



COMMITTEE ON WAYS AND MEANS

CHAIRMAN DAVE CAMP

Press Release

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Brady Introduces Legislation to Repeal ObamaCare Sweetheart Deal

Legislation Repeals Bay State Boondoggle, Does Not Add to Deficit

Washington, DC – Today, Committee on Ways and Means Health Subcommittee Chairman Kevin Brady (R-TX), along with Reps. Pat Tiberi (R-OH), Peter Roskam (R-IL), Vern Buchanan (R-FL), Aaron Schock (R-IL), Tom Reed (R-NY), Mike Kelly (R-PA), Jim Renacci (R-OH) and Morgan Griffith (R-VA) introduced the *Medicare Hospital Wage Index Equity Act of 2013*.

The legislation repeals the "Bay State Boondoggle," a sweetheart deal included in ObamaCare that allowed hospitals in the state of Massachusetts (MA) to increase their payments by \$257 million, resulting in hospitals in 40 states having their payments cut. As former Centers for Medicare and Medicaid Services administrator under President Obama, Donald Berwick, said, "What Massachusetts gets comes from everybody else." Without the *Medicare Hospital Wage Index Equity Act of 2013*, this inequity would continue in perpetuity.

On the introduction of the legislation, Chairman Brady stated: "To many Americans, the secret earmarks included to ensure the passage of ObamaCare continue to be outrageous. It's one of the many reasons why the House voted last week to stop this bad law now. Because of the controversial 'Bay State Boondoggle,' last year local hospitals in 40 states lost \$471 million, and unless Congress acts they'll continue to be financially harmed every year. The Senate already passed a bipartisan amendment to repeal this earmark as part of its 2014 budget. It is my hope that Congress will act this year to repeal this misguided policy. It's time to stop rewarding one state at the expense of all the others."

The Medicare Hospital Wage Index Equity Act of 2013 is similar to S. 183, the Hospital Payment Fairness Act of 2013, introduced by Senators Claire McCaskill (D-MO) and Tom Coburn (R-OK).

Background:

The Centers for Medicare and Medicare Services (CMS) is required to adjust Medicare hospital wage reimbursements to reflect the geographic area where services are delivered. This allows for recognition that the average hourly wage for an emergency triage nurse is higher in urban areas than it is in rural areas. The Medicare wage hospital wage index also includes "floors" to ensure that the wage index for rural hospitals is not higher than urban hospitals. Prior to ObamaCare, CMS was implementing a change that would tie application of all hospital wage index floors to a state budget neutrality calculation -- meaning a change to the wage index rural floor in a state would reallocate money only within that state.

ObamaCare changed this state budget neutrality to a national budget neutrality. Soon after ObamaCare was signed into law, a 15-bed hospital in MA was purchased by a large MA health

system and was re-designated from a critical access hospital (the wage index does not apply to critical access hospitals) to an acute care hospital (wage index does apply). This 15-bed acute hospital set a new rural floor for the state of MA. Prior to ObamaCare this change would have triggered a reallocation of funds only within MA. But, because of ObamaCare's change to national budget neutrality for the rural floor, hospitals in 40 other states ended up paying for the MA change. In 2013, MA hospitals received \$267 million from hospitals throughout the country. Preliminary data from CMS suggests that MA will receive even more money in 2014.

The Medicare Hospital Wage Index Equity Act of 2013 repeals the ObamaCare earmark and would convert any changes to Medicare hospital wage index floors back to a state-specific budget neutrality calculation. Overall, the legislation has no budgetary impact.

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