

106TH CONGRESS
2D SESSION

H. R. 4937

To amend title XVIII of the Social Security Act to provide relief to providers of services under the Medicare Program by correcting reductions in payment rates instituted under the Balanced Budget Act of 1997.

IN THE HOUSE OF REPRESENTATIVES

JULY 24, 2000

Mr. SMITH of Washington 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

A BILL

To amend title XVIII of the Social Security Act to provide relief to providers of services under the Medicare Program by correcting reductions in payment rates instituted under the Balanced Budget Act of 1997.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Medicare Protection and Fairness Act of 2000”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INCREASE IN PAYMENTS FOR INPATIENT HOSPITAL
SERVICES

Sec. 101. Elimination of reduction to market basket percentage increase in fiscal years 2001 and 2002.

Sec. 102. Increase in payments for disproportionate share hospitals (DSH) in fiscal years 2001 and 2002.

Sec. 103. Elimination of reduction in payments for indirect costs of graduate medical education (IME).

TITLE II—INCREASE IN PAYMENTS FOR HOME HEALTH
SERVICES

Sec. 201. Elimination of 15 percent reduction under the prospective payment system.

TITLE III—INCREASE IN PAYMENTS TO MEDICARE+CHOICE
ORGANIZATIONS

Subtitle A—Modifications to Risk Adjustment Methodology

Sec. 301. Application of budget neutrality principle to the new Medicare+Choice risk adjustment methodology.

Sec. 302. 10-year phase in for risk adjustment.

Subtitle B—Modifications to the Blended Capitation Rate

Sec. 311. Election of application in 2001 and 2002 of 50:50 area-specific and national percentages.

Sec. 312. Increase in national per capita Medicare+Choice growth percentage in 2001 and 2002.

Subtitle C—Reporting Requirements for Medicare Health Care Services
Furnished in Military Treatment Facilities

Sec. 321. Reporting costs incurred under Medicare Subvention Demonstration Project for military retirees.

1 **TITLE I—INCREASE IN PAY-**
2 **MENTS FOR INPATIENT HOS-**
3 **PITAL SERVICES**

4 **SEC. 101. ELIMINATION OF REDUCTION TO MARKET BAS-**
5 **KET PERCENTAGE INCREASE IN FISCAL**
6 **YEARS 2001 AND 2002.**

7 Section 1886(b)(3)(B)(i) of the Social Security Act
8 (42 U.S.C. 1395ww(b)(3)(B)(i)) is amended—

- 1 (1) by striking subclauses (XVI) and (XVII);
- 2 (2) by inserting “and” at the end of subclause
- 3 (XV);
- 4 (3) by redesignating subclause (XVIII) as sub-
- 5 clause (XVI); and
- 6 (4) in subclause (XVI), as so redesignated, by
- 7 striking “2003” and inserting “2001”.

8 **SEC. 102. INCREASE IN PAYMENTS FOR DISPROPOR-**
9 **TIONATE SHARE HOSPITALS (DSH) IN FISCAL**
10 **YEARS 2001 AND 2002.**

11 Section 1886(d)(5)(F)(ix) of the Social Security Act
12 (42 U.S.C. 1395ww(d)(5)(F)(ix)) is amended—

- 13 (1) in subclause (III), by striking “each of fis-
- 14 cal years 2000 and 2001,” and inserting “fiscal year
- 15 2000,”; and
- 16 (2) in subclause (IV)—
 - 17 (A) by striking “fiscal year 2002,” and in-
 - 18 serting “each of fiscal years 2001 and 2002,”;
 - 19 and
 - 20 (B) by striking “reduced by 4 percent”
 - 21 and inserting “reduced by 2 percent”.

1 **SEC. 103. ELIMINATION OF REDUCTION IN PAYMENTS FOR**
 2 **INDIRECT COSTS OF GRADUATE MEDICAL**
 3 **EDUCATION (IME).**

4 Section 1886(d)(5)(B) of the Social Security Act (42
 5 U.S.C. 1395ww(d)(5)(B)) is amended—

6 (1) by striking subclauses (V), and (VI);

7 (2) by adding “and” at the end of subclause
 8 (III); and

9 (3) in subclause (IV)—

10 (A) by striking “during fiscal year 2000,”

11 and inserting “on or after October 1, 1999,”;

12 and

13 (B) by striking the semicolon at the end

14 and inserting a period.

15 **TITLE II—INCREASE IN PAY-**
 16 **MENTS FOR HOME HEALTH**
 17 **SERVICES**

18 **SEC. 201. ELIMINATION OF 15 PERCENT REDUCTION**
 19 **UNDER THE PROSPECTIVE PAYMENT SYS-**
 20 **TEM.**

21 (a) **IN GENERAL.**—Section 1895(b)(3)(A) of the So-
 22 cial Security Act (42 U.S.C. 1395fff(b)(3)(A)), as amend-
 23 ed by sections 302(b) and 303(f) of the Medicare, Med-
 24 icaid, and SCHIP Balanced Budget Refinement Act of
 25 1999 (113 Stat. 1501A–359, 361), as enacted into law

1 by section 1000(a)(6) of Public Law 106–113, is amended
2 to read as follows:

3 “(A) INITIAL BASIS.—Under such system
4 the Secretary shall provide for computation of
5 a standard prospective payment amount (or
6 amounts). Such amount (or amounts) shall ini-
7 tially be based on the most current audited cost
8 report data available to the Secretary and shall
9 be computed in a manner so that the total
10 amounts payable under the system for the 12-
11 month period beginning on the date the Sec-
12 retary implements the system shall be equal to
13 the total amount that would have been made if
14 the system had not been in effect and if section
15 1861(v)(1)(L)(ix) had not been enacted. Each
16 such amount shall be standardized in a manner
17 that eliminates the effect of variations in rel-
18 ative case mix and area wage adjustments
19 among different home health agencies in a
20 budget neutral manner consistent with the case
21 mix and wage level adjustments provided under
22 paragraph (4)(A). Under the system, the Sec-
23 retary may recognize regional differences or dif-
24 ferences based upon whether or not the services
25 or agency are in an urbanized area.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect as if included in the enact-
3 ment of the Medicare, Medicaid, and SCHIP Balanced
4 Budget Refinement Act of 1999 (Public Law 106–113).

5 **TITLE III—INCREASE IN PAY-**
6 **MENTS TO**
7 **MEDICARE+CHOICE ORGANI-**
8 **ZATIONS**

9 **Subtitle A—Modifications to Risk**
10 **Adjustment Methodology**

11 **SEC. 301. APPLICATION OF BUDGET NEUTRALITY PRIN-**
12 **CIPLE TO THE NEW MEDICARE+CHOICE RISK**
13 **ADJUSTMENT METHODOLOGY.**

14 (a) IN GENERAL.—Section 1853(a)(3) of the Social
15 Security Act (42 U.S.C. 1395w–23(a)(3)) is amended by
16 adding at the end the following new subparagraph:

17 “(E) IMPLEMENTATION IN A BUDGET NEU-
18 TRAL MANNER.—The methodology under this
19 paragraph shall be designed and implemented
20 in a manner so that it does not result in any
21 material change in the aggregate level of ex-
22 penditures under this title compared to the level
23 that would have occurred if such methodology
24 had not been implemented (and if the previous

1 risk adjustment methodology used in 1998 had
2 continued to be implemented).”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 subsection (a) takes effect on the date of the enactment
5 of this Act and applies to payments for months beginning
6 on or after January 2001.

7 **SEC. 302. 10-YEAR PHASE-IN FOR RISK ADJUSTMENT.**

8 Section 1853(a)(3)(C)(ii) of the Social Security Act
9 (42 U.S.C. 1395w-23(a)(3)(C)(ii)) is amended to read as
10 follows:

11 “(ii) **PHASE-IN.**—Such risk adjust-
12 ment methodology shall be implemented in
13 a phased-in manner so that the method-
14 ology insofar as it makes adjustments to
15 capitation rates for health status applies to
16 10 percent of $\frac{1}{12}$ of the annual
17 Medicare+Choice capitation rate in each
18 of 2000 through 2009.

19 **Subtitle B—Modifications to the**
20 **Blended Capitation Rate**

21 **SEC. 311. ELECTION OF APPLICATION IN 2001 AND 2002 OF**
22 **50:50 AREA-SPECIFIC AND NATIONAL PER-**
23 **CENTAGES.**

24 Section 1853(c)(2) of the Social Security Act (42
25 U.S.C. 1395w-23(c)(2)) is amended—

1 (1) by striking the period at the end of sub-
2 paragraph (F) and inserting a semicolon; and

3 (2) by adding after and below subparagraph
4 (F) the following: “except that for either or both
5 2001 and 2002, a Medicare+Choice organization
6 may elect to apply subparagraph (F) (rather than,
7 with respect to 2001, subparagraph (D) or, with re-
8 spect to 2002, subparagraph (E)).”.

9 **SEC. 312. INCREASE IN NATIONAL PER CAPITA**
10 **MEDICARE+CHOICE GROWTH PERCENTAGE**
11 **IN 2001 AND 2002.**

12 Section 1853(c)(6)(B) of the Social Security Act (42
13 U.S.C. 1395w-23(c)(6)(B)) is amended—

14 (1) by adding “and” at the end of clause (iii);

15 (2) by striking clauses (iv) and (v); and

16 (3) in clause (vi), by redesignating such clause
17 as clause (iv) and by striking “2002” and inserting
18 “2000”.

1 **Subtitle C—Reporting Require-**
2 **ments for Medicare Health Care**
3 **Services Furnished in Military**
4 **Treatment Facilities**

5 **SEC. 321. REPORTING COSTS INCURRED UNDER MEDICARE**
6 **SUBVENTION DEMONSTRATION PROJECT**
7 **FOR MILITARY RETIREES.**

8 (a) IN GENERAL.—Section 1896 of the Social Secu-
9 rity Act (42 U.S.C. 1395ggg) is amended by adding at
10 the end the following new subsection:

11 “(1) REPORTING COSTS INCURRED UNDER THE
12 PROJECT FOR PURPOSES OF CALCULATING
13 MEDICARE+CHOICE PAYMENT RATES.—

14 “(1) DETERMINATION OF COSTS.—For a year
15 in which the project is carried out in a military
16 treatment facility, the facility shall determine the ag-
17 gregate costs that are incurred under the project
18 (and for which payment will be made from the trust
19 funds) for furnishing medicare health care services
20 to medicare-eligible military retirees or dependents
21 under the project in that year.

22 “(2) REPORT OF CALCULATED COSTS.—For
23 purposes of including the costs incurred under the
24 project (as described in paragraph (1)) in the cal-
25 culation the annual Medicare+Choice capitation

1 rates in each Medicare+Choice payment area, a
2 military treatment facility shall submit to the Sec-
3 retary the determination made under paragraph (1)
4 by not later than March 31 of the year that follows
5 the year for which the facility has made such deter-
6 mination.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) shall apply with respect to years beginning
9 on or after January 1, 2000.

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