

105TH CONGRESS
1ST SESSION

H. R. 1362

To establish a demonstration project to provide for Medicare reimbursement for health care services provided to certain Medicare-eligible veterans in selected facilities of the Department of Veterans Affairs.

IN THE HOUSE OF REPRESENTATIVES

Mr. STUMP (for himself, Mr. EVANS, Mr. STEARNS, Mr. GUTIERREZ, Mr. SMITH of New Jersey, Mr. KENNEDY of Massachusetts, Mr. EVERETT, Mr. FILNER, Mr. QUINN, Mr. CLYBURN, Mr. DAN SCHAEFER of Colorado, Ms. BROWN of Florida, Mr. MORAN of Kansas, Mr. DOYLE, Mr. COOKSEY, Mr. MASCARA, Mr. HUTCHINSON, Mr. PETERSON of Minnesota, Mrs. CHENOWETH, Ms. CARSON, Mr. LAHOOD, Mr. REYES, Mr. HAYWORTH, Mr. SNYDER, and Mr. BARRETT of Nebraska) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, and Veterans' Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a demonstration project to provide for Medicare reimbursement for health care services provided to certain Medicare-eligible veterans in selected facilities of the Department of Veterans Affairs.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Veterans Medicare Re-
3 imbursement Demonstration Act of 1997”.

4 **SEC. 2. ESTABLISHMENT OF DEMONSTRATION PROJECT.**

5 (a) **AUTHORITY.**—

6 (1) **IN GENERAL.**—The Secretary of Veterans
7 Affairs and the Secretary of Health and Human
8 Services shall jointly carry out a demonstration
9 project under which the Secretary of Health and
10 Human Services provides the Department of Veter-
11 ans Affairs with reimbursement, determined in ac-
12 cordance with section 3, from the medicare program
13 for health care services provided to targeted medi-
14 care-eligible veterans in or through facilities of the
15 Department of Veterans Affairs selected under sub-
16 section (b).

17 (2) **DURATION.**—The Secretaries shall conduct
18 the demonstration project during the three-year pe-
19 riod beginning on January 1, 1998.

20 (3) **WAIVER OF CERTAIN MEDICARE REQUIRE-**
21 **MENTS.**—To the extent necessary to carry out the
22 demonstration project, the Secretary of Health and
23 Human Services may waive any requirement of part
24 B of title XI of the Social Security Act, title XVIII
25 of that Act, or a related provision of law.

26 (b) **SELECTION OF PARTICIPATING FACILITIES.**—

1 (1) DESIGNATION OF SERVICE AREAS COV-
2 ERED.—The Secretary of Veterans Affairs shall des-
3 ignate up to three geographic service areas from
4 which facilities are selected to participate in the
5 demonstration project.

6 (2) FACILITY SELECTION.—

7 (A) IN GENERAL.—The Secretary, in con-
8 sultation with the Secretary of Health and
9 Human Services, shall establish a plan for the
10 selection of facilities under the jurisdiction of
11 the Secretary and located within a geographic
12 service area designated under paragraph (1) to
13 participate in the project.

14 (B) GENERAL CRITERIA.—The selection
15 plan shall favor selection of those facilities that
16 are suited to serve targeted medicare-eligible in-
17 dividuals because—

18 (i) there is a high potential demand
19 by targeted medicare-eligible veterans for
20 their services;

21 (ii) they have sufficient capability in
22 billing and accounting to participate;

23 (iii) they have favorable indicators of
24 quality of care, including patient satisfac-
25 tion; and

1 (iv) they meet other relevant factors
2 identified in the plan.

3 (C) FACILITY NEAR CLOSED BASE.—There
4 shall be at least one facility selected that is in
5 the same catchment area as a military medical
6 facility which was closed pursuant to either of
7 the following laws:

8 (i) The Defense Base Closure and Re-
9 alignment Act of 1990 (part A of title
10 XXIX of Public Law 101–510; 10 U.S.C.
11 2687 note).

12 (ii) Title II of the Defense Authoriza-
13 tion Amendments and Base Closure and
14 Realignment Act (Public Law 100–526; 10
15 U.S.C. 2687 note).

16 (c) VOLUNTARY PARTICIPATION.—Participation of
17 targeted medicare-eligible veterans in the demonstration
18 project shall be voluntary, subject to the capacity of par-
19 ticipating facilities and the funding limitations specified
20 in section 3.

21 (d) COST SHARING.—The Secretary shall establish
22 cost-sharing requirements for veterans participating in the
23 demonstration project. Those requirements shall be the
24 same as the requirements that apply to targeted medicare-
25 eligible patients at nongovernmental facilities.

1 (e) CREDITING OF PAYMENTS.—Payments received
2 by the Secretary under the demonstration project shall be
3 credited to the applicable Department of Veterans Affairs
4 medical appropriation.

5 **SEC. 3. DETERMINATION OF REIMBURSEMENT AMOUNTS.**

6 (a) PAYMENTS BASED ON 95 PERCENT OF REGULAR
7 MEDICARE PAYMENT RATES.—

8 (1) IN GENERAL.—Subject to the succeeding
9 provisions of this section, the Secretary of Health
10 and Human Services shall reimburse the Secretary
11 of Veterans Affairs for services provided under the
12 demonstration project at a rate equal to 95 percent
13 of the amounts that otherwise would be payable
14 under the medicare program on a non-capitated
15 basis for such services if the facility were not a Fed-
16 eral facility, were participating in the program, and
17 imposed charges for such services. In cases in which
18 a payment amount may not otherwise be readily
19 computed, the Secretaries shall establish rules for
20 computing equivalent or comparable payment
21 amounts.

22 (2) PERIODIC PAYMENTS FROM MEDICARE
23 TRUST FUNDS.—Payments under this section shall
24 be made—

1 (A) on a periodic basis consistent with the
2 periodicity of payments under the medicare pro-
3 gram; and

4 (B) in appropriate part, as determined by
5 the Secretary of Health and Human Services,
6 from the Federal Hospital Insurance Trust
7 Fund and the Federal Supplementary Medical
8 Insurance Trust Fund.

9 (3) ANNUAL LIMIT ON MEDICARE PAYMENTS.—

10 The amount paid to the Department of Veterans Af-
11 fairs under this section for any year for the dem-
12 onstration project may not exceed \$50,000,000.

13 (b) REDUCTION IN PAYMENT FOR FAILURE TO
14 MAINTAIN VA EFFORT.—

15 (1) IN GENERAL.—In order to avoid shifting
16 onto the medicare program the costs of the Depart-
17 ment of Veterans Affairs for hospital care and medi-
18 cal services for targeted medicare-eligible veterans,
19 the payment amounts under this section for the
20 project for a year shall be reduced by the amount (if
21 any) by which—

22 (A) the amount of the actual VA medical
23 expenditures for targeted veterans (as defined
24 in paragraph (3)) for the fiscal year ending in
25 such year, is less than

1 (B) the amount of the maintenance of ef-
2 fort level for such fiscal year, as determined
3 under paragraph (2).

4 (2) MAINTENANCE OF EFFORT LEVELS.—The
5 maintenance of effort level for any fiscal year is the
6 amount equal to the maintenance of effort level for
7 the preceding fiscal year or, in the case of fiscal year
8 1998, the amount of VA medical expenditures for
9 targeted veterans (as defined in paragraph (3)) for
10 fiscal year 1997—

11 (A) increased or decreased by the same
12 percentage as the percentage by which the
13 amount of the medical care appropriation for
14 the Department of Veterans Affairs for that fis-
15 cal year exceeds (or is less than, respectively)
16 the amount of such appropriation for the pre-
17 ceding fiscal year; and

18 (B) decreased by the amount of the de-
19 crease (if any) in VA medical expenditures for
20 targeted veterans for that fiscal year (relative
21 to the preceding fiscal year) that, as estimated
22 by the Secretaries, results from—

23 (i) a rate of increase in the level of
24 medical care appropriations for the De-
25 partment of Veterans Affairs described in

1 subparagraph (A) that is less than the
2 general rate of increase in health care
3 costs; and

4 (ii) the reduction in priority in deliv-
5 ery of services to targeted medicare-eligible
6 veterans attributable to the amendments
7 made by title I of the Veterans' Health
8 Care Eligibility Reform Act of 1996 (Pub-
9 lic Law 104–262; 110 Stat. 3177) and to
10 implementation of the plan developed pur-
11 suant to section 429 of Public Law 104–
12 204 (110 Stat. 2929).

13 (3) VA MEDICAL EXPENDITURES FOR TAR-
14 GETED VETERANS DEFINED.—For purposes of this
15 subsection, the term “VA medical expenditures for
16 targeted veterans” means, with respect to a fiscal
17 year, the amount expended by the Department of
18 Veterans Affairs during the fiscal year for providing
19 hospital care and medical services under chapter 17
20 of title 38, United States Code to targeted medicare-
21 eligible veterans. Such amount does not include—

22 (A) expenditures for the conduct of medi-
23 cal examinations to adjudicate claims under
24 such title, or

1 (B) expenditures attributable to services
2 for which reimbursement is made under the
3 demonstration project.

4 (c) ASSURING NO INCREASE IN COST TO MEDICARE
5 PROGRAM.—

6 (1) MONITORING IMPACT ON COSTS TO MEDI-
7 CARE PROGRAM.—

8 (A) IN GENERAL.—The Secretaries, in
9 consultation with the Comptroller General, shall
10 closely monitor the expenditures made under
11 the medicare program for targeted medicare-eli-
12 gible veterans during the period of the dem-
13 onstration project compared to the expenditures
14 that would have been made for such veterans
15 during that period if the demonstration project
16 had not been conducted.

17 (B) AUDITING BY THE COMPTROLLER
18 GENERAL.—Not later than December 31 of
19 each year during which the demonstration
20 project is conducted, the Comptroller General
21 shall determine and submit to the Secretaries
22 and the appropriate committees of Congress a
23 report on the extent, if any, to which the costs
24 of the Secretary of Health and Human Services
25 under the medicare program increased during

1 the preceding fiscal year as a result of the dem-
2 onstration project.

3 (2) REQUIRED RESPONSE IN CASE OF IN-
4 CREASE IN COSTS.—

5 (A) IN GENERAL.—If the Secretaries find,
6 based on paragraph (1), that the expenditures
7 under the medicare program increased (or are
8 expected to increase) during a fiscal year be-
9 cause of the demonstration project, the Sec-
10 retaries shall take such steps as may be need-
11 ed—

12 (i) to recoup for the medicare pro-
13 gram the amount of such increase in ex-
14 penditures; and

15 (ii) to prevent any such increase in
16 the future.

17 (B) STEPS.—Such steps—

18 (i) under subparagraph (A)(i) shall in-
19 clude payment of the amount of such in-
20 creased expenditures by the Secretary from
21 the current medical care appropriation of
22 the Department of Veterans Affairs to the
23 trust funds under the medicare trust pro-
24 gram; and

1 (ii) under subparagraph (A)(ii) shall
2 include suspending or terminating the
3 demonstration project (in whole or in part)
4 or substitution of a lower percentage for
5 95 percent under subsection (a)(1).

6 **SEC. 4. EVALUATION AND REPORTS.**

7 (a) ANNUAL REPORT BY INDEPENDENT ENTITY.—

8 (1) IN GENERAL.—The Secretaries shall ar-
9 range for an independent entity with expertise in the
10 evaluation of health services to conduct an ongoing
11 evaluation of the demonstration project.

12 (2) ANNUAL REPORTS.—The entity shall sub-
13 mit a report on the project jointly to the Secretaries
14 and to the appropriate committees of the Congress
15 not later than March 1 following each year during
16 which the project is conducted.

17 (3) ASSESSMENT.—Each such report shall in-
18 clude the results of the evaluation under subsection
19 (a), including an assessment of each of the following:

20 (A) The cost to the Department of Veter-
21 ans Affairs of providing care to veterans under
22 the project.

23 (B) Compliance of participating facilities
24 with applicable measures of quality of care,

1 compared to such compliance for other medi-
2 care-participating facilities.

3 (C) A comparison of the costs of facilities'
4 participation in the program with the reim-
5 bursements provided for services of such facili-
6 ties.

7 (D) Any savings or costs to the medicare
8 programs from the project.

9 (E) Any change in access to care or quality
10 of care for targeted medicare-eligible veterans
11 participating in the project.

12 (F) Any effect of the project on the access
13 to care of veterans who did not participate in
14 the project and of targeted medicare-eligible
15 veterans.

16 (b) REPORT ON EXTENSION AND EXPANSION OF
17 DEMONSTRATION PROJECT.—Not later than six months
18 after the date of the submission of the final report under
19 subsection (a), the Secretaries shall submit to the Con-
20 gress a report containing their recommendation as to—

21 (1) whether to extend the demonstration project
22 or make it permanent;

23 (2) whether to expand the project to cover addi-
24 tional sites and areas and to increase the maximum

1 amount of reimbursement under the project in any
2 year; and

3 (3) whether the terms and conditions of the
4 project should be continued (or modified) if the
5 project is extended or expanded.

6 (c) RECOMMENDATION CONCERNING NEW DEM-
7 ONSTRATION PROJECT FOR PAYMENT TO MANAGED
8 HEALTH-CARE PLANS.—Not later than March 1, 1999,
9 the Secretaries shall submit to the appropriate committees
10 of the Congress a report on the feasibility and advisability
11 of establishing a new demonstration project to reimburse
12 the Secretary of Veterans Affairs under section 1876(a)
13 of the Social Security Act for health care services fur-
14 nished to targeted medicare-eligible veterans enrolled in
15 managed health-care plans established by the Secretary.

16 **SEC. 5. DEFINITIONS.**

17 For the purpose of this Act:

18 (1) DEMONSTRATION PROJECT; PROJECT.—The
19 terms “demonstration project” and “project” mean
20 the demonstration project carried out under section
21 2(a).

22 (2) GEOGRAPHIC SERVICE AREA.—The term
23 “geographic service area” means a field component
24 of the Veterans Health Administration that—

1 (A) is based on a geographic area which
2 encompasses a population of veteran bene-
3 ficiaries and is defined on the basis of natural
4 patient referral patterns; and

5 (B) provides health care through strategic
6 alliances among Department of Veterans Af-
7 fairs medical centers, clinics, and other sites.

8 (3) MEDICARE PROGRAM.—The term “medicare
9 program” means the programs of health benefits
10 provided under title XVIII of the Social Security Act
11 (42 U.S.C. 1395 et seq.).

12 (4) SECRETARY; SECRETARIES.—Unless other-
13 wise provided, the term “Secretary” means the Sec-
14 retary of Veterans Affairs and the term “Secretar-
15 ies” means the Secretary of Veterans Affairs and
16 the Secretary of Health and Human Services acting
17 jointly.

18 (5) TARGETED MEDICARE-ELIGIBLE VET-
19 ERAN.—The term “targeted medicare-eligible vet-
20 eran” means an individual—

21 (A) who is a veteran (as defined in section
22 101(2) of title 38, United States Code) de-
23 scribed in section 1710(a)(3) of title 38, United
24 States Code;

1 (B) who is entitled to hospital insurance
2 benefits under part A of the medicare program
3 and enrolled in the supplementary medical in-
4 surance program under part B of the medicare
5 program; and

6 (C) whose annual income is an amount be-
7 tween the applicable income threshold under
8 section 1722(b) of title 38, United States Code,
9 and the amount equal to three times the
10 amount of such applicable income threshold.

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