

119TH CONGRESS
2D SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

Mr. BOOZMAN (for himself and Mr. WELCH) introduced the following bill;
which was read twice and referred to the Committee on

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Provider Reimburse-
5 ment Stability Act of 2026”.

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

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

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

1 “(aa) IN GENERAL.—Sub-
2 ject to”;

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

6 (3) by adding at the end the following new
7 items:

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

13 “(AA) for years before
14 2028, \$20,000,000;

15 “(BB) for 2028,
16 \$57,640,000; and

17 “(CC) for 2029 and
18 each subsequent year, the
19 amount specified in this
20 item for the preceding year.

21 “(cc) INDEXING LIMITATION
22 ON ANNUAL ADJUSTMENTS.—For
23 2033 and every subsequent fifth
24 year, the Secretary shall increase
25 the amount specified in item (bb)

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

8 **SEC. 3. BUDGET NEUTRALITY CORRECTIONS RELATING TO**
9 **ESTIMATED UTILIZATION.**

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

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

16 “(I) IN GENERAL.—In the case
17 of a budget neutrality adjustment ap-
18 plied pursuant to clause (ii)(II) for a
19 year (beginning with 2029) that is de-
20 termined in part using estimated utili-
21 zation (as defined in subclause
22 (II)(bb)) with respect to a specified
23 service (as defined in subclause
24 (II)(cc)), the Secretary shall, as part
25 of the final rule establishing the phy-

1 sician fee schedule under this section
2 for the assumption correction period
3 (as defined in subclause (II)(aa)) with
4 respect to such year—

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

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

24 “(II) DEFINITIONS.—For pur-
25 poses of this clause:

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

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

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

16 “(AA) with expected ex-
17 penditures for such year
18 under this section based on
19 estimated utilization that ex-
20 ceed the threshold amount
21 (as defined in item (dd)) for
22 such year; and

23 “(BB) for which pay-
24 ment had been bundled into
25 payment for another service

1 during the preceding year
2 and for which a separate
3 payment or add-on payment
4 is made during such year.

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

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

16 (1) in clause (iv)—

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

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

21 (C) by adding at the end the following new
22 subclause:

23 “(VII) clause (vii)(I)(bb) for an
24 assumption correction period (as de-
25 fined in clause (vii)(II)) shall not be

1 taken into account in applying clause
2 (ii)(II) with respect to such period.”;
3 and

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

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

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

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

19 “(viii) TIMELY UPDATES TO DIRECT
20 COSTS USED TO CALCULATE PRACTICE EX-
21 PENSE RELATIVE VALUE UNITS.—

22 “(I) SIMULTANEOUS UPDATES TO
23 DIRECT COST INPUTS AT LEAST ONCE
24 EVERY 5 YEARS.—The Secretary shall,
25 not later than 5 years after the date

1 of the enactment of this clause, and
2 not less often than every 5 years
3 thereafter, update the prices and
4 rates, as applicable, on a category-
5 wide basis for each of the categories
6 of direct cost inputs described in sub-
7 clause (II) used in the methodology
8 for calculating the practice expense
9 relative value units under this sub-
10 section for physicians' services. Up-
11 dates made pursuant to the previous
12 sentence shall be made in the same
13 year for all categories of direct cost
14 inputs described in such subclause.

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

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

6 **SEC. 5. LIMITATION ON YEAR-TO-YEAR CONVERSION FAC-**
7 **TOR VARIANCE.**

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

12 “(ix) LIMITATION ON CONVERSION
13 FACTOR VARIANCE.—

14 “(I) IN GENERAL.—Beginning
15 with 2028, the Secretary may not, for
16 purposes of complying with clause
17 (ii)(II), apply a budget neutrality ad-
18 justment to a conversion factor estab-
19 lished under subsection (d) for such
20 year that would cause such factor, not
21 taking into account any adjustment to
22 such factor for such year provided
23 under such subsection, to vary by
24 more than 2.5 percent compared to

1 such factor so established for the pre-
2 ceding year.

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