

105TH CONGRESS  
2D SESSION

# H. R. 3567

To amend title XVIII of the Social Security Act to provide for equitable payments to home health agencies under the Medicare Program.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 1998

Mr. PAPPAS (for himself, Mr. SMITH of New Jersey, Mr. SAXTON, and Mr. COYNE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, 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

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## A BILL

To amend title XVIII of the Social Security Act to provide for equitable payments to home health agencies under the Medicare Program.

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

3 **SECTION 1. SHORT TITLE.**

4 The Act may be cited as the “Medicare Home Health  
5 Equity Act of 1998”.

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1 **SEC. 2. PAYMENTS TO HOME HEALTH AGENCIES UNDER**  
2 **MEDICARE.**

3 (a) RESTORATION OF PER VISIT COST LIMIT TO 112  
4 PERCENT OF THE MEAN OF COSTS.—Section  
5 1861(v)(1)(L)(i) of the Social Security Act (42 U.S.C.  
6 1395x(v)(1)(L)(i)), as amended by section 4602(a) of the  
7 Balanced Budget Act of 1997, is amended—

8 (1) in subclause (II), by adding at the end  
9 “or”;

10 (2) in subclause (III), by striking “and before  
11 October 1, 1997,” and “or”; and

12 (3) by striking subclause (IV).

13 (b) REVISION OF INTERIM PAYMENT SYSTEM FOR  
14 HOME HEALTH SERVICES.—

15 (1) IN GENERAL.—Section 1861 (v)(1)(L) of  
16 the Social Security Act (42 U.S.C. 1395x(v)(1)(L)),  
17 as amended by section 4602(c) of the Balanced  
18 Budget Act of 1997, is amended—

19 (A) by striking clauses (v) and (vi);

20 (B) by redesignating clause (vii) as clause  
21 (viii); and

22 (C) by inserting after clause (iv) the fol-  
23 lowing new clauses:

24 “(v) For services furnished by home health agencies  
25 for cost reporting periods beginning on or after October  
26 1, 1997, the Secretary shall provide for an interim system

1 of limits. Payment shall not exceed the costs determined  
2 under the preceding provisions of this subparagraph or,  
3 if lower, the product of—

4           “(I) an agency-specific per beneficiary annual  
5           limitation calculated based 75 percent on the reason-  
6           able costs (including nonroutine medical supplies) of  
7           the standardized national average cost per patient in  
8           fiscal year 1994 and 25 percent on the reasonable  
9           costs (including nonroutine medical supplies) of the  
10          standardized regional average cost per patient for  
11          the agency’s census division in fiscal year 1995, such  
12          national and regional costs adjusted as appropriate  
13          under clause (vi) and updated by the home health  
14          market basket index; and

15           “(II) the agency’s unduplicated census count of  
16          patients (entitled to benefits under this title) for the  
17          cost reporting period subject to the limitation.

18          “(vi)(I) The Secretary shall adjust the labor-related  
19          portion of costs determined under clause (v)(I) by the area  
20          wage index applicable under section 1886(d)(3)(E) for the  
21          area in which the agency is located (as determined without  
22          regard to any reclassification of the area under section  
23          1886(d)(8)(B) or a decision of the Medicare Geographic  
24          Classification Review Board or the Secretary under sec-

1 tion 1886(d)(10) for a cost reporting period beginning  
2 after October 1, 1995).

3 “(II) The Secretary shall provide for an addition or  
4 adjustment to the payment amount otherwise made under  
5 this subparagraph in the case of outliers because of un-  
6 usual variations in the type or amount of medically nec-  
7 essary care. The total amount of the additional payments  
8 or payment adjustments made under this subclause with  
9 respect to a fiscal year may not exceed the total payments  
10 otherwise to be made under this subparagraph in that  
11 year.

12 “(vii) For beneficiaries who use services furnished by  
13 more than one home health agency, the per beneficiary  
14 limitations shall be prorated among the agencies.”.

15 (2) CONFORMING AMENDMENT.—Section  
16 1861(v)(1)(L)(viii) of such Act (42 U.S.C.  
17 1395x(v)(1)(L)(viii)), as so redesignated in para-  
18 graph (1)(B), is amended by striking “April 1,  
19 1998” and inserting “May 1, 1998”.

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply as if included in the enactment  
22 of the Balanced Budget Act of 1997.

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