

**AMENDMENT**

**OFFERED BY MR. HERGER OF CALIFORNIA**

Strike section 1121 and insert the following:

**1 SEC. 1121. SUSTAINABLE GROWTH RATE REFORM.**

2 (a) **TRANSITIONAL UPDATE FOR 2010.**—Section  
3 1848(d) of the Social Security Act (42 U.S.C. 1395w-  
4 4(d)) is amended by adding at the end the following new  
5 paragraph:

6 “(10) **UPDATE FOR 2010.**—The update to the  
7 single conversion factor established in paragraph  
8 (1)(C) for 2010 shall be the percentage increase in  
9 the MEI (as defined in section 1842(i)(3)) for that  
10 year.”.

11 (b) **REBASING SGR USING 2009; LIMITATION ON**  
12 **CUMULATIVE ADJUSTMENT PERIOD.**—Section 1848(d)(4)  
13 of such Act (42 U.S.C. 1395w-4(d)(4)) is amended—

14 (1) in subparagraph (B), by striking “subpara-  
15 graph (D)” and inserting “subparagraphs (D) and  
16 (G)”; and

17 (2) by adding at the end the following new sub-  
18 paragraph:

19 “(G) **REBASING USING 2009 FOR FUTURE**  
20 **UPDATE ADJUSTMENTS.**—In determining the

1 update adjustment factor under subparagraph  
2 (B) for 2011 and subsequent years—

3 “(i) the allowed expenditures for 2009  
4 shall be equal to the amount of the actual  
5 expenditures for physicians’ services during  
6 2009; and

7 “(ii) the reference in subparagraph  
8 (B)(ii)(I) to ‘April 1, 1996’ shall be treat-  
9 ed as a reference to ‘January 1, 2009 (or,  
10 if later, the first day of the fifth year be-  
11 fore the year involved)’.”.

12 (e) LIMITATION ON PHYSICIANS’ SERVICES IN-  
13 CLUDED IN TARGET GROWTH RATE COMPUTATION TO  
14 SERVICES COVERED UNDER PHYSICIAN FEE SCHED-  
15 ULE.—Effective for services furnished on or after January  
16 1, 2009, section 1848(f)(4)(A) of such Act is amended  
17 striking “(such as clinical” and all that follows through  
18 “in a physician’s office” and inserting “for which payment  
19 under this part is made under the fee schedule under this  
20 section, for services for practitioners described in section  
21 1842(b)(18)(C) on a basis related to such fee schedule,  
22 or for services described in section 1861(p) (other than  
23 such services when furnished in the facility of a provider  
24 of services)”.

1 (d) ESTABLISHMENT OF SEPARATE TARGET  
2 GROWTH RATES FOR CATEGORIES OF SERVICES.—

3 (1) ESTABLISHMENT OF SERVICE CAT-  
4 EGORIES.—Subsection (j) of section 1848 of the So-  
5 cial Security Act (42 U.S.C. 1395w-4) is amended  
6 by adding at the end the following new paragraph:

7 “(5) SERVICE CATEGORIES.—For services fur-  
8 nished on or after January 1, 2009, each of the fol-  
9 lowing categories of physicians’ services (as defined  
10 in paragraph (3)) shall be treated as a separate  
11 ‘service category’:

12 “(A) Evaluation and management services  
13 that are procedure codes (for services covered  
14 under this title) for—

15 “(i) services in the category des-  
16 ignated Evaluation and Management in the  
17 Health Care Common Procedure Coding  
18 System (established by the Secretary under  
19 subsection (c)(5) as of December 31, 2009,  
20 and as subsequently modified by the Sec-  
21 retary); and

22 “(ii) preventive services (as defined in  
23 section 1861(iii)) for which payment is  
24 made under this section.

1           “(B) All other services not described in  
2           subparagraph (A).

3           Service categories established under this paragraph  
4           shall apply without regard to the specialty of the  
5           physician furnishing the service.”.

6           (2) ESTABLISHMENT OF SEPARATE CONVER-  
7           SION FACTORS FOR EACH SERVICE CATEGORY.—  
8           Subsection (d)(1) of section 1848 of the Social Secu-  
9           rity Act (42 U.S.C. 1395w-4) is amended—

10           (A) in subparagraph (A)—

11           (i) by designating the sentence begin-  
12           ning “The conversion factor” as clause (i)  
13           with the heading “APPLICATION OF SIN-  
14           GLE CONVERSION FACTOR.—” and with  
15           appropriate indentation;

16           (ii) by striking “The conversion fac-  
17           tor” and inserting “Subject to clause (ii),  
18           the conversion factor”; and

19           (iii) by adding at the end the fol-  
20           lowing new clause:

21           “(ii) APPLICATION OF MULTIPLE CON-  
22           VERSION FACTORS BEGINNING WITH  
23           2011.—

24           “(I) IN GENERAL.—In applying  
25           clause (i) for years beginning with

1 2011, separate conversion factors  
2 shall be established for each service  
3 category of physicians' services (as de-  
4 fined in subsection (j)(5)) and any  
5 reference in this section to a conver-  
6 sion factor for such years shall be  
7 deemed to be a reference to the con-  
8 version factor for each of such cat-  
9 egories.

10 “(II) INITIAL CONVERSION FAC-  
11 TORS.—Such factors for 2011 shall be  
12 based upon the single conversion fac-  
13 tor for the previous year multiplied by  
14 the update established under para-  
15 graph (11) for such category for  
16 2011.

17 “(III) UPDATING OF CONVER-  
18 SION FACTORS.—Such factor for a  
19 service category for a subsequent year  
20 shall be based upon the conversion  
21 factor for such category for the pre-  
22 vious year and adjusted by the update  
23 established for such category under  
24 paragraph (11) for the year in-  
25 volved.”; and

1 (B) in subparagraph (D), by striking  
2 “other physicians’ services” and inserting “for  
3 physicians’ services described in the service cat-  
4 egory described in subsection (j)(5)(B)”.

5 (3) ESTABLISHING UPDATES FOR CONVERSION  
6 FACTORS FOR SERVICE CATEGORIES.—Section  
7 1848(d) of the Social Security Act (42 U.S.C.  
8 1395w-4(d)), as amended by subsection (a), is  
9 amended—

10 (A) in paragraph (4)(C)(iii), by striking  
11 “The allowed” and inserting “Subject to para-  
12 graph (11)(B), the allowed”; and

13 (B) by adding at the end the following new  
14 paragraph:

15 “(11) UPDATES FOR SERVICE CATEGORIES BE-  
16 GINNING WITH 2011.—

17 “(A) IN GENERAL.—In applying paragraph  
18 (4) for a year beginning with 2011, the fol-  
19 lowing rules apply:

20 “(i) APPLICATION OF SEPARATE UP-  
21 DATE ADJUSTMENTS FOR EACH SERVICE  
22 CATEGORY.—Pursuant to paragraph  
23 (1)(A)(ii)(I), the update shall be made to  
24 the conversion factor for each service cat-  
25 egory (as defined in subsection (j)(5))

1 based upon an update adjustment factor  
2 for the respective category and year and  
3 the update adjustment factor shall be com-  
4 puted, for a year, separately for each serv-  
5 ice category.

6 “(ii) COMPUTATION OF ALLOWED AND  
7 ACTUAL EXPENDITURES BASED ON SERV-  
8 ICE CATEGORIES.—In computing the prior  
9 year adjustment component and the cumu-  
10 lative adjustment component under clauses  
11 (i) and (ii) of paragraph (4)(B), the fol-  
12 lowing rules apply:

13 “(I) APPLICATION BASED ON  
14 SERVICE CATEGORIES.—The allowed  
15 expenditures and actual expenditures  
16 shall be the allowed and actual ex-  
17 penditures for the service category, as  
18 determined under subparagraph (B).

19 “(II) APPLICATION OF CATEGORY  
20 SPECIFIC TARGET GROWTH RATE.—  
21 The growth rate applied under clause  
22 (ii)(II) of such paragraph shall be the  
23 target growth rate for the service cat-  
24 egory involved under subsection (f)(5).

1           “(B) DETERMINATION OF ALLOWED EX-  
2           PENDITURES.—In applying paragraph (4) for a  
3           year beginning with 2010, notwithstanding sub-  
4           paragraph (C)(iii) of such paragraph, the al-  
5           lowed expenditures for a service category for a  
6           year is an amount computed by the Secretary  
7           as follows:

8                   “(i) FOR 2010.—For 2010:

9                           “(I) TOTAL 2009 ACTUAL EX-  
10                           PENDITURES FOR ALL SERVICES IN-  
11                           CLUDED IN SGR COMPUTATION FOR  
12                           EACH SERVICE CATEGORY.—Compute  
13                           total actual expenditures for physi-  
14                           cians’ services (as defined in sub-  
15                           section (f)(4)(A)) for 2009 for each  
16                           service category.

17                           “(II) INCREASE BY GROWTH  
18                           RATE TO OBTAIN 2010 ALLOWED EX-  
19                           PENDITURES FOR SERVICE CAT-  
20                           EGORY.—Compute allowed expendi-  
21                           tures for the service category for 2010  
22                           by increasing the allowed expenditures  
23                           for the service category for 2009 com-  
24                           puted under subclause (I) by the tar-



1 get growth rate for such service cat-  
2 egory under subsection (f) for 2010.

3 “(ii) FOR SUBSEQUENT YEARS.—For  
4 a subsequent year, take the amount of al-  
5 lowed expenditures for such category for  
6 the preceding year (under clause (i) or this  
7 clause) and increase it by the target  
8 growth rate determined under subsection  
9 (f) for such category and year.”.

10 (4) APPLICATION OF SEPARATE TARGET  
11 GROWTH RATES FOR EACH CATEGORY.—

12 (A) IN GENERAL.—Section 1848(f) of the  
13 Social Security Act (42 U.S.C. 1395w-4(f)) is  
14 amended by adding at the end the following  
15 new paragraph:

16 “(5) APPLICATION OF SEPARATE TARGET  
17 GROWTH RATES FOR EACH SERVICE CATEGORY BE-  
18 GINNING WITH 2010.—The target growth rate for a  
19 year beginning with 2010 shall be computed and ap-  
20 plied separately under this subsection for each serv-  
21 ice category (as defined in subsection (j)(5)) and  
22 shall be computed using the same method for com-  
23 puting the target growth rate except that the factor  
24 described in paragraph (2)(C) for—

1           “(A) the service category described in sub-  
2           section (j)(5)(A) shall be increased by 0.02; and

3           “(B) the service category described in sub-  
4           section (j)(5)(B) shall be increased by 0.01.”.

5           (B) USE OF TARGET GROWTH RATES.—  
6           Section 1848 of such Act is further amended—

7           (i) in subsection (d)—

8           (I) in paragraph (1)(E)(ii), by in-  
9           serting “or target” after “sustain-  
10          able”; and

11          (II) in paragraph (4)(B)(ii)(II),  
12          by inserting “or target” after “sus-  
13          tainable”; and

14          (ii) in the heading of subsection (f),  
15          by inserting “AND TARGET GROWTH  
16          RATE” after “SUSTAINABLE GROWTH  
17          RATE”;

18          (iii) in subsection (f)(1)—

19          (I) by striking “and” at the end  
20          of subparagraph (A);

21          (II) in subparagraph (B), by in-  
22          serting “before 2010” after “each  
23          succeeding year” and by striking the  
24          period at the end and inserting “;  
25          and”; and

1 (III) by adding at the end the  
2 following new subparagraph:

3 “(C) November 1 of each succeeding year  
4 the target growth rate for such succeeding year  
5 and each of the 2 preceding years.”; and

6 (iv) in subsection (f)(2), in the matter  
7 before subparagraph (A), by inserting after  
8 “beginning with 2000” the following: “and  
9 ending with 2009”.

10 (e) APPLICATION TO ACCOUNTABLE CARE ORGANI-  
11 ZATION PILOT PROGRAM.—In applying the target growth  
12 rate under subsections (d) and (f) of section 1848 of the  
13 Social Security Act to services furnished by a practitioner  
14 to beneficiaries who are attributable to an accountable  
15 care organization under the pilot program provided under  
16 section 1866D of such Act, the Secretary of Health and  
17 Human Services shall develop, not later than January 1,  
18 2012, for application beginning with 2012, a method  
19 that—

20 (1) allows each such organization to have its  
21 own expenditure targets and updates for such practi-  
22 tioners, with respect to beneficiaries who are attrib-  
23 utable to that organization, that are consistent with  
24 the methodologies described in such subsection (f);  
25 and

1           (2) provides that the target growth rate appli-  
2           cable to other physicians shall not apply to such  
3           physicians to the extent that the physicians' services  
4           are furnished through the accountable care organiza-  
5           tion.

6           In applying paragraph (1), the Secretary of Health and  
7           Human Services may apply the difference in the update  
8           under such paragraph on a claim-by-claim or lump sum  
9           basis and such a payment shall be taken into account  
10          under the pilot program.

        After section 2211, insert the following new section:

11   **SEC. 2212. LOAN FORGIVENESS FOR PRIMARY CARE PRO-**  
12                                   **VIDERS.**

13           (a) IN GENERAL.—The Secretary of Health and  
14           Human Services shall carry out a program of entering into  
15           contracts with eligible individuals under which—

16                   (1) the individual agrees to serve for a period  
17                   of not less than 4 years as a primary care provider  
18                   in a medically underserved community (as defined in  
19                   section 799B of the Public Health Service Act (42  
20                   U.S.C. 295p); and

21                   (2) in consideration of such service, the Sec-  
22                   retary agrees to pay not more than \$100,000 on the  
23                   principal and interest on the individual's graduate  
24                   educational loans.

1 (b) ELIGIBILITY.—To be eligible to enter into a con-  
2 tract under subsection (a), an individual must—

3 (1) have a graduate degree in medicine, osteo-  
4 pathic medicine, or another health profession from  
5 an accredited (as determined by the Secretary of  
6 Health and Human Services) institution of higher  
7 education; and

8 (2) have practiced as a primary care provider  
9 for a period (excluding any residency or fellowship  
10 training period) of not less than 3 years in a medi-  
11 cally underserved community (as defined in section  
12 799B of the Public Health Service Act (42 U.S.C.  
13 295p)).

14 (c) INSTALLMENTS.—Payments under this section  
15 may be made in installments of not more than \$25,000  
16 for each year of service described in subsection (a)(1).

17 (d) APPLICABILITY OF CERTAIN PROVISIONS.—The  
18 provisions of subpart III of part D of title III of the Public  
19 Health Service Act shall, except as inconsistent with this  
20 section, apply to the program established under this sec-  
21 tion in the same manner and to the same extent as such  
22 provisions apply to the National Health Service Corps  
23 Loan Repayment Program established in such subpart.

