

Improvement, and Modernization Act of 2003 (Public Law 108–173), is repealed.

SEC. 1103. SAVINGS FROM LIMITS ON MA PLAN ADMINISTRATIVE COSTS.

Section 1857(e) of the Social Security Act (42 U.S.C. 1395w–27(e)) is amended by adding at the end the following new paragraph:

“(4) REQUIREMENT FOR MINIMUM MEDICAL LOSS RATIO.—

If the Secretary determines for a contract year (beginning with 2014) that an MA plan has failed to have a medical loss ratio of at least .85—

“(A) the MA plan shall remit to the Secretary an amount equal to the product of—

“(i) the total revenue of the MA plan under this part for the contract year; and

“(ii) the difference between .85 and the medical loss ratio;

“(B) for 3 consecutive contract years, the Secretary shall not permit the enrollment of new enrollees under the plan for coverage during the second succeeding contract year; and

“(C) the Secretary shall terminate the plan contract if the plan fails to have such a medical loss ratio for 5 consecutive contract years.”.

SEC. 1104. DISPROPORTIONATE SHARE HOSPITAL (DSH) PAYMENTS.

Section 1886(r) of the Social Security Act (42 U.S.C. 1395ww(r)), as added by section 3133 of the Patient Protection and Affordable Care Act and as amended by section 10316 of such Act, is amended—

(1) in paragraph (1), by striking “2015” and inserting “2014”; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking “2015” and inserting “2014”;

(B) in subparagraph (B)(i)—

(i) in the heading, by inserting “2014,” after “YEARS”;

(ii) in the matter preceding subclause (I), by inserting “2014,” after “each of fiscal years”;

(iii) in subclause (I), by striking “on such Act” and inserting “on the Health Care and Education Reconciliation Act of 2010”; and

(iv) in the matter following subclause (II), by striking “minus 1.5 percentage points” and inserting “minus 0.1 percentage points for fiscal year 2014 and minus 0.2 percentage points for each of fiscal years 2015, 2016, and 2017”; and

(C) in subparagraph (B)(ii), in the matter following subclause (II), by striking “and, for each of 2018 and 2019, minus 1.5 percentage points” and inserting “minus 0.2 percentage points for each of fiscal years 2018 and 2019”.

SEC. 1105. MARKET BASKET UPDATES.

(a) IPPS.—Section 1886(b)(3)(B) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(B)), as amended by sections 3401(a)(4) and 10319(a) of the Patient Protection and Affordable Care Act, is amended—

(1) in clause (xii)—

(A) by placing the subclause (II) (inserted by section 10319(a)(3) of the Patient Protection and Affordable Care Act) immediately after subclause (I) and, in such subclause (II), by striking “and” at the end; and

(B) by striking subclause (III) and inserting the following:

“(III) for fiscal year 2014, by 0.3 percentage point;

“(IV) for each of fiscal years 2015 and 2016, by 0.2 percentage point; and

“(V) for each of fiscal years 2017, 2018, and 2019, by 0.75 percentage point.”; and

(2) by striking clause (xiii).

(b) LONG-TERM CARE HOSPITALS.—Section 1886(m)(4) of the Social Security Act (42 U.S.C. 1395ww(m)(4)), as added by section 3401(c) of the Patient Protection and Affordable Care Act and amended by section 10319(b) of such Act, is amended—

(1) in subparagraph (A)—

(A) in clause (iii), by striking “and” at the end; and

(B) by striking clause (iv) and inserting the following:

“(iv) for rate year 2014, 0.3 percentage point;

“(v) for each of rate years 2015 and 2016, 0.2 percentage point; and

“(vi) for each of rate years 2017, 2018, and 2019, 0.75 percentage point.”;

(2) by striking subparagraph (B); and

(3) by striking “(4) OTHER ADJUSTMENT.—” and all that follows through “For purposes” and inserting “(4) OTHER ADJUSTMENT.—For purposes” (and redesignating clauses (i) through (vi) as subparagraphs (A) through (F), respectively, with appropriate indentation).

(c) INPATIENT REHABILITATION FACILITIES.—Section 1886(j)(3)(D) of the Social Security Act (42 U.S.C. 1395ww(j)(3)(D)), as added by section 3401(d)(2) of the Patient Protection and Affordable Care Act and amended by section 10319(c) of such Act, is amended—

(1) in clause (i)—

(A) by placing the subclause (II) (inserted by section 10319(c)(3) of the Patient Protection and Affordable Care Act) immediately after subclause (I) and, in such subclause (II), by striking “and” at the end; and

(B) by striking subclause (III) and inserting the following:

“(III) for fiscal year 2014, 0.3 percentage point;

“(IV) for each of fiscal years 2015 and 2016, 0.2 percentage point; and

“(V) for each of fiscal years 2017, 2018, and 2019, 0.75 percentage point.”;

(2) by striking clause (ii); and

(3) by striking “(D) OTHER ADJUSTMENT.—” and all that follows through “For purposes” and inserting “(D) OTHER ADJUSTMENT.—For purposes” (and redesignating subclauses (I) through (V) as clauses (i) through (v), respectively, with appropriate indentation).

(d) PSYCHIATRIC HOSPITALS.—Section 1886(s)(3) of the Social Security Act, as added by section 3401(f) of the Patient Protection

and Affordable Care Act and amended by section 10319(e) of such Act, is amended—

(1) in subparagraph (A)—

(A) by placing the clause (ii) (inserted by section 10319(e)(3) of the Patient Protection and Affordable Care Act) immediately after clause (i) and, in such clause (ii), by striking “and” at the end; and

(B) by striking clause (iii) and inserting the following:
“(iii) for the rate year beginning in 2014, 0.3 percentage point;

“(iv) for each of the rate years beginning in 2015 and 2016, 0.2 percentage point; and

“(v) for each of the rate years beginning in 2017, 2018, and 2019, 0.75 percentage point.”;

(2) by striking subparagraph (B); and

(3) by striking “(3) OTHER ADJUSTMENT.—” and all that follows through “For purposes” and inserting “(3) OTHER ADJUSTMENT.—For purposes” (and redesignating clauses (i) through (v) as subparagraphs (A) through (E), respectively, with appropriate indentation).

(e) **OUTPATIENT HOSPITALS.**—Section 1833(t)(3)(G) of the Social Security Act (42 U.S.C. 1395l(t)(3)(G)), as added by section 3401(i)(2) of the Patient Protection and Affordable Care Act and amended by section 10319(g) of such Act, is amended—

(1) in clause (i)—

(A) by placing the subclause (II) (inserted by section 10319(g)(3) of the Patient Protection and Affordable Care Act) immediately after subclause (I) and, in such subclause (II), by striking “and” at the end; and

(B) by striking subclause (III) and inserting the following:

“(III) for 2014, 0.3 percentage point;

“(IV) for each of 2015 and 2016, 0.2 percentage point; and

“(V) for each of 2017, 2018, and 2019, 0.75 percentage point.”;

(2) by striking clause (ii); and

(3) by striking “(G) OTHER ADJUSTMENT.—” and all that follows through “For purposes” and inserting “(G) OTHER ADJUSTMENT.—For purposes” (and redesignating subclauses (I) through (V) as clauses (i) through (v), respectively, with appropriate indentation).

SEC. 1106. PHYSICIAN OWNERSHIP-REFERRAL.

Section 1877(i) of the Social Security Act (42 U.S.C. 1395nn(i)), as added by section 6001(a)(3) of the Patient Protection and Affordable Care Act and as amended by section 10601(a) of such Act, is amended—

(1) in paragraph (1)(A)(i), by striking “August 1, 2010” and inserting “December 31, 2010”; and

(2) in paragraph (3)—

(A) in subparagraph (A)(i), by striking “an applicable hospital (as defined in subparagraph (E))” and inserting “a hospital that is an applicable hospital (as defined in subparagraph (E)) or is a high Medicaid facility described in subparagraph (F)”;

(B) in subparagraph (C)(iii), by inserting after “date of enactment of this subsection” the following: “(or, in the case of a hospital that did not have a provider agreement in effect as of such date but does have such an agreement in effect on December 31, 2010, the effective date of such provider agreement)”;

(C) by redesignating subparagraphs (F) through (H) as subparagraphs (G) through (I), respectively; and

(D) by inserting after subparagraph (E) the following new subparagraph:

“(F) HIGH MEDICAID FACILITY DESCRIBED.—A high Medicaid facility described in this subparagraph is a hospital that—

“(i) is not the sole hospital in a county;

“(ii) with respect to each of the 3 most recent years for which data are available, has an annual percent of total inpatient admissions that represent inpatient admissions under title XIX that is estimated to be greater than such percent with respect to such admissions for any other hospital located in the county in which the hospital is located; and

“(iii) meets the conditions described in subparagraph (E)(iii).”.

SEC. 1107. PAYMENT FOR IMAGING SERVICES.

Section 1848 of the Social Security Act (42 U.S.C. 1395w-4), as amended by section 3135(a) of the Patient Protection and Affordable Care Act, is amended—

(1) in subsection (b)(4)—

(A) in subparagraph (B), by striking “this paragraph” and inserting “subparagraph (A)”;

(B) by amending subparagraph (C) to read as follows:

“(C) ADJUSTMENT IN IMAGING UTILIZATION RATE.—With respect to fee schedules established for 2011 and subsequent years, 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.”; and

(2) in subsection (c)(2)(B)(v), by striking subclauses (III), (IV), and (V) and inserting the following new subclause:

“(III) CHANGE IN UTILIZATION RATE FOR CERTAIN IMAGING SERVICES.—Effective for fee schedules established beginning with 2011, reduced expenditures attributable to the change in the utilization rate applicable to 2011, as described in subsection (b)(4)(C).”.

SEC. 1108. PE GPCI ADJUSTMENT FOR 2010.

Effective as if included in the enactment of the Patient Protection and Affordable Care Act, section 1848(e)(1)(H)(i) of the Social Security Act (42 U.S.C. 1395w-4(e)(1)(H)(i)), as added by section 3102(b)(2) of the Patient Protection and Affordable Care Act, is amended by striking “ $\frac{3}{4}$ ” and inserting “ $\frac{1}{2}$ ”.