

# **Nussle/Pomeroy Amendment**

## Labor Share Revision

Medicare inpatient payment is made based on a series of formulas. The standardized amount is adjusted for the DRG. The DRG is adjusted for the wage index.

The labor share is the portion of the payment rate that is adjusted by the hospital wage index. For inpatient services, the current labor share is 71.1%. The purpose of this amendment is to reduce the labor share to 62% for those hospitals in low wage areas. A low wage area is defined as one under the national average. This would increase the payment in low wage areas.

Other areas would be held harmless from any effect from the change in the labor share.

## Geographic Physician Payment Adjustment

The provision would promote increased access to care by directing additional Medicare payments to areas with a scarcity of physicians. It would target money directly to areas needing assistance. Physicians would be paid a new 5 percent Medicare bonus payment in certain counties. Counties would be identified as primary care scarcity counties or specialty care scarcity counties, or both, based on two measures: 1) the number of primary care physicians per Medicare beneficiary and 2) specialty care physicians per Medicare beneficiary. Primary care scarcity counties would include the 20 percent of Medicare beneficiaries with the fewest primary care physicians per beneficiary. Primary care physicians providing care in these counties would get a 5 percent bonus. Likewise, specialty care scarcity counties would include the 20 percent of Medicare beneficiaries with the fewest specialty care physicians per beneficiary. Specialty care physicians in these counties would get a 5 percent bonus.