the case of a group practice under paragraph (3)(C), by the group practice) during the reporting period.

**(B) Applicable quality percent**

For purposes of subparagraph (A), the term “applicable quality percent” means—

(i) for 2007 and 2008, 1.5 percent;

(ii) for 2009 and 2010, 2.0 percent;

(iii) for 2011, 1.0 percent; and

(iv) for 2012, 2013, and 2014, 0.5 percent.

**(2) Incentive payments for electronic prescribing**

**(A) In general**

Subject to subparagraph (D), for 2009 through 2013, with respect to covered profes-

sional services furnished during a reporting period by an eligible professional, if the eligible professional is a successful electronic prescriber for such reporting period, in addition to the amount otherwise paid under this part, there also shall be paid to the eligible professional (or to an employer or facility in the cases described in clause (A) of section 1395u(b)(6) of this title) or, in the case of a group practice under paragraph (3)(C), to the group practice, from the Federal Supplementary Medical Insurance Trust Fund established under section 1395t of this title an amount equal to the applicable electronic prescribing percent of the Secretary's estimate (based on claims submitted not later than 2 months after the end of the reporting period) of the allowed charges under this part for all such covered professional services furnished by the eligible professional (or, in the case of a group practice under paragraph (3)(C), by the group practice) during the reporting period.

**(B) Limitation with respect to electronic prescribing quality measures**

The provisions of this paragraph and subsection (a)(5) shall not apply to an eligible professional (or, in the case of a group practice under paragraph (3)(C), to the group practice) if, for the reporting period (or, for purposes of subsection (a)(5), for the reporting period for a year)—

(i) the allowed charges under this part for all covered professional services furnished by the eligible professional (or group, as applicable) for the codes to which the electronic prescribing quality measure applies (as identified by the Secretary and published on the Internet website of the Centers for Medicare & Medicaid Services as of January 1, 2008, and as subsequently modified by the Secretary) are less than 10 percent of the total of the allowed charges under this part for all such covered professional services furnished by the eligible professional (or the group, as applicable); or

(ii) if determined appropriate by the Secretary, the eligible professional does not submit (including both electronically and nonelectronically) a sufficient number (as determined by the Secretary) of prescriptions under part D.

If the Secretary makes the determination to apply clause (ii) for a period, then clause (i) shall not apply for such period.

**(C) Applicable electronic prescribing percent**

For purposes of subparagraph (A), the term "applicable electronic prescribing percent" means—

- (i) for 2009 and 2010, 2.0 percent;
- (ii) for 2011 and 2012, 1.0 percent; and
- (iii) for 2013, 0.5 percent.

**(D) Limitation with respect to EHR incentive payments**

The provisions of this paragraph shall not apply to an eligible professional (or, in the case of a group practice under paragraph (3)(C), to the group practice) if, for the EHR

reporting period the eligible professional (or group practice) receives an incentive payment under subsection (o)(1)(A) with respect to a certified EHR technology (as defined in subsection (o)(4)) that has the capability of electronic prescribing.

**(3) Satisfactory reporting and successful electronic prescriber described**

**(A) In general**

For purposes of paragraph (1), an eligible professional shall be treated as satisfactorily submitting data on quality measures for covered professional services for a reporting period (or, for purposes of subsection (a)(8), for the quality reporting period for the year) if quality measures have been reported as follows:

**(i) Three or fewer quality measures applicable**

If there are no more than 3 quality measures that are provided under the physician reporting system and that are applicable to such services of such professional furnished during the period, each such quality measure has been reported under such system in at least 80 percent of the cases in which such measure is reportable under the system.

**(ii) Four or more quality measures applicable**

If there are 4 or more quality measures that are provided under the physician reporting system and that are applicable to such services of such professional furnished during the period, at least 3 such quality measures have been reported under such system in at least 80 percent of the cases in which the respective measure is reportable under the system.

For years after 2008, quality measures for purposes of this subparagraph shall not include electronic prescribing quality measures.

**(B) Successful electronic prescriber**

**(i) In general**

For purposes of paragraph (2) and subsection (a)(5), an eligible professional shall be treated as a successful electronic prescriber for a reporting period (or, for purposes of subsection (a)(5), for the reporting period for a year) if the eligible professional meets the requirement described in clause (ii), or, if the Secretary determines appropriate, the requirement described in clause (iii). If the Secretary makes the determination under the preceding sentence to apply the requirement described in clause (iii) for a period, then the requirement described in clause (ii) shall not apply for such period.

**(ii) Requirement for submitting data on electronic prescribing quality measures**

The requirement described in this clause is that, with respect to covered professional services furnished by an eligible professional during a reporting period (or, for purposes of subsection (a)(5), for the re-

porting period for a year), if there are any electronic prescribing quality measures that have been established under the physician reporting system and are applicable to any such services furnished by such professional for the period, such professional reported each such measure under such system in at least 50 percent of the cases in which such measure is reportable by such professional under such system.

**(iii) Requirement for electronically prescribing under part D**

The requirement described in this clause is that the eligible professional electronically submitted a sufficient number (as determined by the Secretary) of prescriptions under part D during the reporting period (or, for purposes of subsection (a)(5), for the reporting period for a year).

**(iv) Use of part D data**

Notwithstanding sections 1395w-115(d)(2)(B) and 1395w-115(f)(2) of this title, the Secretary may use data regarding drug claims submitted for purposes of section 1395w-115 of this title that are necessary for purposes of clause (iii), paragraph (2)(B)(ii), and paragraph (5)(G).

**(v) Standards for electronic prescribing**

To the extent practicable, in determining whether eligible professionals meet the requirements under clauses (ii) and (iii) for purposes of clause (i), the Secretary shall ensure that eligible professionals utilize electronic prescribing systems in compliance with standards established for such systems pursuant to the Part D Electronic Prescribing Program under section 1395w-104(e) of this title.

**(C) Satisfactory reporting measures for group practices**

**(i) In general**

By January 1, 2010, the Secretary shall establish and have in place a process under which eligible professionals in a group practice (as defined by the Secretary) shall be treated as satisfactorily submitting data on quality measures under subparagraph (A) and as meeting the requirement described in subparagraph (B)(ii) for covered professional services for a reporting period (or, for purposes of subsection (a)(5), for a reporting period for a year), or, for purposes of subsection (a)(8), for a quality reporting period for the year if, in lieu of reporting measures under subsection (k)(2)(C), the group practice reports measures determined appropriate by the Secretary, such as measures that target high-cost chronic conditions and preventive care, in a form and manner, and at a time, specified by the Secretary.

**(ii) Statistical sampling model**

The process under clause (i) shall provide for the use of a statistical sampling model to submit data on measures, such as the model used under the Physician Group Practice demonstration project under section 1395cc-1 of this title.

**(iii) No double payments**

Payments to a group practice under this subsection by reason of the process under clause (i) shall be in lieu of the payments that would otherwise be made under this subsection to eligible professionals in the group practice for satisfactorily submitting data on quality measures.

**(D) Satisfactory reporting measures through participation in a qualified clinical data registry**

For 2014 and subsequent years, the Secretary shall treat an eligible professional as satisfactorily submitting data on quality measures under subparagraph (A) if, in lieu of reporting measures under subsection (k)(2)(C), the eligible professional is satisfactorily participating, as determined by the Secretary, in a qualified clinical data registry (as described in subparagraph (E)) for the year.

**(E) Qualified clinical data registry**

**(i) In general**

The Secretary shall establish requirements for an entity to be considered a qualified clinical data registry. Such requirements shall include a requirement that the entity provide the Secretary with such information, at such times, and in such manner, as the Secretary determines necessary to carry out this subsection.

**(ii) Considerations**

In establishing the requirements under clause (i), the Secretary shall consider whether an entity—

(I) has in place mechanisms for the transparency of data elements and specifications, risk models, and measures;

(II) requires the submission of data from participants with respect to multiple payers;

(III) provides timely performance reports to participants at the individual participant level; and

(IV) supports quality improvement initiatives for participants.

**(iii) Measures**

With respect to measures used by a qualified clinical data registry—

(I) sections 1395aaa(b)(7) and 1395aaa-1(a) of this title shall not apply; and

(II) measures endorsed by the entity with a contract with the Secretary under section 1395aaa(a) of this title may be used.

**(iv) Consultation**

In carrying out this subparagraph, the Secretary shall consult with interested parties.

**(v) Determination**

The Secretary shall establish a process to determine whether or not an entity meets the requirements established under clause (i). Such process may involve one or both of the following:

(I) A determination by the Secretary.

(II) A designation by the Secretary of one or more independent organizations to make such determination.

**(F) Authority to revise satisfactorily reporting data**

For years after 2009, the Secretary, in consultation with stakeholders and experts, may revise the criteria under this subsection for satisfactorily submitting data on quality measures under subparagraph (A) and the criteria for submitting data on electronic prescribing quality measures under subparagraph (B)(ii).

**(4) Form of payment**

The payment under this subsection shall be in the form of a single consolidated payment.

**(5) Application**

**(A) Physician reporting system rules**

Paragraphs (5), (6), and (8) of subsection (k) shall apply for purposes of this subsection in the same manner as they apply for purposes of such subsection.

**(B) Coordination with other bonus payments**

The provisions of this subsection shall not be taken into account in applying subsections (m) and (u) of section 1395l of this title and any payment under such subsections shall not be taken into account in computing allowable charges under this subsection.

**(C) Implementation**

Notwithstanding any other provision of law, for 2007, 2008, and 2009, the Secretary may implement by program instruction or otherwise this subsection.

**(D) Validation**

**(i) In general**

Subject to the succeeding provisions of this subparagraph, for purposes of determining whether a measure is applicable to the covered professional services of an eligible professional under this subsection for 2007 and 2008, the Secretary shall presume that if an eligible professional submits data for a measure, such measure is applicable to such professional.

**(ii) Method**

The Secretary may establish procedures to validate (by sampling or other means as the Secretary determines to be appropriate) whether measures applicable to covered professional services of an eligible professional have been reported.

**(iii) Denial of payment authority**

If the Secretary determines that an eligible professional (or, in the case of a group practice under paragraph (3)(C), the group practice) has not reported measures applicable to covered professional services of such professional, the Secretary shall not pay the incentive payment under this subsection. If such payments for such period have already been made, the Secretary shall recoup such payments from

the eligible professional (or the group practice).

**(E) Limitations on review**

Except as provided in subparagraph (I), there shall be no administrative or judicial review under section 1395ff of this title, section 1395oo of this title, or otherwise of—

(i) the determination of measures applicable to services furnished by eligible professionals under this subsection;

(ii) the determination of satisfactory reporting under this subsection;

(iii) the determination of a successful electronic prescriber under paragraph (3), the limitation under paragraph (2)(B), and the exception under subsection (a)(5)(B); and

(iv) the determination of any incentive payment under this subsection and the payment adjustment under paragraphs (5)(A) and (8)(A) of subsection (a).

**(F) Extension**

For 2008 and subsequent years, the Secretary shall establish alternative criteria for satisfactorily reporting under this subsection and alternative reporting periods under paragraph (6)(C) for reporting groups of measures under subsection (k)(2)(B) and for reporting using the method specified in subsection (k)(4).

**(G) Posting on website**

The Secretary shall post on the Internet website of the Centers for Medicare & Medicaid Services, in an easily understandable format, a list of the names of the following:

(i) The eligible professionals (or, in the case of reporting under paragraph (3)(C), the group practices) who satisfactorily submitted data on quality measures under this subsection.

(ii) The eligible professionals (or, in the case of reporting under paragraph (3)(C), the group practices) who are successful electronic prescribers.

**(H) Feedback**

The Secretary shall provide timely feedback to eligible professionals on the performance of the eligible professional with respect to satisfactorily submitting data on quality measures under this subsection.

**(I) Informal appeals process**

The Secretary shall, by not later than January 1, 2011, establish and have in place an informal process for eligible professionals to seek a review of the determination that an eligible professional did not satisfactorily submit data on quality measures under this subsection.

**(6) Definitions**

For purposes of this subsection:

**(A) Eligible professional; covered professional services**

The terms “eligible professional” and “covered professional services” have the meanings given such terms in subsection (k)(3).

**(B) Physician reporting system**

The term “physician reporting system” means the system established under subsection (k).

**(C) Reporting period****(i) In general**

Subject to clauses (ii) and (iii), the term “reporting period” means—

(I) for 2007, the period beginning on July 1, 2007, and ending on December 31, 2007; and

(II) for 2008 and subsequent years, the entire year.

**(ii) Authority to revise reporting period**

For years after 2009, the Secretary may revise the reporting period under clause (i) if the Secretary determines such revision is appropriate, produces valid results on measures reported, and is consistent with the goals of maximizing scientific validity and reducing administrative burden. If the Secretary revises such period pursuant to the preceding sentence, the term “reporting period” shall mean such revised period.

**(iii) Reference**

Any reference in this subsection to a reporting period with respect to the application of subsection (a)(5) (a)(8)<sup>7</sup> shall be deemed a reference to the reporting period under subsection (a)(5)(D)(iii) or the quality reporting period under subsection (a)(8)(D)(iii),<sup>8</sup> respectively.

**(7)<sup>9</sup> Integration of physician quality reporting and EHR reporting**

Not later than January 1, 2012, the Secretary shall develop a plan to integrate reporting on quality measures under this subsection with reporting requirements under subsection (o) relating to the meaningful use of electronic health records. Such integration shall consist of the following:

(A) The selection of measures, the reporting of which would both demonstrate—

(i) meaningful use of an electronic health record for purposes of subsection (o); and

(ii) quality of care furnished to an individual.

(B) Such other activities as specified by the Secretary.

**(7)<sup>9</sup> Additional incentive payment****(A) In general**

For 2011 through 2014, if an eligible professional meets the requirements described in subparagraph (B), the applicable quality percent for such year, as described in clauses (iii) and (iv) of paragraph (1)(B), shall be increased by 0.5 percentage points.

**(B) Requirements described**

In order to qualify for the additional incentive payment described in subparagraph (A), an eligible professional shall meet the following requirements:

(i) The eligible professional shall—

(I) satisfactorily submit data on quality measures for purposes of paragraph (1) for a year; and

(II) have such data submitted on their behalf through a Maintenance of Certification Program (as defined in subparagraph (C)(i)) that meets—

(aa) the criteria for a registry (as described in subsection (k)(4)); or

(bb) an alternative form and manner determined appropriate by the Secretary.

(ii) The eligible professional, more frequently than is required to qualify for or maintain board certification status—

(I) participates in such a Maintenance of Certification program for a year; and

(II) successfully completes a qualified Maintenance of Certification Program practice assessment (as defined in subparagraph (C)(ii)) for such year.

(iii) A Maintenance of Certification program submits to the Secretary, on behalf of the eligible professional, information—

(I) in a form and manner specified by the Secretary, that the eligible professional has successfully met the requirements of clause (ii) (which may be in the form of a structural measure);

(II) if requested by the Secretary, on the survey of patient experience with care (as described in subparagraph (C)(ii)(II)); and

(III) as the Secretary may require, on the methods, measures, and data used under the Maintenance of Certification Program and the qualified Maintenance of Certification Program practice assessment.

**(C) Definitions**

For purposes of this paragraph:

(i) The term “Maintenance of Certification Program” means a continuous assessment program, such as qualified American Board of Medical Specialties Maintenance of Certification program or an equivalent program (as determined by the Secretary), that advances quality and the lifelong learning and self-assessment of board certified specialty physicians by focusing on the competencies of patient care, medical knowledge, practice-based learning, interpersonal and communication skills and professionalism. Such a program shall include the following:

(I) The program requires the physician to maintain a valid, unrestricted medical license in the United States.

(II) The program requires a physician to participate in educational and self-assessment programs that require an assessment of what was learned.

(III) The program requires a physician to demonstrate, through a formalized, secure examination, that the physician has the fundamental diagnostic skills, medical knowledge, and clinical judgment to provide quality care in their respective specialty.

<sup>7</sup> So in original.

<sup>8</sup> So in original. Probably should be “(a)(8)(C)(iii).”

<sup>9</sup> So in original. Two pars. (7) have been enacted.

(IV) The program requires successful completion of a qualified Maintenance of Certification Program practice assessment as described in clause (ii).

(ii) The term “qualified Maintenance of Certification Program practice assessment” means an assessment of a physician’s practice that—

(I) includes an initial assessment of an eligible professional’s practice that is designed to demonstrate the physician’s use of evidence-based medicine;

(II) includes a survey of patient experience with care; and

(III) requires a physician to implement a quality improvement intervention to address a practice weakness identified in the initial assessment under subclause (I) and then to remeasure to assess performance improvement after such intervention.

**(n) Physician Feedback Program**

**(1) Establishment**

**(A) In general**

**(i) Establishment**

The Secretary shall establish a Physician Feedback Program (in this subsection referred to as the “Program”).

**(ii) Reports on resources**

The Secretary shall use claims data under this subchapter (and may use other data) to provide confidential reports to physicians (and, as determined appropriate by the Secretary, to groups of physicians) that measure the resources involved in furnishing care to individuals under this subchapter.

**(iii) Inclusion of certain information**

If determined appropriate by the Secretary, the Secretary may include information on the quality of care furnished to individuals under this subchapter by the physician (or group of physicians) in such reports.

**(B) Resource use**

The resources described in subparagraph (A)(ii) may be measured—

- (i) on an episode basis;
- (ii) on a per capita basis; or
- (iii) on both an episode and a per capita basis.

**(2) Implementation**

The Secretary shall implement the Program by not later than January 1, 2009.

**(3) Data for reports**

To the extent practicable, reports under the Program shall be based on the most recent data available.

**(4) Authority to focus initial application**

The Secretary may focus the initial application of the Program as appropriate, such as focusing the Program on—

- (A) physician specialties that account for a certain percentage of all spending for physicians’ services under this subchapter;

(B) physicians who treat conditions that have a high cost or a high volume, or both, under this subchapter;

(C) physicians who use a high amount of resources compared to other physicians;

(D) physicians practicing in certain geographic areas; or

(E) physicians who treat a minimum number of individuals under this subchapter.

**(5) Authority to exclude certain information if insufficient information**

The Secretary may exclude certain information regarding a service from a report under the Program with respect to a physician (or group of physicians) if the Secretary determines that there is insufficient information relating to that service to provide a valid report on that service.

**(6) Adjustment of data**

To the extent practicable, the Secretary shall make appropriate adjustments to the data used in preparing reports under the Program, such as adjustments to take into account variations in health status and other patient characteristics. For adjustments for reports on utilization under paragraph (9), see subparagraph (D) of such paragraph.

**(7) Education and outreach**

The Secretary shall provide for education and outreach activities to physicians on the operation of, and methodologies employed under, the Program.

**(8) Disclosure exemption**

Reports under the Program shall be exempt from disclosure under section 552 of title 5.

**(9) Reports on utilization**

**(A) Development of episode grouper**

**(i) In general**

The Secretary shall develop an episode grouper that combines separate but clinically related items and services into an episode of care for an individual, as appropriate.

**(ii) Timeline for development**

The episode grouper described in subparagraph (A)<sup>10</sup> shall be developed by not later than January 1, 2012.

**(iii) Public availability**

The Secretary shall make the details of the episode grouper described in subparagraph (A)<sup>10</sup> available to the public.

**(iv) Endorsement**

The Secretary shall seek endorsement of the episode grouper described in subparagraph (A)<sup>10</sup> by the entity with a contract under section 1395aaa(a) of this title.

**(B) Reports on utilization**

Effective beginning with 2012, the Secretary shall provide reports to physicians that compare, as determined appropriate by the Secretary, patterns of resource use of the individual physician to such patterns of other physicians.

<sup>10</sup>So in original. Probably means cl. (i) of this subpar.

**(C) Analysis of data**

The Secretary shall, for purposes of preparing reports under this paragraph, establish methodologies as appropriate, such as to—

- (i) attribute episodes of care, in whole or in part, to physicians;
- (ii) identify appropriate physicians for purposes of comparison under subparagraph (B); and
- (iii) aggregate episodes of care attributed to a physician under clause (i) into a composite measure per individual.

**(D) Data adjustment**

In preparing reports under this paragraph, the Secretary shall make appropriate adjustments, including adjustments—

- (i) to account for differences in socioeconomic and demographic characteristics, ethnicity, and health status of individuals (such as to recognize that less healthy individuals may require more intensive interventions); and
- (ii) to eliminate the effect of geographic adjustments in payment rates (as described in subsection (e)).

**(E) Public availability of methodology**

The Secretary shall make available to the public—

- (i) the methodologies established under subparagraph (C);
- (ii) information regarding any adjustments made to data under subparagraph (D); and
- (iii) aggregate reports with respect to physicians.

**(F) Definition of physician**

In this paragraph:

**(i) In general**

The term “physician” has the meaning given that term in section 1395x(r)(1) of this title.

**(ii) Treatment of groups**

Such term includes, as the Secretary determines appropriate, a group of physicians.

**(G) Limitations on review**

There shall be no administrative or judicial review under section 1395ff of this title, section 1395oo of this title, or otherwise of the establishment of the methodology under subparagraph (C), including the determination of an episode of care under such methodology.

**(10) Coordination with other value-based purchasing reforms**

The Secretary shall coordinate the Program with the value-based payment modifier established under subsection (p) and, as the Secretary determines appropriate, other similar provisions of this subchapter.

**(o) Incentives for adoption and meaningful use of certified EHR technology****(1) Incentive payments****(A) In general****(i) In general**

Subject to the succeeding subparagraphs of this paragraph, with respect to covered

professional services furnished by an eligible professional during a payment year (as defined in subparagraph (E)), if the eligible professional is a meaningful EHR user (as determined under paragraph (2)) for the EHR reporting period with respect to such year, in addition to the amount otherwise paid under this part, there also shall be paid to the eligible professional (or to an employer or facility in the cases described in clause (A) of section 1395u(b)(6) of this title), from the Federal Supplementary Medical Insurance Trust Fund established under section 1395t of this title an amount equal to 75 percent of the Secretary’s estimate (based on claims submitted not later than 2 months after the end of the payment year) of the allowed charges under this part for all such covered professional services furnished by the eligible professional during such year.

**(ii) No incentive payments with respect to years after 2016**

No incentive payments may be made under this subsection with respect to a year after 2016.

**(B) Limitations on amounts of incentive payments****(i) In general**

In no case shall the amount of the incentive payment provided under this paragraph for an eligible professional for a payment year exceed the applicable amount specified under this subparagraph with respect to such eligible professional and such year.

**(ii) Amount**

Subject to clauses (iii) through (v), the applicable amount specified in this subparagraph for an eligible professional is as follows:

- (I) For the first payment year for such professional, \$15,000 (or, if the first payment year for such eligible professional is 2011 or 2012, \$18,000).
- (II) For the second payment year for such professional, \$12,000.
- (III) For the third payment year for such professional, \$8,000.
- (IV) For the fourth payment year for such professional, \$4,000.
- (V) For the fifth payment year for such professional, \$2,000.
- (VI) For any succeeding payment year for such professional, \$0.

**(iii) Phase down for eligible professionals first adopting EHR after 2013**

If the first payment year for an eligible professional is after 2013, then the amount specified in this subparagraph for a payment year for such professional is the same as the amount specified in clause (ii) for such payment year for an eligible professional whose first payment year is 2013.

**(iv) Increase for certain eligible professionals**

In the case of an eligible professional who predominantly furnishes services

under this part in an area that is designated by the Secretary (under section 254e(a)(1)(A) of this title) as a health professional shortage area, the amount that would otherwise apply for a payment year for such professional under subclauses (I) through (V) of clause (ii) shall be increased by 10 percent. In implementing the preceding sentence, the Secretary may, as determined appropriate, apply provisions of subsections (m) and (u) of section 1395l of this title in a similar manner as such provisions apply under such subsection.

**(v) No incentive payment if first adopting after 2014**

If the first payment year for an eligible professional is after 2014 then the applicable amount specified in this subparagraph for such professional for such year and any subsequent year shall be \$0.

**(C) Non-application to hospital-based eligible professionals**

**(i) In general**

No incentive payment may be made under this paragraph in the case of a hospital-based eligible professional.

**(ii) Hospital-based eligible professional**

For purposes of clause (i), the term “hospital-based eligible professional” means, with respect to covered professional services furnished by an eligible professional during the EHR reporting period for a payment year, an eligible professional, such as a pathologist, anesthesiologist, or emergency physician, who furnishes substantially all of such services in a hospital inpatient or emergency room setting and through the use of the facilities and equipment, including qualified electronic health records, of the hospital. The determination of whether an eligible professional is a hospital-based eligible professional shall be made on the basis of the site of service (as defined by the Secretary) and without regard to any employment or billing arrangement between the eligible professional and any other provider.

**(D) Payment**

**(i) Form of payment**

The payment under this paragraph may be in the form of a single consolidated payment or in the form of such periodic installments as the Secretary may specify.

**(ii) Coordination of application of limitation for professionals in different practices**

In the case of an eligible professional furnishing covered professional services in more than one practice (as specified by the Secretary), the Secretary shall establish rules to coordinate the incentive payments, including the application of the limitation on amounts of such incentive payments under this paragraph, among such practices.

**(iii) Coordination with Medicaid**

The Secretary shall seek, to the maximum extent practicable, to avoid duplicative

requirements from Federal and State governments to demonstrate meaningful use of certified EHR technology under this subchapter and subchapter XIX. The Secretary may also adjust the reporting periods under such subchapter and such subsections in order to carry out this clause.

**(E) Payment year defined**

**(i) In general**

For purposes of this subsection, the term “payment year” means a year beginning with 2011.

**(ii) First, second, etc. payment year**

The term “first payment year” means, with respect to covered professional services furnished by an eligible professional, the first year for which an incentive payment is made for such services under this subsection. The terms “second payment year”, “third payment year”, “fourth payment year”, and “fifth payment year” mean, with respect to covered professional services furnished by such eligible professional, each successive year immediately following the first payment year for such professional.

**(2) Meaningful EHR user**

**(A) In general**

For purposes of paragraph (1), an eligible professional shall be treated as a meaningful EHR user for an EHR reporting period for a payment year (or, for purposes of subsection (a)(7), for an EHR reporting period under such subsection for a year) if each of the following requirements is met:

**(i) Meaningful use of certified EHR technology**

The eligible professional demonstrates to the satisfaction of the Secretary, in accordance with subparagraph (C)(i), that during such period the professional is using certified EHR technology in a meaningful manner, which shall include the use of electronic prescribing as determined to be appropriate by the Secretary.

**(ii) Information exchange**

The eligible professional demonstrates to the satisfaction of the Secretary, in accordance with subparagraph (C)(i), that during such period such certified EHR technology is connected in a manner that provides, in accordance with law and standards applicable to the exchange of information, for the electronic exchange of health information to improve the quality of health care, such as promoting care coordination.

**(iii) Reporting on measures using EHR**

Subject to subparagraph (B)(ii) and using such certified EHR technology, the eligible professional submits information for such period, in a form and manner specified by the Secretary, on such clinical quality measures and such other measures as selected by the Secretary under subparagraph (B)(i).

The Secretary may provide for the use of alternative means for meeting the requirements of clauses (i), (ii), and (iii) in the case of an eligible professional furnishing covered professional services in a group practice (as defined by the Secretary). The Secretary shall seek to improve the use of electronic health records and health care quality over time by requiring more stringent measures of meaningful use selected under this paragraph.

**(B) Reporting on measures**

**(i) Selection**

The Secretary shall select measures for purposes of subparagraph (A)(iii) but only consistent with the following:

(I) The Secretary shall provide preference to clinical quality measures that have been endorsed by the entity with a contract with the Secretary under section 1395aaa(a) of this title.

(II) Prior to any measure being selected under this subparagraph, the Secretary shall publish in the Federal Register such measure and provide for a period of public comment on such measure.

**(ii) Limitation**

The Secretary may not require the electronic reporting of information on clinical quality measures under subparagraph (A)(iii) unless the Secretary has the capacity to accept the information electronically, which may be on a pilot basis.

**(iii) Coordination of reporting of information**

In selecting such measures, and in establishing the form and manner for reporting measures under subparagraph (A)(iii), the Secretary shall seek to avoid redundant or duplicative reporting otherwise required, including reporting under subsection (k)(2)(C).

**(C) Demonstration of meaningful use of certified EHR technology and information exchange**

**(i) In general**

A professional may satisfy the demonstration requirement of clauses (i) and (ii) of subparagraph (A) through means specified by the Secretary, which may include—

(I) an attestation;

(II) the submission of claims with appropriate coding (such as a code indicating that a patient encounter was documented using certified EHR technology);

(III) a survey response;

(IV) reporting under subparagraph (A)(iii); and

(V) other means specified by the Secretary.

**(ii) Use of part D data**

Notwithstanding sections 1395w-115(d)(2)(B) and 1395w-115(f)(2) of this title, the Secretary may use data regarding drug claims submitted for purposes of section 1395w-115 of this title that are necessary for purposes of subparagraph (A).

**(3) Application**

**(A) Physician reporting system rules**

Paragraphs (5), (6), and (8) of subsection (k) shall apply for purposes of this subsection in the same manner as they apply for purposes of such subsection.

**(B) Coordination with other payments**

The provisions of this subsection shall not be taken into account in applying the provisions of subsection (m) of this section and of section 1395l(m) of this title and any payment under such provisions shall not be taken into account in computing allowable charges under this subsection.

**(C) Limitations on review**

There shall be no administrative or judicial review under section 1395ff of this title, section 1395oo of this title, or otherwise, of—

(i) the methodology and standards for determining payment amounts under this subsection and payment adjustments under subsection (a)(7)(A), including the limitation under paragraph (1)(B) and coordination under clauses (ii) and (iii) of paragraph (1)(D);

(ii) the methodology and standards for determining a meaningful EHR user under paragraph (2), including selection of measures under paragraph (2)(B), specification of the means of demonstrating meaningful EHR use under paragraph (2)(C), and the hardship exception under subsection (a)(7)(B);

(iii) the methodology and standards for determining a hospital-based eligible professional under paragraph (1)(C); and

(iv) the specification of reporting periods under paragraph (5) and the selection of the form of payment under paragraph (1)(D)(i).

**(D) Posting on website**

The Secretary shall post on the Internet website of the Centers for Medicare & Medicaid Services, in an easily understandable format, a list of the names, business addresses, and business phone numbers of the eligible professionals who are meaningful EHR users and, as determined appropriate by the Secretary, of group practices receiving incentive payments under paragraph (1).

**(4) Certified EHR technology defined**

For purposes of this section, the term “certified EHR technology” means a qualified electronic health record (as defined in section 300jj(13) of this title) that is certified pursuant to section 300jj-11(c)(5) of this title as meeting standards adopted under section 300jj-14 of this title that are applicable to the type of record involved (as determined by the Secretary, such as an ambulatory electronic health record for office-based physicians or an inpatient hospital electronic health record for hospitals).

**(5) Definitions**

For purposes of this subsection:

**(A) Covered professional services**

The term “covered professional services” has the meaning given such term in subsection (k)(3).

**(B) EHR reporting period**

The term “EHR reporting period” means, with respect to a payment year, any period (or periods) as specified by the Secretary.

**(C) Eligible professional**

The term “eligible professional” means a physician, as defined in section 1395x(r) of this title.

**(p) Establishment of value-based payment modifier****(1) In general**

The Secretary shall establish a payment modifier that provides for differential payment to a physician or a group of physicians under the fee schedule established under subsection (b) based upon the quality of care furnished compared to cost (as determined under paragraphs (2) and (3), respectively) during a performance period. Such payment modifier shall be separate from the geographic adjustment factors established under subsection (e).

**(2) Quality****(A) In general**

For purposes of paragraph (1), quality of care shall be evaluated, to the extent practicable, based on a composite of measures of the quality of care furnished (as established by the Secretary under subparagraph (B)).

**(B) Measures**

(i) The Secretary shall establish appropriate measures of the quality of care furnished by a physician or group of physicians to individuals enrolled under this part, such as measures that reflect health outcomes. Such measures shall be risk adjusted as determined appropriate by the Secretary.

(ii) The Secretary shall seek endorsement of the measures established under this subparagraph by the entity with a contract under section 1395aaa(a) of this title.

**(3) Costs**

For purposes of paragraph (1), costs shall be evaluated, to the extent practicable, based on a composite of appropriate measures of costs established by the Secretary (such as the composite measure under the methodology established under subsection (n)(9)(C)(iii)) that eliminate the effect of geographic adjustments in payment rates (as described in subsection (e)), and take into account risk factors (such as socioeconomic and demographic characteristics, ethnicity, and health status of individuals (such as to recognize that less healthy individuals may require more intensive interventions)<sup>11</sup> and other factors determined appropriate by the Secretary.

**(4) Implementation****(A) Publication of measures, dates of implementation, performance period**

Not later than January 1, 2012, the Secretary shall publish the following:

- (i) The measures of quality of care and costs established under paragraphs (2) and (3), respectively.

(ii) The dates for implementation of the payment modifier (as determined under subparagraph (B)).

(iii) The initial performance period (as specified under subparagraph (B)(ii)).

**(B) Deadlines for implementation****(i) Initial implementation**

Subject to the preceding provisions of this subparagraph, the Secretary shall begin implementing the payment modifier established under this subsection through the rulemaking process during 2013 for the physician fee schedule established under subsection (b).

**(ii) Initial performance period****(I) In general**

The Secretary shall specify an initial performance period for application of the payment modifier established under this subsection with respect to 2015.

**(II) Provision of information during initial performance period**

During the initial performance period, the Secretary shall, to the extent practicable, provide information to physicians and groups of physicians about the quality of care furnished by the physician or group of physicians to individuals enrolled under this part compared to cost (as determined under paragraphs (2) and (3), respectively) with respect to the performance period.

**(iii) Application**

The Secretary shall apply the payment modifier established under this subsection for items and services furnished—

(I) beginning on January 1, 2015, with respect to specific physicians and groups of physicians the Secretary determines appropriate; and

(II) beginning not later than January 1, 2017, with respect to all physicians and groups of physicians.

**(C) Budget neutrality**

The payment modifier established under this subsection shall be implemented in a budget neutral manner.

**(5) Systems-based care**

The Secretary shall, as appropriate, apply the payment modifier established under this subsection in a manner that promotes systems-based care.

**(6) Consideration of special circumstances of certain providers**

In applying the payment modifier under this subsection, the Secretary shall, as appropriate, take into account the special circumstances of physicians or groups of physicians in rural areas and other underserved communities.

**(7) Application**

For purposes of the initial application of the payment modifier established under this subsection during the period beginning on January 1, 2015, and ending on December 31, 2016,

<sup>11</sup> So in original. Probably should be followed by a second closing parenthesis.

the term “physician” has the meaning given such term in section 1395x(r) of this title. On or after January 1, 2017, the Secretary may apply this subsection to eligible professionals (as defined in subsection (k)(3)(B)) as the Secretary determines appropriate.

**(8) Definitions**

For purposes of this subsection:

**(A) Costs**

The term “costs” means expenditures per individual as determined appropriate by the Secretary. In making the determination under the preceding sentence, the Secretary may take into account the amount of growth in expenditures per individual for a physician compared to the amount of such growth for other physicians.

**(B) Performance period**

The term “performance period” means a period specified by the Secretary.

**(9) Coordination with other value-based purchasing reforms**

The Secretary shall coordinate the value-based payment modifier established under this subsection with the Physician Feedback Program under subsection (n) and, as the Secretary determines appropriate, other similar provisions of this subchapter.

**(10) Limitations on review**

There shall be no administrative or judicial review under section 1395ff of this title, section 1395oo of this title, or otherwise of—

(A) the establishment of the value-based payment modifier under this subsection;

(B) the evaluation of quality of care under paragraph (2), including the establishment of appropriate measures of the quality of care under paragraph (2)(B);

(C) the evaluation of costs under paragraph (3), including the establishment of appropriate measures of costs under such paragraph;

(D) the dates for implementation of the value-based payment modifier;

(E) the specification of the initial performance period and any other performance period under paragraphs (4)(B)(ii) and (8)(B), respectively;

(F) the application of the value-based payment modifier under paragraph (7); and

(G) the determination of costs under paragraph (8)(A).

(Aug. 14, 1935, ch. 531, title XVIII, § 1848, as added Pub. L. 101-239, title VI, § 6102(a), Dec. 19, 1989, 103 Stat. 2169; amended Pub. L. 101-508, title IV, §§ 4102(b), (g)(2), 4104(b)(2), 4105(a)(3), (c), 4106(b)(1), 4107(a)(1), 4109(a), 4116, 4118(b)-(f)(1), (k), Nov. 5, 1990, 104 Stat. 1388-56, 1388-57, 1388-59 to 1388-63, 1388-65, 1388-67, 1388-68, 1388-71; Pub. L. 103-66, title XIII, §§ 13511(a), 13512-13514(c), 13515(a)(1), (c), 13516(a)(1), 13517(a), 13518(a), Aug. 10, 1993, 107 Stat. 580-583, 585, 586; Pub. L. 103-432, title I, §§ 121(b)(1), (2), 122(a), (b), 123(a), (d), 126(b)(6), (g)(2)(B), (5)-(7), (10)(A), Oct. 31, 1994, 108 Stat. 4409, 4410, 4412, 4415, 4416; Pub. L. 105-33, title IV, §§ 4022(b)(2)(B), (C), 4102(d), 4103(d), 4104(d), 4105(a)(2), 4106(b), 4501, 4502(a)(1), (b),

4503, 4504(a), 4505(a), (b), (e), (f)(1), 4644(d), 4714(b)(2), Aug. 5, 1997, 111 Stat. 354, 355, 361, 362, 365, 366, 368, 432-437, 488, 510; Pub. L. 106-113, div. B, § 1000(a)(6) [title II, § 211(a)(1), (2)(A), (3)(A), (b), title III, § 321(k)(5)], Nov. 29, 1999, 113 Stat. 1536, 1501A-345 to 1501A-348, 1501A-366; Pub. L. 106-554, § 1(a)(6) [title I, § 104(a)], Dec. 21, 2000, 114 Stat. 2763, 2763A-469; Pub. L. 108-7, div. N, title IV, § 402(a), Feb. 20, 2003, 117 Stat. 548; Pub. L. 108-173, title III, § 303(a)(1), (g)(2), title IV, § 412, title VI, §§ 601(a)(1), (2), (b)(1), 602, 611(c), title VII, § 736(b)(10), Dec. 8, 2003, 117 Stat. 2233, 2253, 2274, 2300, 2301, 2304, 2356; Pub. L. 109-171, title V, §§ 5102, 5104(a), 5112(c), Feb. 8, 2006, 120 Stat. 39, 40, 44; Pub. L. 109-432, div. B, title I, §§ 101(a), (b), (d), 102, Dec. 20, 2006, 120 Stat. 2975, 2980, 2981; Pub. L. 110-90, § 6, Sept. 29, 2007, 121 Stat. 985; Pub. L. 110-161, div. G, title II, § 225(c)(2), title V, § 524, Dec. 26, 2007, 121 Stat. 2190, 2212; Pub. L. 110-173, title I, §§ 101(a)(1), (2)(A), (b)(1), 103, Dec. 29, 2007, 121 Stat. 2493-2495; Pub. L. 110-252, title VII, § 7002(c), June 30, 2008, 122 Stat. 2395; Pub. L. 110-275, title I, §§ 131(a)(1), (3)(C), (b)(1)-(4)(A), (5), (c)(1), 132(a), (b), 133(b), 134, 139(a), 144(a)(2), 152(b)(1)(C), July 15, 2008, 122 Stat. 2520-2522, 2525-2527, 2529, 2532, 2541, 2546, 2552; Pub. L. 111-5, div. B, title IV, § 4101(a), (b), (f), Feb. 17, 2009, 123 Stat. 467, 472, 476; Pub. L. 111-118, div. B, § 1011(a), Dec. 19, 2009, 123 Stat. 3473; Pub. L. 111-144, § 5, Mar. 2, 2010, 124 Stat. 46; Pub. L. 111-148, title III, §§ 3002(a)-(c)(1), (d)-(f), 3003(a), 3007, 3101, 3102, 3111(a)(1), 3134(a), 3135(a), (b), title IV, § 4103(c)(2), title V, § 5501(c), title X, §§ 10310, 10324(c), 10327(a), 10501(h), Mar. 23, 2010, 124 Stat. 363-366, 373, 415, 416, 421, 434, 436, 437, 556, 654, 942, 960, 962, 997; Pub. L. 111-152, title I, §§ 1107, 1108, Mar. 30, 2010, 124 Stat. 1050; Pub. L. 111-157, §§ 4, 5(a)(1), Apr. 15, 2010, 124 Stat. 1117; Pub. L. 111-192, title I, § 101(a), June 25, 2010, 124 Stat. 1280; Pub. L. 111-286, §§ 2, 3, Nov. 30, 2010, 124 Stat. 3056; Pub. L. 111-309, title I, §§ 101, 103, Dec. 15, 2010, 124 Stat. 3285, 3287; Pub. L. 112-78, title III, §§ 301, 303, 309, Dec. 23, 2011, 125 Stat. 1283, 1284, 1286; Pub. L. 112-96, title III, §§ 3003(a), 3004(a), Feb. 22, 2012, 126 Stat. 186, 187; Pub. L. 112-240, title VI, §§ 601(a), (b)(1), 602, 633(a), 635, Jan. 2, 2013, 126 Stat. 2345, 2347, 2355, 2356; Pub. L. 113-67, div. B, title I, §§ 1101, 1102, Dec. 26, 2013, 127 Stat. 1196.)

REFERENCES IN TEXT

Section 13515(b) of the Omnibus Budget Reconciliation Act of 1993, referred to in subsecs. (a)(2)(B)(ii)(I), (c)(2)(A)(i), and (i)(1)(B), is section 13515(b) of Pub. L. 103-66, which is set out as a note under section 1395u of this title.

Section 6105(b) of the Omnibus Budget Reconciliation Act of 1989, referred to in subsec. (a)(2)(D)(ii), (iii), is section 6105(b) of Pub. L. 101-239, which is set out as a note under section 1395m of this title.

Section 4048(b) of the Omnibus Budget Reconciliation Act of 1987, referred to in subsec. (b)(2)(B), is section 4048(b) of Pub. L. 100-203, which is set out as a note under section 1395u of this title.

Section 13514(a) of the Omnibus Budget Reconciliation Act of 1993, referred to in subsec. (c)(2)(F), is section 13514(a) of Pub. L. 103-66, which amended subsec. (b)(3) of this section. See 1993 Amendment note below.

Section 212 of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999, referred to in subsec. (c)(2)(H)(i), (I)(ii)(I), is section 1000(a)(6) [title II, § 212] of Pub. L. 106-113, which is set out as a note under this section.

The Balanced Budget Act of 1997, referred to in subsec. (d)(1)(C), is Pub. L. 105-33, Aug. 5, 1997, 111 Stat. 251. Chapter 1 of subtitle F of title IV of the Act is chapter 1 (§§ 4501-4513) of subtitle F of title IV of Pub. L. 105-33, which amended this section and sections 1395a, 1395k, 1395l, 1395u, 1395x, 1395y, 1395cc, and 1395yy of this title and enacted provisions set out as notes under this section and sections 1395a, 1395k, 1395l, 1395x, and 1395ww of this title. For complete classification of this Act to the Code, see Tables.

Section 225(c)(1) and section 524 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008, referred to in subsec. (l)(2)(A)(i)(I), (II), are sections 225(c)(1) of title II and 524 of title V of div. G of Pub. L. 110-161, Dec. 26, 2007, 121 Stat. 2190, 2212. Section 225(c)(1) is not classified to the Code and section 524 amended this section.

#### CODIFICATION

The text of section 101(c) of Pub. L. 109-432, div. B, title I, Dec. 20, 2006, 120 Stat. 2977, as amended by Pub. L. 110-173, title I, § 101(b)(2), Dec. 29, 2007, 121 Stat. 2494, which was formerly set out as a note under this section, was transferred to subsec. (m) of this section and amended by Pub. L. 110-275.

#### AMENDMENTS

2013—Subsec. (b)(4)(C). Pub. L. 112-240, § 635(1), substituted “, 2012, and 2013” for “and subsequent years” and inserted at end “With respect to fee schedules established for 2014 and subsequent years, in such methodology, the Secretary shall use a 90 percent utilization rate.”

Subsec. (b)(7). Pub. L. 112-240, § 633(a), substituted “2011, and before April 1, 2013,” for “2011,” and inserted at end “In the case of such services furnished on or after April 1, 2013, and for which payment is made under such fee schedules, instead of the 25 percent multiple procedure payment reduction specified in such final rule, the reduction percentage shall be 50 percent.”

Subsec. (c)(2)(B)(v)(III). Pub. L. 112-240, § 635(2), substituted “changes in the utilization rate applicable to 2011 and 2014, as described in the first and second sentence, respectively, of” for “change in the utilization rate applicable to 2011, as described in”.

Subsec. (d)(14). Pub. L. 112-240, § 601(a), added par. (14).

Subsec. (d)(15). Pub. L. 113-67, § 1101, added par. (15).

Subsec. (e)(1)(E). Pub. L. 113-67, § 1102, substituted “April 1, 2014” for “January 1, 2014”.

Pub. L. 112-240, § 602, substituted “before January 1, 2014” for “before January 1, 2013”.

Subsec. (m)(3)(D) to (F). Pub. L. 112-240, § 601(b)(1), added subpars. (D) and (E) and redesignated former subpar. (D) as (F).

2012—Subsec. (d)(13). Pub. L. 112-96, § 3003(a)(1), substituted “2012” for “first two months of 2012” in heading.

Subsec. (d)(13)(A). Pub. L. 112-96, § 3003(a)(2), substituted “2012” for “the period beginning on January 1, 2012, and ending on February 29, 2012”.

Subsec. (d)(13)(B). Pub. L. 112-96, § 3003(a)(3), (4), substituted “2013” for “remaining portion of 2012” in heading and “for 2013” for “for the period beginning on March 1, 2012, and ending on December 31, 2012, and for 2013” in text.

Subsec. (e)(1)(E). Pub. L. 112-96, § 3004(a), substituted “before January 1, 2013” for “before March 1, 2012”.

2011—Subsec. (b)(4)(B), (6). Pub. L. 112-78, § 309(1), substituted “, 2011, and the first 2 months of 2012” for “and 2011” wherever appearing.

Subsec. (c)(2)(B)(iv)(IV). Pub. L. 112-78, § 309(2), substituted “, 2011, or the first 2 months of 2012” for “or 2011”.

Subsec. (d)(13). Pub. L. 112-78, § 301, added par. (13).

Subsec. (e)(1)(E). Pub. L. 112-78, § 303, substituted “before March 1, 2012” for “before January 1, 2012”.

2010—Subsec. (a)(8). Pub. L. 111-148, § 3002(b), added par. (8).

Subsec. (b)(1). Pub. L. 111-148, § 3007(1), inserted “subject to subsection (p),” after “1998,” in introductory provisions.

Subsec. (b)(4)(B). Pub. L. 111-152, § 1107(1)(A), substituted “subparagraph (A)” for “this paragraph”.

Pub. L. 111-148, § 3135(a)(1)(A), substituted “this paragraph” for “subparagraph (A)”.

Pub. L. 111-148, § 3111(a)(1)(A)(i), inserted “, and for 2010 and 2011, dual-energy x-ray absorptiometry services (as described in paragraph (6))” before the period.

Subsec. (b)(4)(C). Pub. L. 111-152, § 1107(1)(B), amended subpar. (C) generally. Prior to amendment, text read as follows: “Consistent with the methodology for computing the number of practice expense relative value units under subsection (c)(2)(C)(ii) with respect to advanced diagnostic imaging services (as defined in section 1395m(e)(1)(B) of this title) furnished on or after January 1, 2010, the Secretary shall adjust such number of units so it reflects—

“(i) in the case of services furnished on or after January 1, 2010, and before January 1, 2013, a 65 percent (rather than 50 percent) presumed rate of utilization of imaging equipment;

“(ii) in the case of services furnished on or after January 1, 2013, and before January 1, 2014, a 70 percent (rather than 50 percent) presumed rate of utilization of imaging equipment; and

“(iii) in the case of services furnished on or after January 1, 2014, a 75 percent (rather than 50 percent) presumed rate of utilization of imaging equipment.”

Pub. L. 111-148, § 3135(a)(1)(B), added subpar. (C). Subsec. (b)(4)(D). Pub. L. 111-148, § 3135(b)(1), added subpar. (D).

Subsec. (b)(6). Pub. L. 111-148, § 3111(a)(1)(A)(ii), added par. (6).

Subsec. (b)(7). Pub. L. 111-286, § 3(a), added par. (7).

Subsec. (c)(2)(B)(iv)(IV). Pub. L. 111-148, § 3111(a)(1)(B), added subcl. (IV).

Subsec. (c)(2)(B)(v)(III) to (V). Pub. L. 111-152, § 1107(2), added subcl. (III) and struck out former subcls. (III) to (V), which read as follows:

“(III) CHANGE IN PRESUMED UTILIZATION LEVEL OF CERTAIN ADVANCED DIAGNOSTIC IMAGING SERVICES FOR 2010 THROUGH 2012.—Effective for fee schedules established beginning with 2010 and ending with 2012, reduced expenditures attributable to the presumed rate of utilization of imaging equipment of 65 percent under subsection (b)(4)(C)(i) instead of a presumed rate of utilization of such equipment of 50 percent.

“(IV) CHANGE IN PRESUMED UTILIZATION LEVEL OF CERTAIN ADVANCED DIAGNOSTIC IMAGING SERVICES FOR 2013.—Effective for fee schedules established for 2013, reduced expenditures attributable to the presumed rate of utilization of imaging equipment of 70 percent under subsection (b)(4)(C)(ii) instead of a presumed rate of utilization of such equipment of 50 percent.

“(V) CHANGE IN PRESUMED UTILIZATION LEVEL OF CERTAIN ADVANCED DIAGNOSTIC IMAGING SERVICES FOR 2014 AND SUBSEQUENT YEARS.—Effective for fee schedules established beginning with 2014, reduced expenditures attributable to the presumed rate of utilization of imaging equipment of 75 percent under subsection (b)(4)(C)(iii) instead of a presumed rate of utilization of such equipment of 50 percent.”

Pub. L. 111-148, § 3135(a)(2), added subcls. (III) to (V).

Subsec. (c)(2)(B)(v)(VI). Pub. L. 111-148, § 3135(b)(2), added subcl. (VI).

Subsec. (c)(2)(B)(v)(VII). Pub. L. 111-286, § 3(b), added subcl. (VII).

Subsec. (c)(2)(B)(vii). Pub. L. 111-148, § 5501(c), which directed the addition of cl. (vii), was repealed by Pub. L. 111-148, § 10501(h). As enacted, text read as follows: “Fifty percent of the additional expenditures under this part attributable to subsections (x) and (y) of section 1395l of this title for a year (as estimated by the Secretary) shall be taken into account in applying clause (ii)(II) for 2011 and subsequent years. In lieu of applying the budget-neutrality adjustments required under clause (ii)(II) to relative value units to account for such costs for the year, the Secretary shall apply

such budget-neutrality adjustments to the conversion factor otherwise determined for the year. For 2011 and subsequent years, the Secretary shall increase the incentive payment otherwise applicable under section 1395(m) of this title by a percent estimated to be equal to the additional expenditures estimated under the first sentence of this clause for such year that is applicable to physicians who primarily furnish services in areas designated (under section 254e(a)(1)(A) of this title) as health professional shortage areas.”

Subsec. (c)(2)(K), (L). Pub. L. 111-148, § 3134(a), added subpars. (K) and (L).

Subsec. (d)(10). Pub. L. 111-192, § 101(a)(1), substituted “January through May” for “portion” in heading.

Pub. L. 111-148, § 3101, which directed the addition of par. (10) relating to update for 2010, was repealed by Pub. L. 111-148, § 10310. As enacted, text read as follows:

“(A) IN GENERAL.—Subject to paragraphs (7)(B), (8)(B), and (9)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2010, the update to the single conversion factor shall be 0.5 percent.

“(B) NO EFFECT ON COMPUTATION OF CONVERSION FACTOR FOR 2011 AND SUBSEQUENT YEARS.—The conversion factor under this subsection shall be computed under paragraph (1)(A) for 2011 and subsequent years as if subparagraph (A) had never applied.”

Subsec. (d)(10)(A). Pub. L. 111-157, § 4(1), substituted “May 31, 2010” for “March 31, 2010”.

Pub. L. 111-144, § 5(1), substituted “March 31, 2010” for “February 28, 2010”.

Subsec. (d)(10)(B). Pub. L. 111-157, § 4(2), substituted “June 1, 2010” for “April 1, 2010”.

Pub. L. 111-144, § 5(2), substituted “April 1, 2010” for “March 1, 2010”.

Subsec. (d)(11). Pub. L. 111-286, § 2(1), substituted “December” for “November” in heading.

Pub. L. 111-192, § 101(a)(2), added par. (11).

Subsec. (d)(11)(A). Pub. L. 111-286, § 2(2), substituted “December 31” for “November 30”.

Subsec. (d)(11)(B). Pub. L. 111-286, § 2(3), substituted “2011” for “remaining portion of 2010” in heading and struck out “the period beginning on December 1, 2010, and ending on December 31, 2010, and for” before “2011 and subsequent years” in text.

Subsec. (d)(12). Pub. L. 111-309, § 101, added par. (12).

Subsec. (e)(1)(A). Pub. L. 111-148, § 10324(c)(1), substituted “(H), and (I)” for “and (H)” in introductory provisions.

Pub. L. 111-148, § 3102(b)(1), substituted “(G), and (H)” for “and (G)” in introductory provisions.

Subsec. (e)(1)(E). Pub. L. 111-309, § 103, substituted “before January 1, 2012” for “before January 1, 2011”.

Pub. L. 111-148, § 3102(a), substituted “before January 1, 2011” for “before January 1, 2010”.

Subsec. (e)(1)(H). Pub. L. 111-148, § 3102(b)(2), added subpar. (H).

Subsec. (e)(1)(H)(i). Pub. L. 111-152, § 1108, substituted “ $\frac{1}{2}$ ” for “ $\frac{3}{4}$ ”.

Subsec. (e)(1)(I). Pub. L. 111-148, § 10324(c)(2), added subpar. (I).

Subsec. (j)(3). Pub. L. 111-148, § 4103(c)(2), inserted “(2)(FF) (including administration of the health risk assessment),” after “(2)(EE),”.

Subsec. (k)(4). Pub. L. 111-148, § 3002(c)(1), inserted “or through a Maintenance of Certification program operated by a specialty body of the American Board of Medical Specialties that meets the criteria for such a registry” after “Database”.

Subsec. (m)(1)(A). Pub. L. 111-148, § 3002(a)(1)(A), substituted “2014” for “2010” in introductory provisions.

Subsec. (m)(1)(B)(iii), (iv). Pub. L. 111-148, § 3002(a)(1)(B), added cls. (iii) and (iv).

Subsec. (m)(3)(A). Pub. L. 111-148, § 3002(a)(2)(A), inserted “(or, for purposes of subsection (a)(8), for the quality reporting period for the year)” after “reporting period” in introductory provisions.

Subsec. (m)(3)(C)(i). Pub. L. 111-148, § 3002(a)(2)(B), inserted “, or, for purposes of subsection (a)(8), for a quality reporting period for the year” after “(a)(5), for a reporting period for a year”.

Subsec. (m)(5)(E). Pub. L. 111-148, § 3002(f)(1), substituted “Except as provided in subparagraph (I), there shall” for “There shall” in introductory provisions.

Subsec. (m)(5)(E)(iv). Pub. L. 111-148, § 3002(a)(3), substituted “paragraphs (5)(A) and (8)(A) of subsection (a)” for “subsection (a)(5)(A)”.

Subsec. (m)(5)(H), (I). Pub. L. 111-148, § 3002(e), (f)(2), added subpars. (H) and (I).

Subsec. (m)(6)(C)(i)(II). Pub. L. 111-148, § 3002(a)(4)(A), substituted “and subsequent years” for “, 2009, 2010, and 2011”.

Subsec. (m)(6)(C)(iii). Pub. L. 111-148, § 3002(a)(4)(B), inserted “(a)(8)” after “(a)(5)” and substituted “under subsection (a)(5)(D)(iii) or the quality reporting period under subsection (a)(8)(D)(iii), respectively” for “under subparagraph (D)(iii) of such subsection”.

Subsec. (m)(7). Pub. L. 111-148, § 10327(a), added par. (7) relating to additional incentive payment.

Pub. L. 111-148, § 3002(d), added par. (7) relating to integration of physician quality reporting and EHR reporting.

Subsec. (n)(1)(A). Pub. L. 111-148, § 3003(a)(1)(A), designated existing provisions as cl. (i), inserted heading, substituted “the ‘Program’.” for “the ‘Program’” under which the Secretary shall use claims data under this subchapter (and may use other data) to provide confidential reports to physicians (and, as determined appropriate by the Secretary, to groups of physicians) that measure the resources involved in furnishing care to individuals under this subchapter. If determined appropriate by the Secretary, the Secretary may include information on the quality of care furnished to individuals under this subchapter by the physician (or group of physicians) in such reports.”, and added cls. (ii) and (iii).

Subsec. (n)(1)(B). Pub. L. 111-148, § 3003(a)(1)(B), substituted “subparagraph (A)(ii)” for “subparagraph (A)” in introductory provisions.

Subsec. (n)(4). Pub. L. 111-148, § 3003(a)(2)(B), inserted “initial” after “focus the” in introductory provisions.

Pub. L. 111-148, § 3003(a)(2)(A), inserted “initial” after “focus” in heading.

Subsec. (n)(6). Pub. L. 111-148, § 3003(a)(3), inserted at end “For adjustments for reports on utilization under paragraph (9), see subparagraph (D) of such paragraph.”

Subsec. (n)(9), (10). Pub. L. 111-148, § 3003(a)(4), added pars. (9) and (10).

Subsec. (o)(1)(C)(ii). Pub. L. 111-157, § 5(a)(1), substituted “inpatient or emergency room setting” for “setting (whether inpatient or outpatient)”.

Subsec. (p). Pub. L. 111-148, § 3007(2), added subsec. (p). 2009—Subsec. (a)(5)(A)(i). Pub. L. 111-5, § 4101(f)(1)(A), substituted “, 2013 or 2014” for “or any subsequent year”.

Subsec. (a)(5)(A)(ii)(III). Pub. L. 111-5, § 4101(f)(1)(B), struck out “and each subsequent year” after “2014”.

Subsec. (a)(7). Pub. L. 111-5, § 4101(b), added par. (7).

Subsec. (d)(10). Pub. L. 111-118 added par. (10).

Subsec. (m)(2)(A). Pub. L. 111-5, § 4101(f)(2)(A), substituted “Subject to subparagraph (D), for 2009” for “For 2009”.

Subsec. (m)(2)(D). Pub. L. 111-5, § 4101(f)(2)(B), added subpar. (D).

Subsec. (o). Pub. L. 111-5, § 4101(a), added subsec. (o). 2008—Subsec. (a)(4)(A). Pub. L. 110-275, § 139(a)(1), inserted “except as provided in paragraph (5),” after “anesthesia cases,”.

Subsec. (a)(5). Pub. L. 110-275, § 132(b), added par. (5).

Subsec. (a)(6). Pub. L. 110-275, § 139(a)(2), added par. (6).

Subsec. (b)(5). Pub. L. 110-275, § 144(a)(2)(B), added par. (5).

Subsec. (c)(2)(B)(vi). Pub. L. 110-275, § 133(b), added cl. (vi).

Subsec. (d)(8). Pub. L. 110-275, § 131(a)(1)(A)(i), struck out “a portion of” before “2008” in heading.

Subsec. (d)(8)(A). Pub. L. 110-275, § 131(a)(1)(A)(ii), struck out “for the period beginning on January 1, 2008, and ending on June 30, 2008,” after “for 2008,”.

Subsec. (d)(8)(B). Pub. L. 110-275, § 131(a)(1)(A)(iii), struck out “the remaining portion of 2008 and” before

“2009” in heading and “for the period beginning on July 1, 2008, and ending on December 31, 2008, and” before “for 2009” in text.

Subsec. (d)(9). Pub. L. 110-275, § 131(a)(1)(B), added par. (9).

Subsec. (e)(1)(A). Pub. L. 110-275, § 134(c), amended Pub. L. 108-173, § 602(1). See 2003 Amendment note below.

Subsec. (e)(1)(E). Pub. L. 110-275, § 134(a), substituted “before January 1, 2010” for “before July 1, 2008”.

Subsec. (e)(1)(G). Pub. L. 110-275, § 134(b), inserted at end “For purposes of payment for services furnished in the State described in the preceding sentence on or after January 1, 2009, after calculating the work geographic index in subparagraph (A)(iii), the Secretary shall increase the work geographic index to 1.5 if such index would otherwise be less than 1.5”.

Subsec. (j)(3). Pub. L. 110-275, § 152(b)(1)(C), inserted “(2)(EE),” after “(2)(DD),”.

Pub. L. 110-275, § 144(a)(2)(A), inserted “(2)(DD),” after “(2)(AA),”.

Subsec. (k)(2)(C), (D). Pub. L. 110-275, § 131(b)(1), added subpars. (C) and (D).

Subsec. (k)(3)(B)(iv). Pub. L. 110-275, § 131(b)(4)(A), added cl. (iv).

Subsec. (l)(2)(A)(i)(III). Pub. L. 110-275, § 131(a)(3)(C)(i)(I), struck out subcl. (III) which read as follows: “For expenditures during 2013, an amount equal to \$4,670,000,000.”

Pub. L. 110-252, § 7002(c)(1)(A), substituted “\$4,670,000,000” for “\$4,960,000,000”.

Subsec. (l)(2)(A)(i)(IV). Pub. L. 110-275, § 131(a)(3)(C)(i)(I), struck out subcl. (IV) which read as follows: “For expenditures during 2014, an amount equal to \$290,000,000.”

Pub. L. 110-252, § 7002(c)(1)(B), added subcl. (IV).

Subsec. (l)(2)(A)(ii)(III). Pub. L. 110-275, § 131(a)(3)(C)(i)(II), struck out subcl. (III). Text read as follows: “The amount available for expenditures during 2013 shall only be available for an adjustment to the update of the conversion factor under subsection (d) for that year.”

Subsec. (l)(2)(A)(ii)(IV). Pub. L. 110-275, § 131(a)(3)(C)(i)(II), struck out subcl. (IV). Text read as follows: “The amount available for expenditures during 2014 shall only be available for an adjustment to the update of the conversion factor under subsection (d) for that year.”

Pub. L. 110-252, § 7002(c)(2), added subcl. (IV).

Subsec. (l)(2)(B). Pub. L. 110-275, § 131(a)(3)(C)(ii), inserted “and” at end of cl. (i), substituted period for semicolon at end of cl. (ii), and struck out cls. (iii) and (iv) which read as follows:

“(iii) 2013 for payment with respect to physicians’ services furnished during 2013; and

“(iv) 2014 for payment with respect to physicians’ services furnished during 2014.”

Subsec. (l)(2)(B)(iv). Pub. L. 110-252, § 7002(c)(3), added cl. (iv).

Subsec. (m). Pub. L. 110-275, § 131(b)(2), (3)(A), transferred subsec. (c) of section 101 of title I of div. B of Pub. L. 109-432 to subsec. (m) of this section and amended heading generally. Prior to amendment, heading read “Transitional Bonus Incentive Payments for Quality Reporting in 2007 and 2008”. See Codification note above.

Subsec. (m)(1). Pub. L. 110-275, § 131(b)(3)(B), added par. (1) and struck out former par. (1) which provided for an additional payment for certain covered professional services furnished by an eligible professional.

Subsec. (m)(2). Pub. L. 110-275, § 132(a)(1), added par. (2). Former par. (2) redesignated (3).

Subsec. (m)(3). Pub. L. 110-275, § 132(a)(2)(A), inserted “and successful electronic prescriber” after “reporting” in heading.

Pub. L. 110-275, § 131(b)(3)(D)(i), (ii), designated existing provisions as subpar. (A) and inserted heading, redesignated former subpars. (A) and (B) as cls. (i) and (ii), respectively, of subpar. (A), and realigned margins.

Pub. L. 110-275, § 131(b)(3)(C), redesignated par. (2) as (3) and struck out former par. (3) which provided for payment limitation.

Subsec. (m)(3)(A). Pub. L. 110-275, § 131(b)(3)(D)(iii), inserted concluding provisions.

Subsec. (m)(3)(B). Pub. L. 110-275, § 132(a)(2)(B), added subpar. (B). Former subpar. (B) redesignated cl. (i) of subpar. (A).

Subsec. (m)(3)(C), (D). Pub. L. 110-275, § 131(b)(3)(D)(iv), added subpars. (C) and (D).

Subsec. (m)(5)(A). Pub. L. 110-275, § 131(b)(5)(A)(i), substituted “subsection (k)” for “section 1848(k) of the Social Security Act, as added by subsection (b),” and “such subsection” for “such section”.

Subsec. (m)(5)(B). Pub. L. 110-275, § 131(b)(5)(A)(ii), struck out “of the Social Security Act (42 U.S.C. 1395l)” before “and any payment”.

Subsec. (m)(5)(C). Pub. L. 110-275, § 131(b)(3)(E)(i), inserted “for 2007, 2008, and 2009,” after “provision of law,”.

Subsec. (m)(5)(D)(i). Pub. L. 110-275, § 131(b)(3)(E)(ii)(I), which directed amendment of cl. (i) by inserting “for 2007 and 2008” after “under this subsection” and then substituting “this subsection” for “paragraph (2)”, was executed by substituting “under this subsection for 2007 and 2008” for “under paragraph (2)” to reflect the probable intent of Congress.

Subsec. (m)(5)(D)(ii). Pub. L. 110-275, § 131(b)(3)(E)(ii)(II), substituted “may establish procedures to” for “shall”.

Subsec. (m)(5)(D)(iii). Pub. L. 110-275, § 131(b)(3)(E)(ii)(III), inserted “(or, in the case of a group practice under paragraph (3)(C), the group practice)” after “an eligible professional”, substituted “incentive payment under this subsection” for “bonus incentive payment”, and inserted at end “If such payments for such period have already been made, the Secretary shall recoup such payments from the eligible professional (or the group practice).”

Subsec. (m)(5)(E). Pub. L. 110-275, § 131(b)(5)(A)(iii), substituted “1395ff of this title, section 1395oo of this title, or otherwise” for “1869 or 1878 of the Social Security Act or otherwise”.

Pub. L. 110-275, § 131(b)(3)(E)(iii)(I)-(III), struck out cl. (i) designation and heading before “There shall be”, redesignated subcls. (I) to (IV) as cls. (i) to (iv), respectively, and struck out former cl. (ii). Prior to amendment, text of cl. (ii) read as follows: “A determination under this subsection shall not be treated as a determination for purposes of section 1869 of the Social Security Act.”

Subsec. (m)(5)(E)(ii). Pub. L. 110-275, § 131(b)(3)(E)(iii)(IV), substituted “this subsection” for “paragraph (2)”.

Subsec. (m)(5)(E)(iii). Pub. L. 110-275, § 132(a)(3), added cl. (ii) and struck out former cl. (iii) which read as follows: “the determination of the payment limitation under paragraph (3); and”.

Subsec. (m)(5)(E)(iv). Pub. L. 110-275, § 131(b)(3)(E)(iii)(V), substituted “any” for “the bonus” and inserted “and the payment adjustment under subsection (a)(5)(A)” before period at end.

Subsec. (m)(5)(F). Pub. L. 110-275, § 131(b)(3)(E)(iv), (5)(A)(iv), substituted “subsequent years,” for “2009, paragraph (3) shall not apply, and”, “this subsection” for “paragraph (2)”, “subsection (k)(2)(B)” for “paragraph (2)(B) of section 1848(k)” of the Social Security Act (42 U.S.C. 1395w-4(k))”, and “subsection (k)(4)” for “paragraph (4) of such section”.

Subsec. (m)(5)(G). Pub. L. 110-275, § 131(b)(3)(E)(v), added subpar. (G).

Subsec. (m)(6)(A). Pub. L. 110-275, § 131(b)(5)(B)(i), substituted “subsection (k)(3)” for “section 1848(k)(3) of the Social Security Act, as added by subsection (b)”.

Subsec. (m)(6)(B). Pub. L. 110-275, § 131(b)(5)(B)(ii), substituted “subsection (k)” for “section 1848(k) of the Social Security Act, as added by subsection (b)”.

Subsec. (m)(6)(C). Pub. L. 110-275, § 131(b)(3)(F), added subpar. (C) and struck out former subpar. (C). Prior to amendment, text read as follows: “The term ‘reporting period’ means—

“(i) for 2007, the period beginning on July 1, 2007, and ending on December 31, 2007; and

- “(ii) for 2008, all of 2008.”
- Subsec. (m)(6)(D). Pub. L. 110-275, § 131(b)(5)(C), struck out subpar. (D). Text read as follows: “The term ‘Secretary’ means the Secretary of Health and Human Services.”
- Subsec. (n). Pub. L. 110-275, § 131(c)(1), added subsec. (n).
- 2007—Subsec. (d)(4)(B). Pub. L. 110-173, § 101(a)(1)(A), substituted “and the succeeding paragraphs of this subsection” for “and paragraphs (5) and (6)” in introductory provisions.
- Subsec. (d)(8). Pub. L. 110-173, § 101(a)(1)(B), added par. (8).
- Subsec. (e)(1)(E). Pub. L. 110-173, § 103, substituted “before July 1, 2008” for “before January 1, 2008”.
- Subsec. (k)(2)(B). Pub. L. 110-173, § 101(b)(1), in heading and cl. (i), inserted “and 2009” after “2008”, and, in cls. (ii) and (iii), substituted “of each of 2007 and 2008” for “, 2007” and inserted “or 2009, as applicable” after “2008”.
- Subsec. (l)(2)(A). Pub. L. 110-173, § 101(a)(2)(A)(i), added subpar. (A) and struck out former subpar. (A), which read as follows: “There shall be available to the Fund for expenditures an amount equal to \$1,200,000,000, as reduced by section 524 and section 225(c)(1)(A) of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008 (division G of the Consolidated Appropriations Act, 2008). In addition, there shall be available to the Fund for expenditures during 2009 an amount equal to \$325,000,000, as reduced by section 225(c)(1)(B) of such Act, and for expenditures during or after 2013 an amount equal to \$60,000,000.”
- Pub. L. 110-161, § 524, which directed amendment of subpar. (A) by reducing the dollar amount in the first sentence by \$150,000,000, was executed by substituting “\$1,200,000,000” for “\$1,350,000,000” in first sentence.
- Pub. L. 110-161, § 225(c)(2), inserted, in first sentence, “, as reduced by section 524 and section 225(c)(1)(A) of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008 (division G of the Consolidated Appropriations Act, 2008)” after “\$1,350,000,000” and, in second sentence, “, as reduced by section 225(c)(1)(B) of such Act,” after “\$325,000,000”.
- Pub. L. 110-90, § 6(1), inserted at end: “In addition, there shall be available to the Fund for expenditures during 2009 an amount equal to \$325,000,000 and for expenditures during or after 2013 an amount equal to \$60,000,000.”
- Subsec. (l)(2)(B). Pub. L. 110-173, § 101(a)(2)(A)(ii), substituted “entire amount available for expenditures, after application of subparagraph (A)(ii), during—” and cls. (i) to (iii) for “entire amount specified in the first sentence of subparagraph (A) for payment with respect to physicians’ services furnished during 2008 and for the obligation of the entire first amount specified in the second sentence of such subparagraph for payment with respect to physicians’ services furnished during 2009 and of the entire second amount so specified for payment with respect to physicians’ services furnished on or after January 1, 2013.”
- Pub. L. 110-90, § 6(2), in heading, struck out “furnished during 2008” after “services” and, in text, substituted “specified in the first sentence of subparagraph (A)” for “specified in subparagraph (A)” and inserted “and for the obligation of the entire first amount specified in the second sentence of such subparagraph for payment with respect to physicians’ services furnished during 2009 and of the entire second amount so specified for payment with respect to physicians’ services furnished on or after January 1, 2013” after “furnished during 2008”.
- 2006—Subsec. (b)(4). Pub. L. 109-171, § 5102(b)(1), added par. (4).
- Subsec. (c)(2)(B)(ii)(II). Pub. L. 109-171, § 5102(a)(1), substituted “clauses (iv) and (v)” for “clause (iv)”.
- Subsec. (c)(2)(B)(iv). Pub. L. 109-171, § 5102(a)(2), inserted “of certain additional expenditures” after “Exemption” in heading.
- Subsec. (c)(2)(B)(v). Pub. L. 109-171, § 5102(a)(3), added cl. (v).
- Subsec. (c)(2)(B)(v)(II). Pub. L. 109-171, § 5102(b)(2), added subcl. (II).
- Subsec. (d)(4)(B). Pub. L. 109-171, § 5104(a)(1), substituted “paragraphs (5) and (6)” for “paragraph (5)” in introductory provisions.
- Subsec. (d)(6). Pub. L. 109-171, § 5104(a)(2), added par. (6).
- Subsec. (d)(7). Pub. L. 109-432, § 101(a), added par. (7).
- Subsec. (e)(1)(E). Pub. L. 109-432, § 102, substituted “2008” for “2007”.
- Subsec. (j)(3). Pub. L. 109-171, § 5112(c), inserted “(2)(AA),” after “(2)(W),”.
- Subsec. (k). Pub. L. 109-432, § 101(b), added subsec. (k).
- Subsec. (l). Pub. L. 109-432, § 101(d), added subsec. (l).
- 2003—Subsec. (c)(2)(B)(ii)(II). Pub. L. 108-173, § 303(a)(1)(A)(i), substituted “Subject to clause (iv), the adjustments” for “The adjustments”.
- Subsec. (c)(2)(B)(iv). Pub. L. 108-173, § 303(a)(1)(A)(ii), added cl. (iv).
- Subsec. (c)(2)(H) to (J). Pub. L. 108-173, § 303(a)(1)(B), added subpars. (H) to (J).
- Subsec. (d)(4)(B). Pub. L. 108-173, § 601(a)(2), inserted “and paragraph (5)” after “subparagraph (D)” in introductory provisions.
- Subsec. (d)(5). Pub. L. 108-173, § 601(a)(1), added par. (5).
- Subsec. (e)(1)(A). Pub. L. 108-173, § 602(1), as amended by Pub. L. 110-275, § 134(c), substituted “subparagraphs (B), (C), (E), and (G)” for “subparagraphs (B), (C), and (E)”.
- Pub. L. 108-173, § 412(1), substituted “subparagraphs (B), (C), and (E)” for “subparagraphs (B) and (C)”.
- Subsec. (e)(1)(E). Pub. L. 108-173, § 412(2), added subpar. (E).
- Subsec. (e)(1)(G). Pub. L. 108-173, § 602(2), added subpar. (G).
- Subsec. (f)(2)(C). Pub. L. 108-173, § 601(b)(1), substituted “annual average” for “projected” and “during the 10-year period ending with the applicable period involved” for “from the previous applicable period to the applicable period involved”.
- Subsec. (i)(1)(B). Pub. L. 108-173, § 303(g)(2), substituted “subsections (c)(2)(F), (c)(2)(H), and (c)(2)(I) of this section” for “subsection (c)(2)(F) of this section”.
- Subsec. (j)(1)(C). Pub. L. 108-7 amended subpar. (C) generally. Prior to amendment, subpar. (C) read as follows: “the determination of conversion factors under subsection (d) of this section.”
- Subsec. (i)(3)(A). Pub. L. 108-173, § 736(b)(10), substituted “comparable services” for “a comparable services”.
- Subsec. (j)(3). Pub. L. 108-173, § 611(c), inserted “(2)(W),” after “(2)(S),”.
- 2000—Subsec. (j)(3). Pub. L. 106-554 inserted “(13),” after “(4),”.
- 1999—Subsec. (d)(1)(A). Pub. L. 106-113, § 1000(a)(6) [title II, § 211(a)(3)(A)(i)], inserted “(for years before 2001) and, for years beginning with 2001, multiplied by the update (established under paragraph (4)) for the year involved” before period at end.
- Subsec. (d)(1)(E). Pub. L. 106-113, § 1000(a)(6) [title II, § 211(a)(2)(A)], amended heading and text of subpar. (E) generally. Prior to amendment, text read as follows: “The Secretary shall cause to have published in the Federal Register, during the last 15 days of October of—
- “(i) 1991, the conversion factor which will apply to physicians’ services for 1992, and the update determined under paragraph (3) for 1992; and
- “(ii) each succeeding year, the conversion factor which will apply to physicians’ services for the following year and the update determined under paragraph (3) for such year.”
- Subsec. (d)(3). Pub. L. 106-113, § 1000(a)(6) [title II, § 211(a)(1)(A)(i)], inserted “for 1999 and 2000” after “Update” in heading.
- Subsec. (d)(3)(A). Pub. L. 106-113, § 1000(a)(6) [title II, § 211(a)(1)(A)(ii)], substituted “1999 and 2000” for “a year beginning with 1999” in introductory provisions.

Subsec. (d)(3)(C). Pub. L. 106-113, §1000(a)(6) [title II, §211(a)(1)(A)(iii)], inserted “and paragraph (4)” after “For purposes of this paragraph” in introductory provisions.

Subsec. (d)(4). Pub. L. 106-113, §1000(a)(6) [title II, §211(a)(1)(B)], added par. (4).

Subsec. (f)(1). Pub. L. 106-113, §1000(a)(6) [title II, §211(b)(1)], amended heading and text of par. (1) generally. Prior to amendment, text read as follows: “The Secretary shall cause to have published in the Federal Register the sustainable growth rate for each fiscal year beginning with fiscal year 1998. Such publication shall occur by not later than August 1 before each fiscal year, except that such rate for fiscal year 1998 shall be published not later than November 1, 1997.”

Subsec. (f)(2). Pub. L. 106-113, §1000(a)(6) [title II, §211(b)(2)(A)], substituted “fiscal year 1998 and ending with fiscal year 2000) and a year beginning with 2000” for “fiscal year 1998” in introductory provisions.

Subsec. (f)(2)(A). Pub. L. 106-113, §1000(a)(6) [title II, §211(b)(2)(B)], substituted “applicable period” for “fiscal year”.

Subsec. (f)(2)(B), (C). Pub. L. 106-113, §1000(a)(6) [title II, §211(b)(2)(B)], substituted “applicable period” for “fiscal year” in two places.

Subsec. (f)(2)(D). Pub. L. 106-113, §1000(a)(6) [title II, §211(a)(3)(A)(ii), (b)(2)(B)], substituted “applicable period” for “fiscal year” in two places and “subsection (d)(3)(B) or (d)(4)(B) of this section, as the case may be” for “subsection (d)(3)(B) of this section”.

Subsec. (f)(3). Pub. L. 106-113, §1000(a)(6) [title II, §211(b)(5)], added par. (3). Former par. (3) redesignated (4).

Subsec. (f)(3)(C). Pub. L. 106-113, §1000(a)(6) [title II, §211(b)(3)], added subpar. (C).

Subsec. (f)(4). Pub. L. 106-113, §1000(a)(6) [title II, §211(b)(4)], redesignated par. (3) as (4).

Subsec. (j)(3). Pub. L. 106-113, §1000(a)(6) [title III, §321(k)(5)], substituted “section 1395x(oo)(2) of this title” for “section 1395x(oo)(2) of this title,” “(B),” for “(B),” and “, and (15)” for “and (15)”.

1997—Subsec. (b)(1). Pub. L. 105-33, §4644(d), substituted “Before November 1 of the preceding year, for each year beginning with 1998” for “Before January 1 of each year beginning with 1992” in introductory provisions.

Subsec. (c)(2)(B)(iii). Pub. L. 105-33, §4022(b)(2)(C), substituted “Medicare Payment Advisory Commission” for “Physician Payment Review Commission”.

Subsec. (c)(2)(C)(ii). Pub. L. 105-33, §4505(b)(1)(A), which directed an amendment striking the comma at the end of cl. (ii) and inserting a period and the following: “For 1999, such number of units shall be determined based 75 percent on such product and based 25 percent on the relative practice expense resources involved in furnishing the service. For 2000, such number of units shall be determined based 50 percent on such product and based 50 percent on such relative practice expense resources. For 2001, such number of units shall be determined based 25 percent on such product and based 75 percent on such relative practice expense resources. For a subsequent year, such number of units shall be determined based entirely on such relative practice expense resources.”, was executed by making the insertion at end of cl. (ii) to reflect the probable intent of Congress, because cl. (ii) ended with a period rather than a comma.

Pub. L. 105-33, §4505(a)(1), substituted “1999” for “1998” in two places.

Subsec. (c)(2)(C)(iii). Pub. L. 105-33, §4505(f)(1)(A), inserted “for the service for years before 2000” before “equal” in introductory provisions, substituted comma for period at end of subcl. (II), and inserted concluding provisions.

Subsec. (c)(2)(G). Pub. L. 105-33, §4505(e), added subpar. (G).

Subsec. (c)(3)(C)(ii). Pub. L. 105-33, §4505(b)(2), substituted “2002” for “1999” in introductory provisions.

Pub. L. 105-33, §4505(a)(2), substituted “1999” for “1998” in introductory provisions.

Subsec. (e)(3)(C)(iii). Pub. L. 105-33, §4505(f)(1)(B), substituted “For years before 1999, the malpractice” for “The malpractice” in introductory provisions.

Subsec. (d)(1)(A). Pub. L. 105-33, §4501(b)(1), (2), struck out “(or factors)” after “conversion factor” in two places and struck out “or updates” after “update”.

Subsec. (d)(1)(C). Pub. L. 105-33, §4504(a)(1), substituted “Except as provided in subparagraph (D), the single conversion factor” for “The single conversion factor”.

Pub. L. 105-33, §4501(a)(2), added subpar. (C). Former subpar. (C) redesignated (D).

Subsec. (d)(1)(D). Pub. L. 105-33, §4504(a)(3), added subpar. (D). Former subpar. (D) redesignated (E).

Pub. L. 105-33, §4501(b)(1), (3), struck out “(or updates)” after “update” in two places and struck out “(or factors)” after “conversion factor” in cl. (ii).

Pub. L. 105-33, §4501(a)(1), redesignated subpar. (C) as (D).

Subsec. (d)(1)(E). Pub. L. 105-33, §4504(a)(2), redesignated subpar. (D) as (E).

Subsec. (d)(2). Pub. L. 105-33, §4502(b), struck out heading and text of par. (2) which related to recommendation of update.

Subsec. (d)(2)(F). Pub. L. 105-33, §4022(b)(1)(B)(i), struck out heading and text of subpar. (F). Text read as follows: “The Physician Payment Review Commission shall review the report submitted under subparagraph (A) in a year and shall submit to the Congress, by not later than May 15 of the year, a report including its recommendations respecting the update (or updates) in the conversion factor (or factors) for the following year.”

Subsec. (d)(3). Pub. L. 105-33, §4502(a)(1), amended heading and text generally. Prior to amendment, text related to updates of conversion factor based on index and made provision for adjustments in update.

Subsec. (f). Pub. L. 105-33, §4503(b), amended subsec. heading and heading and text of par. (1) generally. Prior to amendment, par. (1) related to process for establishing medicare volume performance standard rates of increase.

Subsec. (f)(1)(B). Pub. L. 105-33, §4022(b)(2)(B)(ii), struck out heading and text of subpar. (B). Text read as follows: “The Physician Payment Review Commission shall review the recommendation transmitted during a year under subparagraph (A) and shall make its recommendation to Congress, by not later than May 15 of the year, respecting the performance standard rates of increase for the fiscal year beginning in that year.”

Subsec. (f)(2). Pub. L. 105-33, §4503(a), added par. (2) and struck out heading and text of former par. (2) which related to specification of performance standard rates of increase for physician services for fiscal years beginning in 1991.

Subsec. (f)(3). Pub. L. 105-33, §4503(a), added par. (3) and struck out heading and text of former par. (3). Text read as follows: “The Secretary shall establish procedures for providing, on a quarterly basis to the the Congressional Budget Office, the Congressional Research Service, the Committees on Ways and Means and Energy and Commerce of the House of Representatives, and the Committee on Finance of the Senate, information on compliance with performance standard rates of increase established under this subsection.”

Pub. L. 105-33, §4022(b)(2)(B)(iii), struck out “Physician Payment Review Commission,” before “the Congressional Budget Office”.

Subsec. (f)(4), (5). Pub. L. 105-33, §4503(a), struck out heading and text of par. (4) which related to separate group-specific performance standard rates of increase and par. (5) which defined “physicians’ services” and “HMO enrollee”.

Subsec. (g)(3)(A). Pub. L. 105-33, §4714(b)(2), inserted before period at end “and the provisions of section 1396a(n)(3)(A) of this title apply to further limit permissible charges under this section”.

Subsec. (g)(6)(C), (7)(C). Pub. L. 105-33, §4022(b)(2)(C), substituted “Medicare Payment Advisory Commission” for “Physician Payment Review Commission”.

Subsec. (j)(1). Pub. L. 105-33, § 4501(b)(4), substituted "For services furnished before January 1, 1998, the term" for "The term".

Subsec. (j)(3). Pub. L. 105-33, § 4106(b), substituted "(4), (14)" for "(4) and (14)" and inserted "and (15)" after "1395x(nn)(2) of this title".

Pub. L. 105-33, § 4105(a)(2), inserted "(2)(S)," before "(3)".

Pub. L. 105-33, § 4103(d), inserted "(2)(P) (with respect to services described in subparagraphs (A) and (C) of section 1395x(oo)(2) of this title," after "(2)(G)".

Pub. L. 105-33, §§ 4102(d), 4104(d), inserted "(2)(R) (with respect to services described in subparagraphs (B), (C), and (D) of section 1395x(pp)(1) of this title)," before "(3)" and substituted "(4) and (14) (with respect to services described in section 1395x(nn)(2) of this title)" for "and (4)".

1994—Subsec. (a)(2)(D)(iii). Pub. L. 103-432, § 126(b)(6), struck out "that are subject to section 6105(b) of the Omnibus Budget Reconciliation Act of 1989" after "nuclear medicine services" and substituted "provided under section 6105(b) of the Omnibus Budget Reconciliation Act of 1989" for "provided under such section".

Subsec. (c)(2)(C)(ii). Pub. L. 103-432, § 121(b)(1), inserted "for the service for years before 1998" before "equal to" in introductory provisions, substituted comma for period at end of subcl. (II), and inserted "and for years beginning with 1998 based on the relative practice expense resources involved in furnishing the service." as closing provisions.

Subsec. (c)(3)(C)(ii). Pub. L. 103-432, § 121(b)(2), substituted "For years before 1998, the practice" for "The practice".

Subsec. (c)(4). Pub. L. 103-432, § 126(g)(6), made technical amendment to directory language of Pub. L. 101-508, § 4118(f)(1)(D). See 1990 Amendment note below.

Subsec. (e)(1)(C). Pub. L. 103-432, § 126(g)(5), inserted "date of the" before "last previous adjustment".

Pub. L. 103-432, § 122(a), substituted "shall, in consultation with appropriate representatives of physicians, review" for "shall review".

Subsec. (e)(1)(D). Pub. L. 103-432, § 122(b), added subpar. (D).

Subsec. (f)(2)(A)(i). Pub. L. 103-432, § 126(g)(7), made technical amendment to directory language of Pub. L. 101-508, § 4118(f)(1)(N)(ii). See 1990 Amendment note below.

Subsec. (f)(2)(C). Pub. L. 103-432, § 126(g)(2)(B), inserted heading.

Subsec. (g)(1). Pub. L. 103-432, § 123(a)(1), amended heading and text of par. (1) generally. Prior to amendment, text read as follows: "If a nonparticipating physician or nonparticipating supplier or other person (as defined in section 1395u(i)(2) of this title) knowingly and willfully bills on a repeated basis for physicians' services (including services which the Secretary excludes pursuant to subsection (j)(3) of this section, furnished with respect to an individual enrolled under this part on or after January 1, 1991) an actual charge in excess of the limiting charge described in paragraph (2) and for which payment is not made on an assignment-related basis under this part, the Secretary may apply sanctions against such physician, supplier, or other person in accordance with section 1395u(j)(2) of this title. In applying this subparagraph, any reference in such section to a physician is deemed also to include a reference to a supplier or other person under this subparagraph."

Subsec. (g)(3)(B). Pub. L. 103-432, § 123(a)(2), inserted after first sentence "No person is liable for payment of any amounts billed for such a service in violation of the previous sentence." and in last sentence substituted "first sentence" for "previous sentence".

Subsec. (g)(6)(B). Pub. L. 103-432, § 123(d), inserted "information on the extent to which actual charges exceed limiting charges, the number and types of services involved, and the average amount of excess charges and information" after "report to the Congress".

Subsec. (i)(3). Pub. L. 103-432, § 126(g)(10)(A), struck out space before the period at end.

1993—Subsec. (a)(2)(B)(ii)(I). Pub. L. 103-66, § 13515(c)(1), inserted "and under section 13515(b) of the Omnibus Budget Reconciliation Act of 1993" after "subsection (c)(2)(F)(ii) of this section".

Pub. L. 103-66, § 13514(c)(1), inserted "and as adjusted under subsection (c)(2)(F)(ii) of this section" after "for 1994".

Subsec. (a)(3). Pub. L. 103-66, § 13517(a)(1), in heading inserted "and suppliers" after "physicians" and in text inserted "or a nonparticipating supplier or other person" after "nonparticipating physician" and inserted at end "In the case of physicians' services (including services which the Secretary excludes pursuant to subsection (j)(3) of this section) of a nonparticipating physician, supplier, or other person for which payment is made under this part on a basis other than the fee schedule amount, the payment shall be based on 95 percent of the payment basis for such services furnished by a participating physician, supplier, or other person."

Subsec. (a)(4). Pub. L. 103-66, § 13516(a)(1), added par. (4).

Pub. L. 103-66, § 13515(a)(1), struck out heading and text of par. (4). Text read as follows: "In the case of physicians' services furnished by a physician before the end of the physician's first full calendar year of furnishing services for which payment may be made under this part, and during each of the 3 succeeding years, the fee schedule amount to be applied shall be 80 percent, 85 percent, 90 percent, and 95 percent, respectively, of the fee schedule amount applicable to physicians who are not subject to this paragraph. The preceding sentence shall not apply to primary care services or services furnished in a rural area (as defined in section 1395ww(d)(2) of this title) that is designated under section 249(a)(1)(A) of this title as a health manpower shortage area."

Subsec. (b)(3). Pub. L. 103-66, § 13514(a), amended heading and text of par. (3) generally. Prior to amendment, text read as follows: "If payment is made under this part for a visit to a physician or consultation with a physician and, as part of or in conjunction with the visit or consultation there is an electrocardiogram performed or ordered to be performed, no payment may be made under this part with respect to the interpretation of the electrocardiogram and no physician may bill an individual enrolled under this part separately for such an interpretation. If a physician knowingly and willfully bills one or more individuals in violation of the previous sentence, the Secretary may apply sanctions against the physician or entity in accordance with section 1395u(j)(2) of this title."

Subsec. (c)(2)(A)(i). Pub. L. 103-66, § 13515(c)(2), inserted before period at end "and section 13515(b) of the Omnibus Budget Reconciliation Act of 1993".

Pub. L. 103-66, § 13514(c)(2), inserted at end "Such relative values are subject to adjustment under subparagraph (F)(i)."

Subsec. (c)(2)(E). Pub. L. 103-66, § 13513, added subpar. (E).

Subsec. (c)(2)(F). Pub. L. 103-66, § 13514(b), added subpar. (F).

Subsec. (d)(3)(A)(i). Pub. L. 103-66, § 13511(a)(1)(A), substituted "clauses (iii) through (v)" for "clause (iii)".

Subsec. (d)(3)(A)(iv) to (vi). Pub. L. 103-66, § 13511(a)(1)(B), added cls. (iv) to (vi).

Subsec. (d)(3)(B)(ii). Pub. L. 103-66, § 13512(b), substituted "1994" for "1994 or 1995" in subcl. (II) and "5" for "3" in subcl. (III).

Subsec. (f)(2)(B). Pub. L. 103-66, § 13512(a), added cls. (iii) to (v) and struck out former cl. (iii) which read as follows: "for each succeeding year is 2 percentage points."

Subsec. (g)(1). Pub. L. 103-66, § 13517(a)(2)(C), (D), inserted ", supplier, or other person" after "such physician" and inserted at end "In applying this subparagraph, any reference in such section to a physician is deemed also to include a reference to a supplier or other person under this subparagraph."

Pub. L. 103-66, § 13517(a)(2)(B), which directed insertion of "including services which the Secretary ex-

cludes pursuant to subsection (j)(3) of this section,” after “physician’s services (”, was executed by making the insertion after “physicians’ services (” to reflect the probable intent of Congress.

Pub. L. 103-66, § 13517(a)(2)(A), inserted “or nonparticipating supplier or other person (as defined in section 1395u(i)(2) of this title)” after “nonparticipating physician”.

Subsec. (g)(2)(C). Pub. L. 103-66, § 13517(a)(3), inserted “or for nonparticipating suppliers or other persons” after “nonparticipating physicians”.

Subsec. (g)(2)(D). Pub. L. 103-66, § 13517(a)(4), inserted “(or, if payment under this part is made on a basis other than the fee schedule under this section, 95 percent of the other payment basis)” after “subsection (a) of this section”.

Subsec. (h). Pub. L. 103-66, § 13517(a)(5), inserted “or nonparticipating supplier or other person furnishing physicians’ services (as defined in subsection (j)(3) of this section)” after “each physician”, inserted “, supplier, or other person” after “by the physician”, and inserted “, suppliers, and other persons” after “notices to physicians”.

Subsec. (i)(1)(B). Pub. L. 103-66, § 13515(c)(3), inserted “and section 13515(b) of the Omnibus Budget Reconciliation Act of 1993” after “subsection (c)(2)(F) of this section”.

Pub. L. 103-66, § 13514(c)(3), inserted at end “including adjustments under subsection (c)(2)(F) of this section,”.

Subsec. (j)(1). Pub. L. 103-66, § 13511(a)(2), substituted “Secretary and including anesthesia services, primary care services (as defined in section 1395u(i)(4) of this title),” for “Secretary”.

Subsec. (j)(3). Pub. L. 103-66, § 13518(a), inserted “(2)(G),” after “(2)(D),”.

Pub. L. 103-66, § 13517(a)(6), inserted “, except for purposes of subsections (a)(3), (g), and (h) of this section” after “tests and”.

1990—Subsec. (a)(1). Pub. L. 101-508, § 4104(b)(2), struck out “or 1395m(f)” after “section 1395m(b)” in introductory provisions.

Subsec. (a)(2)(C). Pub. L. 101-508, § 4102(b), inserted “and radiology” after “Special rule for anesthesia” in heading and inserted at end “With respect to radiology services, ‘109 percent’ and ‘9 percent’ shall be substituted for ‘115 percent’ and ‘15 percent’, respectively, in subparagraph (A)(ii).”

Subsec. (a)(2)(D)(ii). Pub. L. 101-508, § 4102(g)(2)(A), inserted “, but excluding nuclear medicine services that are subject to section 6105(b) of the Omnibus Budget Reconciliation Act of 1989” after “section 1395m(b)(6) of this title”.

Subsec. (a)(2)(D)(iii). Pub. L. 101-508, § 4102(g)(2)(B), added cl. (iii).

Subsec. (a)(4). Pub. L. 101-508, § 4106(b)(1), added par. (4).

Subsec. (b)(3). Pub. L. 101-508, § 4109(a), added par. (3).

Subsec. (c)(1)(B). Pub. L. 101-508, § 4118(f)(1)(A), struck out at end “In this subparagraph, the term ‘practice expenses’ includes all expenses for furnishing physicians’ services, excluding malpractice expenses, physician compensation, and other physician fringe benefits.”

Subsec. (c)(3). Pub. L. 101-508, § 4118(f)(1)(C), redesignated par. (3), relating to ancillary policies, as (4).

Subsec. (c)(3)(C)(ii)(II), (iii)(II). Pub. L. 101-508, § 4118(f)(1)(B), struck out “by” before “the proportion”.

Subsec. (c)(4). Pub. L. 101-508, § 4118(f)(1)(D), as amended by Pub. L. 103-432, § 126(g)(6), substituted “section” for “subsection”.

Pub. L. 101-508, § 4118(f)(1)(C), redesignated par. (3), relating to ancillary policies, as (4). Former par. (4) redesignated (5).

Pub. L. 101-508, § 4118(d), struck out “only for services furnished on or after January 1, 1993” after “visits and consultations”.

Subsec. (c)(5), (6). Pub. L. 101-508, § 4118(f)(1)(C), redesignated pars. (4) and (5) as (5) and (6), respectively.

Subsec. (d)(1)(A). Pub. L. 101-508, § 4118(f)(1)(E), (F)(i)(III), amended subpar. (A) identically, substituting “paragraph (3)” for “subparagraph (C)”.

Pub. L. 101-508, § 4118(f)(1)(F)(i)(I), (II), substituted “conversion factor (or factors)” for “conversion factor” in two places and “update or updates” for “update”.

Subsec. (d)(1)(C)(i). Pub. L. 101-508, § 4118(f)(1)(F)(ii)(I), substituted “conversion factor” for “conversion factor (or factors)”.

Subsec. (d)(1)(C)(ii). Pub. L. 101-508, § 4118(f)(1)(F)(ii)(II), inserted “the conversion factor (or factors) which will apply to physicians’ services for the following year and” before “the update (or updates)” and substituted “such year” for “the following year”.

Subsec. (d)(2)(A). Pub. L. 101-508, § 4118(f)(1)(G), (I), substituted “physicians’ services (as defined in subsection (f)(5)(A) of this section)” for “physicians’ services” in first sentence and “proportion of individuals who are enrolled under this part who are HMO enrollees” for “proportion of HMO enrollees” in last sentence.

Subsec. (d)(2)(A)(ii). Pub. L. 101-508, § 4118(f)(1)(H), substituted “and for the services involved” for “(as defined in subsection (f)(5)(A) of this section)” and “such services” for “all such physicians’ services”.

Subsec. (d)(2)(E)(i). Pub. L. 101-508, § 4118(f)(1)(J), inserted “the” before “most recent”.

Subsec. (d)(2)(E)(ii)(I). Pub. L. 101-508, § 4118(f)(1)(K), substituted “payments for physicians’ services” for “physicians’ services”.

Subsec. (d)(3)(A)(i). Pub. L. 101-508, § 4105(a)(3)(A), inserted “except as provided in clause (iii),” after “subparagraph (B),”.

Subsec. (d)(3)(A)(iii). Pub. L. 101-508, § 4105(a)(3)(B), added cl. (iii).

Subsec. (d)(3)(B)(i). Pub. L. 101-508, § 4118(f)(1)(L)(i)(II), which directed amendment of cl. (i) by substituting “services in such category” for “physicians’ services (as defined in subsection (f)(5)(A))”, was executed by making the substitution for “physicians’ services (as defined in section (f)(5)(A))” to reflect the probable intent of Congress.

Pub. L. 101-508, § 4118(f)(1)(L)(i)(I), substituted “update for a category of physicians’ services for a year” for “update for a year”.

Subsec. (d)(3)(B)(ii). Pub. L. 101-508, § 4118(f)(1)(L)(ii), inserted “more than” after “decrease of” in introductory provisions and struck out “more than” before “2 percentage points” in subcl. (I).

Subsec. (e)(1)(A). Pub. L. 101-508, § 4118(c)(1), substituted “subparagraphs (B) and (C)” for “subparagraph (B)” in introductory provisions.

Subsec. (e)(1)(C). Pub. L. 101-508, § 4118(c)(2), added subpar. (C).

Subsec. (f)(1)(C). Pub. L. 101-508, § 4105(c)(1), substituted “1991” for “1990” after “beginning with”.

Subsec. (f)(1)(D)(i). Pub. L. 101-508, § 4118(f)(1)(M), substituted “portions of calendar years” for “calendar years”.

Subsec. (f)(2)(A). Pub. L. 101-508, § 4118(b)(1), (f)(1)(N)(i), in introductory provisions, substituted “the performance standard rate of increase, for all physicians’ services and for each category of physicians’ services,” for “each performance standard rate of increase” and “product” for “sum”.

Pub. L. 101-508, § 4118(b)(6), substituted “minus 1, multiplied by 100, and reduced” for “reduced” in concluding provisions.

Subsec. (f)(2)(A)(i). Pub. L. 101-508, § 4118(f)(1)(N)(ii), as amended by Pub. L. 103-432, § 126(g)(7), substituted “all physicians’ services or for the category of physicians’ services, respectively,” for “physicians’ services (as defined in subsection (f)(5)(A) of this section)”.

Pub. L. 101-508, § 4118(f)(1)(M), substituted “portions of calendar years” for “calendar years”.

Pub. L. 101-508, § 4118(b)(2), (3), substituted “1 plus the Secretary’s” for “the Secretary’s” and “percentage increase (divided by 100)” for “percentage increase”.

Subsec. (f)(2)(A)(ii). Pub. L. 101-508, § 4118(b)(2), (4), substituted “1 plus the Secretary’s” for “the Secretary’s” and inserted “(divided by 100)” after “decrease”.

Subsec. (f)(2)(A)(iii). Pub. L. 101-508, § 4118(f)(1)(N)(iii), substituted “all physicians’ services or of the category

of physicians' services, respectively," for "physicians' services".

Pub. L. 101-508, §4118(b)(2), (5), substituted "1 plus the Secretary's" for "the Secretary's" and inserted "(divided by 100)" after "percentage growth".

Subsec. (f)(2)(A)(iv). Pub. L. 101-508, §4118(e), (f)(1)(N)(iv), substituted "all physicians' services or of the category of physicians' services, respectively," for "physicians' services (as defined in subsection (f)(5)(A) of this section)" and inserted "including changes in law and regulations affecting the percentage increase described in clause (i)" after "law or regulations".

Pub. L. 101-508, §4118(b)(2), (4), substituted "1 plus the Secretary's" for "the Secretary's" and "decrease (divided by 100)" for "decrease".

Subsec. (f)(2)(C). Pub. L. 101-508, §4105(c)(2), added subpar. (C).

Subsec. (f)(4)(A). Pub. L. 101-508, §4118(f)(1)(O), substituted "subparagraph (B)" for "paragraph (B)".

Subsec. (f)(4)(B). Pub. L. 101-508, §4118(f)(1)(P), substituted "specifically approved by law" for "Congress specifically approves the plan".

Subsec. (g)(2)(A). Pub. L. 101-508, §4118(f)(1)(Q), inserted "other than radiologist services subject to section 1395m(b) of this title," after "during 1991," in introductory provisions.

Pub. L. 101-508, §4116, inserted at end "In the case of evaluation and management services (as specified in section 1395u(b)(16)(B)(ii) of this title), the preceding sentence shall be applied by substituting '40 percent' for '25 percent'."

Subsec. (g)(2)(B). Pub. L. 101-508, §4118(f)(1)(Q), inserted "other than radiologist services subject to section 1395m(b) of this title," after "during 1992," in introductory provisions.

Subsec. (i)(1)(A). Pub. L. 101-508, §4118(f)(1)(R), substituted "adjusted historical payment basis (as defined in subsection (a)(2)(D)(i))" for "historical payment basis (as defined in subsection (a)(2)(C)(i))".

Subsec. (i)(2). Pub. L. 101-508, §4107(a)(1), added par. (2).

Subsec. (i)(3). Pub. L. 101-508, §4118(k), added par. (3).

Subsec. (j)(1). Pub. L. 101-508, §4118(f)(1)(S), which directed the amendment of par. (1) by substituting "(as defined by the Secretary) and all other physicians' services" for "and such other" and all that follows through the period was executed by making the substitution for "and such other category or categories of physicians' services as the Secretary, from time to time, defines in regulation." to reflect the probable intent of Congress.

#### CHANGE OF NAME

References to Medicare+Choice deemed to refer to Medicare Advantage or MA, subject to an appropriate transition provided by the Secretary of Health and Human Services in the use of those terms, see section 201 of Pub. L. 108-173, set out as a note under section 1395w-21 of this title.

#### EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-157, §5(b), Apr. 15, 2010, 124 Stat. 1117, provided that: "The amendments made by subsection (a) [amending this section and section 1396b of this title] shall be effective as if included in the enactment of the HITECH Act [Pub. L. 111-5, div. A, title XIII, div. B, title IV] (included in the American Recovery and Reinvestment Act of 2009 (Public Law 111-5))."

Pub. L. 111-152, title I, §1108, Mar. 30, 2010, 124 Stat. 1050, provided that the amendment made by section 1108 is effective as if included in the enactment of the Patient Protection and Affordable Care Act (Pub. L. 111-148).

Pub. L. 111-148, title III, §3002(c)(2), Mar. 23, 2010, 124 Stat. 365, provided that: "The amendment made by paragraph (1) [amending this section] shall apply for years after 2010."

Amendment by section 4103(c)(2) of Pub. L. 111-148 applicable to services furnished on or after Jan. 1, 2011,

see section 4103(e) of Pub. L. 111-148, set out as a note under section 1395l of this title.

#### EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-275, title I, §144(a)(3), July 15, 2008, 122 Stat. 2547, provided that: "The amendments made by this subsection [amending this section and section 1395x of this title] shall apply to items and services furnished on or after January 1, 2010."

Pub. L. 110-275, title I, §152(b)(2), July 15, 2008, 122 Stat. 2553, provided that: "The amendments made by this subsection [amending this section and sections 1395x and 1395y of this title] shall apply to services furnished on or after January 1, 2010."

#### EFFECTIVE DATE OF 2007 AMENDMENT

Pub. L. 110-173, title I, §101(a)(2)(B), Dec. 29, 2007, 121 Stat. 2494, provided that:

"(i) IN GENERAL.—Subject to clause (ii), the amendments made by subparagraph (A) [amending this section] shall take effect on the date of the enactment of this Act [Dec. 29, 2007].

"(ii) SPECIAL RULE FOR COORDINATION WITH CONSOLIDATED APPROPRIATIONS ACT, 2008.—If the date of the enactment of the Consolidated Appropriations Act, 2008 [Dec. 26, 2007], occurs on or after the date described in clause (i), the amendments made by subparagraph (A) shall be deemed to be made on the day after the effective date of sections 225(c)(1) [121 Stat. 2190] and 524 [amending this section] of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008 (division G of the Consolidated Appropriations Act, 2008)."

#### EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by section 5112(c) of Pub. L. 109-171 applicable to services furnished on or after Jan. 1, 2007, see section 5112(f) of Pub. L. 109-171, set out as a note under section 1395l of this title.

#### EFFECTIVE DATE OF 2003 AMENDMENT

Pub. L. 108-173, title VI, §601(b)(2), Dec. 8, 2003, 117 Stat. 2301, provided that: "The amendments made by paragraph (1) [amending this section] shall apply to computations of the sustainable growth rate for years beginning with 2003."

Pub. L. 108-173, title VI, §611(e), Dec. 8, 2003, 117 Stat. 2304, provided that: "The amendments made by this section [amending this section and sections 1395x and 1395y of this title] shall apply to services furnished on or after January 1, 2005, but only for individuals whose coverage period under part B [probably means part B of title XVIII of the Social Security Act, 42 U.S.C. 1395j et seq.] begins on or after such date."

#### EFFECTIVE DATE OF 2000 AMENDMENT

Amendment by Pub. L. 106-554 applicable with respect to screening mammographies furnished on or after Jan. 1, 2002, see section 1(a)(6) [title I, §104(c)] of Pub. L. 106-554, set out as a note under section 1395m of this title.

#### EFFECTIVE DATE OF 1999 AMENDMENT

Pub. L. 106-113, div. B, §1000(a)(6) [title II, §211(d)], Nov. 29, 1999, 113 Stat. 1536, 1501A-350, provided that: "The amendments made by this section [amending this section and sections 1395b-6 and 1395l of this title] shall be effective in determining the conversion factor under section 1848(d) of the Social Security Act (42 U.S.C. 1395w-4(d)) for years beginning with 2001 and shall not apply to or affect any update (or any update adjustment factor) for any year before 2001."

Amendment by section 1000(a)(6) [title III, §321(k)(5)] of Pub. L. 106-113 effective as if included in the enactment of the Balanced Budget Act of 1997, Pub. L. 105-33, except as otherwise provided, see section 1000(a)(6) [title III, §321(m)] of Pub. L. 106-113, set out as a note under section 1395d of this title.

## EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by section 4022(b)(2)(B), (C) of Pub. L. 105-33 effective Nov. 1, 1997, the date of termination of the Prospective Payment Assessment Commission and the Physician Payment Review Commission, see section 4022(c)(2) of Pub. L. 105-33 set out as an Effective Date; Transition; Transfer of Functions note under section 1395b-6 of this title.

Amendment by section 4102(d) of Pub. L. 105-33 applicable to items and services furnished on or after Jan. 1, 1998, see section 4102(e) of Pub. L. 105-33, set out as a note under section 1395f of this title.

Amendment by section 4103(d) of Pub. L. 105-33 applicable to items and services furnished on or after Jan. 1, 2000, see section 4103(e) of Pub. L. 105-33, set out as a note under section 1395f of this title.

Amendment by section 4104(d) of Pub. L. 105-33 applicable to items and services furnished on or after Jan. 1, 1998, see section 4104(e) of Pub. L. 105-33, set out as a note under section 1395f of this title.

Amendment by section 4105(a)(2) of Pub. L. 105-33 applicable to items and services furnished on or after July 1, 1998, see section 4105(d)(1) of Pub. L. 105-33, set out as a note under section 1395m of this title.

Amendment by section 4106(b) of Pub. L. 105-33 applicable to bone mass measurements performed on or after July 1, 1998, see section 4106(d) of Pub. L. 105-33, set out as a note under section 1395x of this title.

Pub. L. 105-33, title IV, § 4502(a)(2), Aug. 5, 1997, 111 Stat. 433, provided that: "The amendment made by this subsection [amending this section] shall apply to the update for years beginning with 1999."

Pub. L. 105-33, title IV, § 4504(b), Aug. 5, 1997, 111 Stat. 435, provided that: "The amendments made by subsection (a) [amending this section] shall apply to services furnished on or after January 1, 1998."

Amendment by section 4714(b)(2) of Pub. L. 105-33 applicable to payment for (and with respect to provider agreements with respect to) items and services furnished on or after Aug. 5, 1997, see section 4714(c) of Pub. L. 105-33, set out as a note under section 1396a of this title.

## EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by section 123(a) of Pub. L. 103-432 applicable to services furnished on or after Oct. 31, 1994, but inapplicable to services of nonparticipating supplier or other person furnished before Jan. 1, 1995, see section 123(f)(1) of Pub. L. 103-432, set out as a note under section 1395f of this title.

Pub. L. 103-432, title I, § 123(f)(5), Oct. 31, 1994, 108 Stat. 4413, provided that: "The amendment made by subsection (d) [amending this section] shall apply to reports for years beginning with 1995."

Amendment by section 126(b)(6), (g)(2)(B), (5)-(7), (10)(A) of Pub. L. 103-432 effective as if included in the enactment of Pub. L. 101-508, see section 126(i) of Pub. L. 103-432, set out as a note under section 1395m of this title.

## EFFECTIVE DATE OF 1993 AMENDMENT

Pub. L. 103-66, title XIII, § 13511(b), Aug. 10, 1993, 107 Stat. 581, provided that: "The amendments made by this section [amending this section] shall apply to services furnished on or after January 1, 1994; except that amendment made by subsection (a)(2) shall not apply—

"(1) to volume performance standard rates of increase established under section 1848(f) of the Social Security Act [42 U.S.C. 1395w-4(f)] for fiscal years before fiscal year 1994, and

"(2) to adjustment in updates in the conversion factors for physicians' services under section 1848(d)(3)(B) of such Act for physicians' services to be furnished in calendar years before 1996."

Pub. L. 103-66, title XIII, § 13514(d), Aug. 10, 1993, 107 Stat. 583, provided that: "The amendments made by this section [amending this section] shall apply to services furnished on or after January 1, 1994."

Amendment by section 13515(a)(1) of Pub. L. 103-66 applicable to services furnished on or after Jan. 1, 1994,

see section 13515(d) of Pub. L. 103-66, set out as a note under section 1395u of this title.

Pub. L. 103-66, title XIII, § 13517(c), Aug. 10, 1993, 107 Stat. 586, provided that: "The amendments made by subsection (a) [amending this section] shall apply to services furnished on or after January 1, 1994."

Pub. L. 103-66, title XIII, § 13518(c), Aug. 10, 1993, 107 Stat. 586, provided that: "The amendment made by subsection (a) [amending this section] shall apply to services furnished on or after January 1, 1995."

## EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by section 4102(b), (g)(2) of Pub. L. 101-508 applicable to services furnished on or after Jan. 1, 1991, see section 4102(i)(1) of Pub. L. 101-508, set out as a note under section 1395m of this title.

Amendment by section 4104(b)(2) of Pub. L. 101-508 applicable to services furnished on or after Jan. 1, 1991, see section 4104(d) of Pub. L. 101-508, set out as a note under section 1395l of this title.

Amendment by section 4106(b)(1) of Pub. L. 101-508 applicable to services furnished after 1991, see section 4106(d)(2) of Pub. L. 101-508, set out as a note under section 1395u of this title.

Pub. L. 101-508, title IV, § 4107(a)(2), Nov. 5, 1990, 104 Stat. 1388-62, as amended by Pub. L. 103-432, title I, § 126(d)(2), Oct. 31, 1994, 108 Stat. 4415, provided that: "Section 1848(i)(2) of the Social Security Act [42 U.S.C. 1395w-4(i)(2)], as added by the amendment made by paragraph (1), shall apply to services furnished in 1991 in the same manner as it applies to services furnished after 1991. In applying the previous sentence, the prevailing charge shall be substituted for the fee schedule amount. In applying section 1848(g)(2)(D) of the Social Security Act for services of an assistant-at-surgery furnished during 1991, the recognized payment amount shall not exceed the maximum amount specified under section 1848(i)(2)(A) of such Act (as applied under this paragraph in such year)."

Pub. L. 101-508, title IV, § 4107(c), Nov. 5, 1990, 104 Stat. 1388-63, as amended by Pub. L. 103-432, title I, § 126(d)(1), Oct. 31, 1994, 108 Stat. 4415, provided that: "The amendment made by subsection (a)(1) [amending this section] shall apply with respect to services furnished on or after January 1, 1992."

Pub. L. 101-508, title IV, § 4109(b), Nov. 5, 1990, 104 Stat. 1388-63, provided that: "The amendment made by subsection (a) [amending this section] shall apply to services furnished on or after January 1, 1992. In applying section 1848(d)(1)(B) of the Social Security Act [42 U.S.C. 1395w-4(d)(1)(B)] (in computing the initial budget-neutral conversion factor for 1991), the Secretary shall compute such factor assuming that section 1848(b)(3) of such Act (as added by the amendment made by subsection (a)) had applied to physicians' services furnished during 1991."

## TRANSFER OF FUNCTIONS

Physician Payment Review Commission (PPRC) was terminated and its assets and staff transferred to the Medicare Payment Advisory Commission (MedPAC) by section 4022(c)(2), (3) of Pub. L. 105-33, set out as a note under section 1395b-6 of this title. Section 4022(c)(2), (3) further provided that MedPAC was to be responsible for preparation and submission of reports required by law to be submitted by PPRC, and that, for that purpose, any reference in law to PPRC was to be deemed, after the appointment of MedPAC, to refer to MedPAC.

## TERMINATION OF REPORTING REQUIREMENTS

For termination, effective May 15, 2000, of provisions of law requiring submittal to Congress of any annual, semiannual, or other regular periodic report listed in House Document No. 103-7 (in which item 8 on page 94 identifies a reporting provision which, as subsequently amended, is contained in subsec. (g)(6)(B) of this section and in which item 9 on page 94 identifies a reporting provision which is contained in subsec. (g)(7)(B) of this section), see section 3003 of Pub. L. 104-66, as

amended, set out as a note under section 1113 of Title 31, Money and Finance.

CENTERS FOR MEDICARE & MEDICAID SERVICES TO  
STUDY REFORM OF PHYSICIAN REIMBURSEMENTS

Pub. L. 113-67, div. B, §1002, Dec. 26, 2013, 127 Stat. 1195, provided that: “In order to support the provision of quality care for our nation’s seniors, Congress finds it appropriate to reform physician reimbursements under the Medicare program. SGR reform legislation provides such an opportunity, but not until next year. In order to facilitate such reform, Congress finds that the Centers for Medicare & Medicaid Services should continue to focus its efforts on the following areas:

“(1) SIMPLIFY AND REDUCE ADMINISTRATIVE BURDEN ON PHYSICIANS.—The application and assessment of measures and other activities under SGR reform should be facilitated by the Centers for Medicare and Medicaid Services (CMS) in a way that accounts for the administrative burden such measurement places on physicians. Therefore, the Congress encourages CMS to identify and implement, to the extent practicable, mechanisms to ensure that the application and assessment of measures be coordinated across programs.

“(2) TIMELY FEEDBACK FOR PHYSICIANS.—In order for measure and assessment programs to encourage the highest quality care for Medicare seniors, the Congress finds it critical that CMS provide physicians with feedback on performance in as close to real time as possible. Such timely feedback will ensure that physicians can excel under a system of meaningful measurement.

“(3) ENCOURAGE DEVELOPMENT OF NEW MODELS.—There is great need to test alternatives to Fee-For-Service reimbursement in the Medicare program. One option is the promotion and adoption of new models of care for physicians. To date, there has been significant development and testing of models for primary care. Congress supports these efforts and encourages them to continue in the future. Congress also encourages the development and testing of models of specialty care.”

IMPLEMENTATION OF 2010 AMENDMENT

Pub. L. 111-157, §5(c), Apr. 15, 2010, 124 Stat. 1118, provided that: “Notwithstanding any other provision of law, the Secretary of Health and Human Services may implement the amendments made by this section [amending this section and section 1396b of this title and enacting provisions set out as a note under this section] by program instruction or otherwise.”

Pub. L. 111-148, title III, §3111(a)(2), Mar. 23, 2010, 124 Stat. 421, provided that: “Notwithstanding any other provision of law, the Secretary may implement the amendments made by paragraph (1) [amending this section] by program instruction or otherwise.”

Pub. L. 111-148, title III, §3134(b)(1), Mar. 23, 2010, 124 Stat. 435, provided that:

“(A) Chapter 35 of title 44, United States Code and the provisions of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to this section [amending this section and section 1395ee of this title and repealing provisions set out as a note under this section] or the amendment made by this section.

“(B) Notwithstanding any other provision of law, the Secretary may implement subparagraphs (K) and (L) of [section] 1848(c)(2) of the Social Security Act [42 U.S.C. 1395w-4(c)(2)(K), (L)], as added by subsection (a), by program instruction or otherwise.

“(C) [Repealed section 4505(d) of Pub. L. 105-33, formerly set out below.]

“(D) Except for provisions related to confidentiality of information, the provisions of the Federal Acquisi-

tion Regulation shall not apply to this section or the amendment made by this section.”

AUTHORITY TO INCORPORATE MAINTENANCE OF CERTIFICATION PROGRAMS INTO MEASURES OF QUALITY OF CARE

Pub. L. 111-148, title III, §3002(c)(3), as added by Pub. L. 111-148, title X, §10327(b), Mar. 23, 2010, 124 Stat. 963, provided that: “For years after 2014, if the Secretary of Health and Human Services determines it to be appropriate, the Secretary may incorporate participation in a Maintenance of Certification Program and successful completion of a qualified Maintenance of Certification Program practice assessment into the composite of measures of quality of care furnished pursuant to the physician fee schedule payment modifier, as described in section 1848(p)(2) of the Social Security Act (42 U.S.C. 1395w-4(p)(2)).”

NO CHANGE IN BILLING

Pub. L. 110-275, title I, §131(b)(4)(B), July 15, 2008, 122 Stat. 2525, provided that: “Nothing in the amendment made by subparagraph (A) [amending this section] shall be construed to change the way in which billing for audiology services (as defined in section 1861(l)(2) of the Social Security Act (42 U.S.C. 1395x(l)(2))) occurs under title XVIII of such Act [42 U.S.C. 1395 et seq.] as of July 1, 2008.”

NO EFFECT ON INCENTIVE PAYMENTS FOR 2007 OR 2008

Pub. L. 110-275, title I, §131(b)(6), July 15, 2008, 122 Stat. 2526, provided that: “Nothing in the amendments made by this subsection or section 132 [amending this section] shall affect the operation of the provisions of section 1848(m) of the Social Security Act [42 U.S.C. 1395w-4(m)], as redesignated and amended by such subsection and section, with respect to 2007 or 2008.”

ADJUSTMENT FOR MEDICARE MENTAL HEALTH SERVICES

Pub. L. 110-275, title I, §138, July 15, 2008, 122 Stat. 2541, as amended by Pub. L. 111-148, title III, §3107, Mar. 23, 2010, 124 Stat. 418; Pub. L. 111-309, title I, §107, Dec. 15, 2010, 124 Stat. 3288; Pub. L. 112-78, title III, §307, Dec. 23, 2011, 125 Stat. 1285, provided that:

“(a) PAYMENT ADJUSTMENT.—

“(1) IN GENERAL.—For purposes of payment for services furnished under the physician fee schedule under section 1848 of the Social Security Act (42 U.S.C. 1395w-4) during the period beginning on July 1, 2008, and ending on February 29, 2012, the Secretary of Health and Human Services shall increase the fee schedule otherwise applicable for specified services by 5 percent.

“(2) NONAPPLICATION OF BUDGET-NEUTRALITY.—The budget-neutrality provision of section 1848(c)(2)(B)(ii) of the Social Security Act (42 U.S.C. 1395w-4(c)(2)(B)(ii)) shall not apply to the adjustments described in paragraph (1).

“(b) DEFINITION OF SPECIFIED SERVICES.—In this section, the term ‘specified services’ means procedure codes for services in the categories of the Health Care Common Procedure Coding System, established by the Secretary of Health and Human Services under section 1848(c)(5) of the Social Security Act (42 U.S.C. 1395w-4(c)(5)), as of July 1, 2007, and as subsequently modified by the Secretary, consisting of psychiatric therapeutic procedures furnished in office or other outpatient facility settings or in inpatient hospital, partial hospital, or residential care facility settings, but only with respect to such services in such categories that are in the subcategories of services which are—

“(1) insight oriented, behavior modifying, or supportive psychotherapy; or

“(2) interactive psychotherapy.

“(c) IMPLEMENTATION.—Notwithstanding any other provision of law, the Secretary may implement this section by program instruction or otherwise.”

TRANSFER OF FUNDS TO PART B TRUST FUND

Pub. L. 110-173, title I, §101(a)(2)(C), Dec. 29, 2007, 121 Stat. 2494, provided that: “Amounts that would have

been available to the Physician Assistance and Quality Initiative Fund under section 1848(l)(2) of the Social Security Act (42 U.S.C. 1395w-4(l)(2)) for payment with respect to physicians' services furnished prior to January 1, 2013, but for the amendments made by subparagraph (A) [amending this section], shall be deposited into, and made available for expenditures from, the Federal Supplementary Medical Insurance Trust Fund under section 1841 of such Act (42 U.S.C. 1395t)."

TRANSITIONAL BONUS INCENTIVE PAYMENTS FOR  
QUALITY REPORTING IN 2007 AND 2008

Pub. L. 109-432, div. B, title I, §101(c), Dec. 20, 2006, 120 Stat. 2977, as amended, formerly set out as a note under this section, was transferred to subsec. (m) of this section.

TREATMENT OF OTHER SERVICES CURRENTLY IN THE  
NONPHYSICIAN WORK POOL

Pub. L. 108-173, title III, §303(a)(2), Dec. 8, 2003, 117 Stat. 2236, provided that: "The Secretary [of Health and Human Services] shall make adjustments to the non-physician work pool methodology (as such term is used in the final rule promulgated by the Secretary in the Federal Register on December 31, 2002 (67 Fed. Reg. 251)), for the determination of practice expense relative value units under the physician fee schedule under section 1848(c)(2)(C)(ii) of the Social Security Act (42 U.S.C. 1395w-4(c)(2)(C)(ii)), so that the practice expense relative value units for services determined under such methodology are not affected relative to the practice expense relative value units of services not determined under such methodology, as a result of the amendments made by paragraph (1) [amending this section]."

PAYMENT FOR MULTIPLE CHEMOTHERAPY AGENTS FURNISHED ON A SINGLE DAY THROUGH THE PUSH TECHNIQUE

Pub. L. 108-173, title III, §303(a)(3), Dec. 8, 2003, 117 Stat. 2236, provided that:

"(A) REVIEW OF POLICY.—The Secretary [of Health and Human Services] shall review the policy, as in effect on October 1, 2003, with respect to payment under section 1848 of the Social Security Act (42 U.S.C. 1395w-4) for the administration of more than 1 drug or biological to an individual on a single day through the push technique.

"(B) MODIFICATION OF POLICY.—After conducting the review under subparagraph (A), the Secretary shall modify such payment policy as the Secretary determines to be appropriate.

"(C) EXEMPTION FROM BUDGET NEUTRALITY UNDER PHYSICIAN FEE SCHEDULE.—If the Secretary modifies such payment policy pursuant to subparagraph (B), any increased expenditures under title XVIII of the Social Security Act [42 U.S.C. 1395 et seq.] resulting from such modification shall be treated as additional expenditures attributable to subparagraph (H) of section 1848(c)(2) of the Social Security Act (42 U.S.C. 1395w-4(c)(2)), as added by paragraph (1)(B), for purposes of applying the exemption to budget neutrality under subparagraph (B)(iv) of such section, as added by paragraph (1)(A)."

TRANSITIONAL ADJUSTMENT

Pub. L. 108-173, title III, §303(a)(4), Dec. 8, 2003, 117 Stat. 2237, provided that:

"(A) IN GENERAL.—In order to provide for a transition during 2004 and 2005 to the payment system established under the amendments made by this section [enacting sections 1395w-3a and 1395w-3b of this title, amending this section and sections 1395l, 1395u, 1395x, 1395y, and 1396r-8 of this title, and repealing provisions set out as a note under section 1395u of this title], in the case of physicians' services consisting of drug administration services described in subparagraph (H)(iv) of section 1848(c)(2) of the Social Security Act (42 U.S.C. 1395w-4(c)(2)), as added by paragraph (1)(B), furnished on or after January 1, 2004, and before January 1, 2006,

in addition to the amount determined under the fee schedule under section 1848(b) of such Act (42 U.S.C. 1395w-4(b)) there also shall be paid to the physician from the Federal Supplementary Medical Insurance Trust Fund an amount equal to the applicable percentage specified in subparagraph (B) of such fee schedule amount for the services so determined.

"(B) APPLICABLE PERCENTAGE.—The applicable percentage specified in this subparagraph for services furnished—

- "(i) during 2004, is 32 percent; and
- "(ii) during 2005, is 3 percent."

MEDPAC REVIEW AND REPORTS; SECRETARIAL  
RESPONSE

Pub. L. 108-173, title III, §303(a)(5), Dec. 8, 2003, 117 Stat. 2237, provided that:

"(A) REVIEW.—The Medicare Payment Advisory Commission shall review the payment changes made under this section [enacting sections 1395w-3a and 1395w-3b of this title, amending this section and sections 1395l, 1395u, 1395x, 1395y, and 1396r-8 of this title, enacting provisions set out as notes under this section and sections 1395u, 1395w-3a, and 1395w-3b of this title, and repealing provisions set out as a note under section 1395u of this title] insofar as they affect payment under part B of title XVIII of the Social Security Act [42 U.S.C. 1395j et seq.]—

"(i) for items and services furnished by oncologists; and

"(ii) for drug administration services furnished by other specialists.

"(B) OTHER MATTERS STUDIED.—In conducting the review under subparagraph (A), the Commission shall also review such changes as they affect—

"(i) the quality of care furnished to individuals enrolled under part B and the satisfaction of such individuals with that care;

"(ii) the adequacy of reimbursement as applied in, and the availability in, different geographic areas and to different physician practice sizes; and

"(iii) the impact on physician practices.

"(C) REPORTS.—The Commission shall submit to the Secretary [of Health and Human Services] and Congress—

"(i) not later than January 1, 2006, a report on the review conducted under subparagraph (A)(i); and

"(ii) not later than January 1, 2007, a report on the review conducted under subparagraph (A)(ii).

Each such report may include such recommendations regarding further adjustments in such payments as the Commission deems appropriate.

"(D) SECRETARIAL RESPONSE.—As part of the rule-making with respect to payment for physicians services under section 1848 of the Social Security Act (42 U.S.C. 1395w-4) for 2007, the Secretary may make appropriate adjustments to payment for items and services described in subparagraph (A)(i), taking into account the report submitted under such subparagraph (C)(i)."

MULTIPLE CHEMOTHERAPY AGENTS, OTHER SERVICES CURRENTLY ON THE NON-PHYSICIAN WORK POOL, AND TRANSITIONAL ADJUSTMENT

Pub. L. 108-173, title III, §303(g)(3), Dec. 8, 2003, 117 Stat. 2253, provided that: "There shall be no administrative or judicial review under section 1869 [probably means section 1869 of the Social Security Act, 42 U.S.C. 1395ff], section 1878 [probably means section 1878 of the Social Security Act, 42 U.S.C. 1395oo], or otherwise, of determinations of payment amounts, methods, or adjustments under paragraphs (2) through (4) of subsection (a) [enacting provisions set out as notes under this section]."

APPLICATION OF 2003 AMENDMENT TO PHYSICIAN  
SPECIALTIES

Amendment by section 303 of Pub. L. 108-173, insofar as applicable to payments for drugs or biologicals and drug administration services furnished by physicians,

is applicable only to physicians in the specialties of hematology, hematology/oncology, and medical oncology under this subchapter, see section 303(j) of Pub. L. 108-173, set out as a note under section 1395u of this title.

Notwithstanding section 303(j) of Pub. L. 108-173 (see note above), amendment by section 303 of Pub. L. 108-173 also applicable to payments for drugs or biologicals and drug administration services furnished by physicians in specialties other than the specialties of hematology, hematology/oncology, and medical oncology, see section 304 of Pub. L. 108-173, set out as a note under section 1395u of this title.

GAO STUDY OF GEOGRAPHIC DIFFERENCES IN  
PAYMENTS FOR PHYSICIANS' SERVICES

Pub. L. 108-173, title IV, §413(c), Dec. 8, 2003, 117 Stat. 2277, provided that:

“(1) STUDY.—The Comptroller General of the United States shall conduct a study of differences in payment amounts under the physician fee schedule under section 1848 of the Social Security Act (42 U.S.C. 1395w-4) for physicians' services in different geographic areas. Such study shall include—

“(A) an assessment of the validity of the geographic adjustment factors used for each component of the fee schedule;

“(B) an evaluation of the measures used for such adjustment, including the frequency of revisions;

“(C) an evaluation of the methods used to determine professional liability insurance costs used in computing the malpractice component, including a review of increases in professional liability insurance premiums and variation in such increases by State and physician specialty and methods used to update the geographic cost of practice index and relative weights for the malpractice component; and

“(D) an evaluation of the effect of the adjustment to the physician work geographic index under section 1848(e)(1)(E) of the Social Security Act [42 U.S.C. 1395w-4(e)(1)(E)], as added by section 412, on physician location and retention in areas affected by such adjustment, taking into account—

“(i) differences in recruitment costs and retention rates for physicians, including specialists, between large urban areas and other areas; and

“(ii) the mobility of physicians, including specialists, over the last decade.

“(2) REPORT.—Not later than 1 year after the date of the enactment of this Act [Dec. 8, 2003], the Comptroller General shall submit to Congress a report on the study conducted under paragraph (1). The report shall include recommendations regarding the use of more current data in computing geographic cost of practice indices as well as the use of data directly representative of physicians' costs (rather than proxy measures of such costs).”

AMENDMENTS NOT TREATED AS CHANGE IN LAW AND  
REGULATION IN SUSTAINABLE GROWTH RATE DETERMINATION

Pub. L. 109-171, title V, §5104(b), Feb. 8, 2006, 120 Stat. 41, provided that: “The amendments made by subsection (a) [amending this section] shall not be treated as a change in law for purposes of applying section 1848(f)(2)(D) of the Social Security Act (42 U.S.C. 1395w-4(f)(2)(D)).”

Pub. L. 108-173, title VI, §601(a)(3), Dec. 8, 2003, 117 Stat. 2301, provided that: “The amendments made by this subsection [amending this section] shall not be treated as a change in law for purposes of applying section 1848(f)(2)(D) of the Social Security Act (42 U.S.C. 1395w-4(f)(2)(D)).”

COLLABORATIVE DEMONSTRATION-BASED REVIEW OF  
PHYSICIAN PRACTICE EXPENSE GEOGRAPHIC ADJUSTMENT DATA

Pub. L. 108-173, title VI, §605, Dec. 8, 2003, 117 Stat. 2302, provided that:

“(a) IN GENERAL.—Not later than January 1, 2005, the Secretary [of Health and Human Services] shall, in collaboration with State and other appropriate organizations representing physicians, and other appropriate persons, review and consider alternative data sources than those currently used in establishing the geographic index for the practice expense component under the medicare physician fee schedule under section 1848(e)(1)(A)(i) of the Social Security Act (42 U.S.C. 1395w-4(e)(1)(A)(i)).

“(b) SITES.—The Secretary shall select two physician payment localities in which to carry out subsection (a). One locality shall include rural areas and at least one locality shall be a statewide locality that includes both urban and rural areas.

“(c) REPORT AND RECOMMENDATIONS.—

“(1) REPORT.—Not later than January 1, 2006, the Secretary shall submit to Congress a report on the review and consideration conducted under subsection (a). Such report shall include information on the alternative developed data sources considered by the Secretary under subsection (a), including the accuracy and validity of the data as measures of the elements of the geographic index for practice expenses under the medicare physician fee schedule as well as the feasibility of using such alternative data nationwide in lieu of current proxy data used in such index, and the estimated impacts of using such alternative data.

“(2) RECOMMENDATIONS.—The report submitted under paragraph (1) shall contain recommendations on which data sources reviewed and considered under subsection (a) are appropriate for use in calculating the geographic index for practice expenses under the medicare physician fee schedule.”

MEDPAC REPORT ON PAYMENT FOR PHYSICIANS'  
SERVICES

Pub. L. 108-173, title VI, §606, Dec. 8, 2003, 117 Stat. 2302, provided that:

“(a) PRACTICE EXPENSE COMPONENT.—Not later than 1 year after the date of the enactment of this Act [Dec. 8, 2003], the Medicare Payment Advisory Commission shall submit to Congress a report on the effect of refinements to the practice expense component of payments for physicians' services, after the transition to a full resource-based payment system in 2002, under section 1848 of the Social Security Act (42 U.S.C. 1395w-4). Such report shall examine the following matters by physician specialty:

“(1) The effect of such refinements on payment for physicians' services.

“(2) The interaction of the practice expense component with other components of and adjustments to payment for physicians' services under such section.

“(3) The appropriateness of the amount of compensation by reason of such refinements.

“(4) The effect of such refinements on access to care by medicare beneficiaries to physicians' services.

“(5) The effect of such refinements on physician participation under the medicare program.

“(b) VOLUME OF PHYSICIANS' SERVICES.—Not later than 1 year after the date of the enactment of this Act [Dec. 8, 2003], the Medicare Payment Advisory Commission shall submit to Congress a report on the extent to which increases in the volume of physicians' services under part B [42 U.S.C. 1395j et seq.] of the medicare program are a result of care that improves the health and well-being of medicare beneficiaries. The study shall include the following:

“(1) An analysis of recent and historic growth in the components that the Secretary [of Health and Human Services] includes under the sustainable growth rate (under section 1848(f) of the Social Security Act (42 U.S.C. 1395w-4(f))).

“(2) An examination of the relative growth of volume in physicians' services between medicare beneficiaries and other populations.

“(3) An analysis of the degree to which new technology, including coverage determinations of the

Centers for Medicare & Medicaid Services, has affected the volume of physicians' services.

“(4) An examination of the impact on volume of demographic changes.

“(5) An examination of shifts in the site of service or services that influence the number and intensity of services furnished in physicians' offices and the extent to which changes in reimbursement rates to other providers have effected these changes.

“(6) An evaluation of the extent to which the Centers for Medicare & Medicaid Services takes into account the impact of law and regulations on the sustainable growth rate.”

#### MEDPAC STUDY OF PAYMENT FOR CARDIO-THORACIC SURGEONS

Pub. L. 108-173, title VI, §644, Dec. 8, 2003, 117 Stat. 2323, provided that:

“(a) STUDY.—The Medicare Payment Advisory Commission (in this section referred to as the ‘Commission’) shall conduct a study on the practice expense relative values established by the Secretary of Health and Human Services under the medicare physician fee schedule under section 1848 of the Social Security Act (42 U.S.C. 1395w-4) for physicians in the specialties of thoracic and cardiac surgery to determine whether such values adequately take into account the attendant costs that such physicians incur in providing clinical staff for patient care in hospitals.

“(b) REPORT.—Not later than January 1, 2005, the Commission shall submit to Congress a report on the study conducted under subsection (a) together with recommendations for such legislation or administrative action as the Commission determines to be appropriate.”

#### REPORT ON PHYSICIAN COMPENSATION

Pub. L. 108-173, title IX, §953(a)(2), Dec. 8, 2003, 117 Stat. 2428, provided that: “Not later than 12 months after the date of the enactment of this Act [Dec. 8, 2003], the Comptroller General shall submit to Congress a report on all aspects of physician compensation for services furnished under title XVIII of the Social Security Act [42 U.S.C. 1395 et seq.], and how those aspects interact and the effect on appropriate compensation for physician services. Such report shall review alternatives for the physician fee schedule under section 1848 of such title (42 U.S.C. 1395w-4).”

#### TREATMENT OF CERTAIN PHYSICIAN PATHOLOGY SERVICES UNDER MEDICARE

Pub. L. 106-554, §1(a)(6) [title V, §542], Dec. 21, 2000, 114 Stat. 2763, 2763A-550, as amended by Pub. L. 108-173, title VII, §732, Dec. 8, 2003, 117 Stat. 2352; Pub. L. 109-432, div. B, title I, §104, Dec. 20, 2006, 120 Stat. 2981; Pub. L. 110-173, title I, §104, Dec. 29, 2007, 121 Stat. 2495; Pub. L. 110-275, title I, §136, July 15, 2008, 122 Stat. 2540; Pub. L. 111-148, title III, §3104, Mar. 23, 2010, 124 Stat. 417; Pub. L. 111-309, title I, §105, Dec. 15, 2010, 124 Stat. 3287; Pub. L. 112-78, title III, §305, Dec. 23, 2011, 125 Stat. 1284; Pub. L. 112-96, title III, §3006, Feb. 22, 2012, 126 Stat. 189, provided that:

“(a) IN GENERAL.—When an independent laboratory furnishes the technical component of a physician pathology service to a fee-for-service medicare beneficiary who is an inpatient or outpatient of a covered hospital, the Secretary of Health and Human Services shall treat such component as a service for which payment shall be made to the laboratory under section 1848 of the Social Security Act (42 U.S.C. 1395w-4) and not as an inpatient hospital service for which payment is made to the hospital under section 1886(d) of such Act (42 U.S.C. 1395ww(d)) or as an outpatient hospital service for which payment is made to the hospital under section 1833(t) of such Act (42 U.S.C. 1395f(t)).

“(b) DEFINITIONS.—For purposes of this section:

“(1) COVERED HOSPITAL.—The term ‘covered hospital’ means, with respect to an inpatient or an outpatient, a hospital that had an arrangement with an

independent laboratory that was in effect as of July 22, 1999, under which a laboratory furnished the technical component of physician pathology services to fee-for-service medicare beneficiaries who were hospital inpatients or outpatients, respectively, and submitted claims for payment for such component to a medicare carrier (that has a contract with the Secretary under section 1842 of the Social Security Act, 42 U.S.C. 1395u) and not to such hospital.

“(2) FEE-FOR-SERVICE MEDICARE BENEFICIARY.—The term ‘fee-for-service medicare beneficiary’ means an individual who—

“(A) is entitled to benefits under part A, or enrolled under part B, or both, of such title [42 U.S.C. 1395c et seq., 1395j et seq.]; and

“(B) is not enrolled in any of the following:

“(i) A Medicare+Choice plan under part C of such title [42 U.S.C. 1395w-21 et seq.].

“(ii) A plan offered by an eligible organization under section 1876 of such Act (42 U.S.C. 1395mm).

“(iii) A program of all-inclusive care for the elderly (PACE) under section 1894 of such Act (42 U.S.C. 1395eee).

“(iv) A social health maintenance organization (SHMO) demonstration project established under section 4018(b) of the Omnibus Budget Reconciliation Act of 1987 (Public Law 100-203) [101 Stat. 1330-65].

“(c) EFFECTIVE DATE.—This section shall apply to services furnished during the 2-year period beginning on January 1, 2001, and for services furnished during 2005, 2006, 2007, 2008, 2009, 2010, 2011, and the first six months of 2012.

“(d) GAO REPORT.—

“(1) STUDY.—The Comptroller General of the United States shall conduct a study of the effects of the previous provisions of this section on hospitals and laboratories and access of fee-for-service medicare beneficiaries to the technical component of physician pathology services.

“(2) REPORT.—Not later than April 1, 2002, the Comptroller General shall submit to Congress a report on such study. The report shall include recommendations about whether such provisions should be extended after the end of the period specified in subsection (c) for either or both inpatient and outpatient hospital services, and whether the provisions should be extended to other hospitals.”

#### ONE-TIME PUBLICATION OF INFORMATION ON TRANSITION

Pub. L. 106-113, div. B, §1000(a)(6) [title II, §211(a)(2)(C)], Nov. 29, 1999, 113 Stat. 1536, 1501A-347, provided that: “The Secretary of Health and Human Services shall cause to have published in the Federal Register, not later than 90 days after the date of the enactment of this section [Nov. 29, 1999], the Secretary's determination, based upon the best available data, of—

“(i) the allowed expenditures under subclauses (I) and (II) of subsection (d)(4)(C)(ii) of section 1848 of the Social Security Act (42 U.S.C. 1395w-4), as added by subsection (a)(1)(B), for the 9-month period beginning on April 1, 1999, and for 1999;

“(ii) the estimated actual expenditures described in subsection (d) of such section for 1999; and

“(iii) the sustainable growth rate under subsection (f) of such section for 2000.”

#### USE OF DATA COLLECTED BY ORGANIZATIONS AND ENTITIES IN DETERMINING PRACTICE EXPENSE RELATIVE VALUES

Pub. L. 106-113, div. B, §1000(a)(6) [title II, §212], Nov. 29, 1999, 113 Stat. 1536, 1501A-350, provided that:

“(a) IN GENERAL.—The Secretary of Health and Human Services shall establish by regulation (after notice and opportunity for public comment) a process (including data collection standards) under which the Secretary will accept for use and will use, to the maximum extent practicable and consistent with sound data practices, data collected or developed by entities and orga-

nizations (other than the Department of Health and Human Services) to supplement the data normally collected by that Department in determining the practice expense component under section 1848(c)(2)(C)(ii) of the Social Security Act (42 U.S.C. 1395w-4(c)(2)(C)(ii)) for purposes of determining relative values for payment for physicians' services under the fee schedule under section 1848 of such Act (42 U.S.C. 1395w-4). The Secretary shall first promulgate such regulation on an interim final basis in a manner that permits the submission and use of data in the computation of practice expense relative value units for payment rates for 2001.

“(b) PUBLICATION OF INFORMATION.—The Secretary shall include, in the publication of the estimated and final updates under section 1848(c) of such Act (42 U.S.C. 1395w-4(c)) for payments for 2001 and for 2002, a description of the process established under subsection (a) for the use of external data in making adjustments in relative value units and the extent to which the Secretary has used such external data in making such adjustments for each such year, particularly in cases in which the data otherwise used are inadequate because such data are not based upon a large enough sample size to be statistically reliable.”

#### CONSULTATION WITH ORGANIZATIONS IN ESTABLISHING PAYMENT AMOUNTS FOR SERVICES PROVIDED BY PHYSICIANS

Pub. L. 105-33, title IV, §4105(a)(3), Aug. 5, 1997, 111 Stat. 367, provided that: “In establishing payment amounts under section 1848 of the Social Security Act [42 U.S.C. 1395w-4] for physicians' services consisting of diabetes outpatient self-management training services, the Secretary of Health and Human Services shall consult with appropriate organizations, including such organizations representing individuals or medicare beneficiaries with diabetes.”

#### DEVELOPMENT OF RESOURCE-BASED PRACTICE EXPENSE RELATIVE VALUE UNITS

Pub. L. 105-33, title IV, §4505(d), Aug. 5, 1997, 111 Stat. 435, which required the Secretary of Health and Human Services to develop new resource-based relative value units in accordance with certain procedures, transmit a report by Mar. 1, 1998, to certain Congressional Committees, publish a notice of proposed rulemaking with the new relative value units on or before May 1, 1998, and allow public comment, was repealed by Pub. L. 111-148, title III, §3134(b)(1)(C), Mar. 23, 2010, 124 Stat. 435.

#### APPLICATION OF CERTAIN BUDGET NEUTRALITY PROVISIONS

Pub. L. 105-33, title IV, §4505(f)(2), Aug. 5, 1997, 111 Stat. 437, provided that: “In implementing the amendment made by paragraph (1)(A)(ii) [amending this section], the provisions of clauses (ii)(II) and (iii) of section 1848(c)(2)(B) of the Social Security Act (42 U.S.C. 1395w-4(c)(2)(B)) shall apply in the same manner as they apply to adjustments under clause (ii)(I) of such section.”

#### DEVELOPMENT OF RESOURCE-BASED METHODOLOGY FOR PRACTICE EXPENSES

Pub. L. 103-432, title I, §121(a), Oct. 31, 1994, 108 Stat. 4408, provided that:

“(1) IN GENERAL.—The Secretary of Health and Human Services shall develop a methodology for implementing in 1998 a resource-based system for determining practice expense relative value units for each physicians' service. The methodology utilized shall recognize the staff, equipment, and supplies used in the provision of various medical and surgical services in various settings.

“(2) REPORT.—The Secretary shall transmit a report by June 30, 1996, on the methodology developed under paragraph (1) to the Committees on Ways and Means and Energy and Commerce of the House of Representatives and the Committee on Finance of the Senate. The

report shall include a presentation of data utilized in developing the methodology and an explanation of the methodology.”

#### APPLICATION OF SUBSECTION (c)(2)(B)(ii)(II), (iii)

Pub. L. 103-432, title I, §121(b)(3), Oct. 31, 1994, 108 Stat. 4409, provided that: “In implementing the amendment made by paragraph (1)(C) [amending this section], the provisions of clauses (ii)(II) and (iii) of section 1848(c)(2)(B) of the Social Security Act [42 U.S.C. 1395w-4(c)(2)(B)(ii)(II), (iii)] shall apply in the same manner as they apply to adjustments under clause (ii)(I) of such section.”

#### REPORT ON REVIEW PROCESS

Pub. L. 103-432, title I, §122(c), Oct. 31, 1994, 108 Stat. 4409, provided that not later than 1 year after Oct. 31, 1994, Secretary of Health and Human Services was to study and report to Congress on data necessary to review and revise indices established under subsec. (e)(1)(A) of this section, any limitations on availability of data necessary to review and revise such indices at least every three years, ways of addressing such limitations, with particular attention to the development of alternative data sources for input components for which current index values are based on data collected less frequently than every three years, and costs of developing more accurate and timely data.

#### RELATIVE VALUE FOR PEDIATRIC SERVICES

Pub. L. 103-432, title I, §124(a), Oct. 31, 1994, 108 Stat. 4413, provided that: “The Secretary of Health and Human Services shall fully develop, by not later than July 1, 1995, relative values for the full range of pediatric physicians' services which are consistent with the relative values developed for other physicians' services under section 1848(c) of the Social Security Act [42 U.S.C. 1395w-4(c)]. In developing such values, the Secretary shall conduct such refinements as may be necessary to produce appropriate estimates for such relative values.”

#### BUDGET NEUTRALITY ADJUSTMENT

For provisions requiring reduction of relative values established under subsec. (c) of this section and amounts determined under subsec. (a)(2)(B)(ii)(I) of this section for 1994 (to be applied for that year and subsequent years) in order to assure that the amendments to this section and section 1395u of this title by section 13515(a) of Pub. L. 103-66 will not result in expenditures under this part that exceed the amount of such expenditures that would have been made if such amendments had not been made, see section 13515(b) of Pub. L. 103-66, set out as a note under section 1395u of this title.

Pub. L. 103-66, title XIII, §13518(b), Aug. 10, 1993, 107 Stat. 586, provided that: “Notwithstanding any other provision of law, the Secretary of Health and Human Services shall implement the amendment made by subsection (a) [amending this section] in a manner to assure that such amendment will result in expenditures under part B of title XVIII of the Social Security Act [42 U.S.C. 1395j et seq.] in 1995 for services described in such amendment that shall be equal to the amount of expenditures for such services that would have been made if such amendment had not been made.”

#### ANCILLARY POLICIES; ADJUSTMENT FOR INDEPENDENT LABORATORIES FURNISHING PHYSICIAN PATHOLOGY SERVICES

Pub. L. 101-508, title IV, §4104(c), Nov. 5, 1990, 104 Stat. 1388-59, provided that: “The Secretary of Health and Human Services, in establishing ancillary policies under section 1848(c)(3) of the Social Security Act [42 U.S.C. 1395w-4(c)(3)], shall consider an appropriate adjustment to reflect the technical component of furnishing physician pathology services through a laboratory that is independent of a hospital and separate from an attending or consulting physician's office.”

## COMPUTATION OF CONVERSION FACTOR FOR 1992

Pub. L. 101-508, title IV, §4105(b)(2), Nov. 5, 1990, 104 Stat. 1388-60, as amended by Pub. L. 103-432, title I, §126(g)(2)(A)(i), Oct. 31, 1994, 108 Stat. 4415, provided that: "In computing the conversion factor under section 1848(d)(1)(B) of the Social Security Act for 1992 [42 U.S.C. 1395w-4(d)(1)(B)], the Secretary of Health and Human Services shall determine the estimated aggregate amount of payments under part B of title XVIII of such Act [42 U.S.C. 1395j et seq.] for physicians' services in 1991 assuming that the amendment made by this subsection [amending section 1395u of this title] did not apply."

Pub. L. 101-508, title IV, §4106(c), Nov. 5, 1990, 104 Stat. 1388-62, as amended by Pub. L. 103-432, title I, §126(g)(3), Oct. 31, 1994, 108 Stat. 4416, provided that: "In computing the conversion factor under section 1848(d)(1)(B) of the Social Security Act [42 U.S.C. 1395w-4(d)(1)(B)] for 1992, the Secretary of Health and Human Services shall determine the estimated aggregate amount of payments under part B [42 U.S.C. 1395j et seq.] for physicians' services in 1991 assuming that the amendments made by this section [amending this section, section 1395u of this title, and provisions set out as a note under section 1395u of this title] (notwithstanding subsection (d) [set out as an Effective Date of 1990 Amendment note under section 1395u of this title]) applied to all services furnished during such year."

## PUBLICATION OF PERFORMANCE STANDARD RATES

Pub. L. 101-508, title IV, §4105(d), Nov. 5, 1990, 104 Stat. 1388-60, as amended by Pub. L. 103-432, title I, §126(g)(2)(C), Oct. 31, 1994, 108 Stat. 4416, provided that: "Not later than 45 days after the date of the enactment of this Act [Nov. 5, 1990], the Secretary of Health and Human Services, based on the most recent data available, shall estimate and publish in the Federal Register the performance standard rates of increase specified in section 1848(f)(2)(C) of the Social Security Act [42 U.S.C. 1395w-4(f)(2)(C)] for fiscal year 1991."

STUDY OF REGIONAL VARIATIONS IN IMPACT OF  
MEDICARE PHYSICIAN PAYMENT REFORM

Pub. L. 101-508, title IV, §4115, Nov. 5, 1990, 104 Stat. 1388-65, provided that:

"(a) STUDY.—The Secretary of Health and Human Services shall conduct a study of—

"(1) factors that may explain geographic variations in Medicare reasonable charges for physicians' services that are not attributable to variations in physician practice costs (including the supply of physicians in an area and area variations in the mix of services furnished);

"(2) the extent to which the geographic practice cost indices applied under the fee schedule established under section 1848 of the Social Security Act [42 U.S.C. 1395w-4] accurately reflect variations in practice costs and malpractice costs (and alternative sources of information upon which to base such indices);

"(3) the impact of the transition to a national, resource-based fee schedule for physicians' services under Medicare on access to physicians' services in areas that experience a disproportionately large reduction in payments for physicians' services under the fee schedule by reason of such variations; and

"(4) appropriate adjustments or modifications in the transition to, or manner of determining payments under, the fee schedule established under section 1848 of the Social Security Act, to compensate for such variations and ensure continued access to physicians' services for Medicare beneficiaries in such areas.

"(b) REPORT.—By not later than July 1, 1992, the Secretary shall submit to Congress a report on the study conducted under subsection (a)."

STATEWIDE FEE SCHEDULE AREAS FOR PHYSICIANS'  
SERVICES

Pub. L. 101-508, title IV, §4117, Nov. 5, 1990, 104 Stat. 1388-65, as amended by Pub. L. 103-432, title I, §126(f),

Oct. 31, 1994, 108 Stat. 4415, provided that: "Notwithstanding section 1848(j)(2) of the Social Security Act (42 U.S.C. 1395w-4(j)(2)), in the case of the States of Nebraska and Oklahoma the Secretary of Health and Human Services (Secretary) shall treat the State as a single fee schedule area for purposes of determining—

"(1) the adjusted historical payment basis (as defined in section 1848(a)(2)(D) of such Act (42 U.S.C. 1395w-4(a)(2)(D))), and

"(2) the fee schedule amount (as referred to in section 1848(a) (42 U.S.C. 1395w-4(a) of such Act), for physicians' services (as defined in section 1848(j)(3) of such Act (42 U.S.C. 1395w-4(j)(3))) furnished on or after January 1, 1992."

## STUDIES

Pub. L. 101-239, title VI, §6102(d), Dec. 19, 1989, 103 Stat. 2185, as amended by Pub. L. 103-432, title I, §126(h)(1), Oct. 31, 1994, 108 Stat. 4416; Pub. L. 105-362, title VI, §601(b)(5), Nov. 10, 1998, 112 Stat. 3286, provided for various studies and reports as follows: (1) directed Comptroller General to conduct study of alternative payment methodology for malpractice component for physicians' services, and to submit report to Congress by not later than Apr. 1, 1991; (2) directed Secretary of Health and Human Services to conduct study of how payments under this section may affect payments to eligible organizations with risk-sharing contracts under section 1395mm of this title, and to submit report to Congress by not later than Apr. 1, 1990; (3) directed Secretary to conduct study of volume performance standard rates of increase for services furnished by geography, specialty, and type of service, and to submit report with appropriate recommendations to Congress by not later than July 1, 1990; (4) directed Physician Payment Review Commission to conduct study of payment for practice and malpractice expenses, including appropriate methods for allocating malpractice expenses to particular procedures which could be incorporated into the determination of relative values for such procedures using a consensus panel and other appropriate methodologies, and to submit report and recommendations to Congress by not later than July 1, 1991; (5) directed Physician Payment Review Commission to conduct study of feasibility and desirability of using Metropolitan Statistical Areas or other payment areas for purposes of payment for physicians' services under this part, and to submit report to Congress by not later than July 1, 1991; (6) directed Physician Payment Review Commission to conduct study of payment for non-physician providers of medicare services, including physician assistants, clinical psychologists, nurse midwives, and other health practitioners whose services can be billed under medicare program on a fee-for-service basis, and to submit report to Congress by not later than July 1, 1991; (7) directed Physician Payment Review Commission to conduct study of physician fees under State medicare programs established under subchapter XIX of this chapter, and to submit report with recommendations to Congress by no later than July 1, 1991; and (8) directed Comptroller General to conduct study of effect of anti-trust laws on ability of physicians to act in groups to educate and discipline peers of such physicians in order to reduce and eliminate ineffective practice patterns and inappropriate utilization, and to submit report to Congress by no later than July 1, 1991.

## DISTRIBUTION OF MODEL FEE SCHEDULE

Pub. L. 101-239, title VI, §6102(e)(11), Dec. 19, 1989, 103 Stat. 2188, as amended by Pub. L. 101-508, title IV, §4118(f)(2)(E), Nov. 5, 1990, 104 Stat. 1388-70, provided that: "By September 1, 1990, the Secretary of Health and Human Services shall develop a Model Fee Schedule, using the methodology set forth in section 1848 of the Social Security Act [42 U.S.C. 1395w-4]. The Model Fee Schedule shall include as many services as the Secretary of Health and Human Services concludes can be assigned valid relative values. The Secretary of Health

and Human Services shall submit the Model Fee Schedule to the appropriate committees of Congress and make it generally available to the public.”

**§ 1395w-5. Public reporting of performance information**

**(a) In general**

**(1) Development**

Not later than January 1, 2011, the Secretary shall develop a Physician Compare Internet website with information on physicians enrolled in the Medicare program under section 1866(j) of the Social Security Act (42 U.S.C. 1395cc(j)) and other eligible professionals who participate in the Physician Quality Reporting Initiative under section 1848 of such Act (42 U.S.C. 1395w-4).

**(2) Plan**

Not later than January 1, 2013, and with respect to reporting periods that begin no earlier than January 1, 2012, the Secretary shall also implement a plan for making publicly available through Physician Compare, consistent with subsection (c), information on physician performance that provides comparable information for the public on quality and patient experience measures with respect to physicians enrolled in the Medicare program under such section 1866(j). To the extent scientifically sound measures that are developed consistent with the requirements of this section are available, such information, to the extent practicable, shall include—

- (A) measures collected under the Physician Quality Reporting Initiative;
- (B) an assessment of patient health outcomes and the functional status of patients;
- (C) an assessment of the continuity and coordination of care and care transitions, including episodes of care and risk-adjusted resource use;
- (D) an assessment of efficiency;
- (E) an assessment of patient experience and patient, caregiver, and family engagement;
- (F) an assessment of the safety, effectiveness, and timeliness of care; and
- (G) other information as determined appropriate by the Secretary.

**(b) Other required considerations**

In developing and implementing the plan described in subsection (a)(2), the Secretary shall, to the extent practicable, include—

- (1) processes to assure that data made public, either by the Centers for Medicare & Medicaid Services or by other entities, is statistically valid and reliable, including risk adjustment mechanisms used by the Secretary;
- (2) processes by which a physician or other eligible professional whose performance on measures is being publicly reported has a reasonable opportunity, as determined by the Secretary, to review his or her individual results before they are made public;
- (3) processes by the Secretary to assure that the implementation of the plan and the data made available on Physician Compare provide a robust and accurate portrayal of a physician's performance;

(4) data that reflects the care provided to all patients seen by physicians, under both the Medicare program and, to the extent practicable, other payers, to the extent such information would provide a more accurate portrayal of physician performance;

(5) processes to ensure appropriate attribution of care when multiple physicians and other providers are involved in the care of a patient;

(6) processes to ensure timely statistical performance feedback is provided to physicians concerning the data reported under any program subject to public reporting under this section; and

(7) implementation of computer and data systems of the Centers for Medicare & Medicaid Services that support valid, reliable, and accurate public reporting activities authorized under this section.

**(c) Ensuring patient privacy**

The Secretary shall ensure that information on physician performance and patient experience is not disclosed under this section in a manner that violates sections<sup>1</sup> 552 or 552a of title 5 with regard to the privacy of individually identifiable health information.

**(d) Feedback from multi-stakeholder groups**

The Secretary shall take into consideration input provided by multi-stakeholder groups, consistent with sections 1890(b)(7) and 1890A of the Social Security Act [42 U.S.C. 1395aaa(b)(7), 1395aaa-1], as added by section 3014 of this Act, in selecting quality measures for use under this section.

**(e) Consideration of transition to value-based purchasing**

In developing the plan under this<sup>2</sup> subsection (a)(2), the Secretary shall, as the Secretary determines appropriate, consider the plan to transition to a value-based purchasing program for physicians and other practitioners developed under section 131 of the Medicare Improvements for Patients and Providers Act of 2008 (Public Law 110-275).

**(f) Report to Congress**

Not later than January 1, 2015, the Secretary shall submit to Congress a report on the Physician Compare Internet website developed under subsection (a)(1). Such report shall include information on the efforts of and plans made by the Secretary to collect and publish data on physician quality and efficiency and on patient experience of care in support of value-based purchasing and consumer choice, together with recommendations for such legislation and administrative action as the Secretary determines appropriate.

**(g) Expansion**

At any time before the date on which the report is submitted under subsection (f), the Secretary may expand (including expansion to other providers of services and suppliers under title XVIII of the Social Security Act [42 U.S.C. 1395 et seq.]) the information made available on such website.

<sup>1</sup> So in original. Probably should be “section”.

<sup>2</sup> So in original. The word “this” probably should not appear.