

106TH CONGRESS
2^D SESSION

H. R. 5296

To amend title XVIII of the Social Security Act to revise and improve the Medicare Program.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 2000

Mr. ENGLISH introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Commerce, the Budget, and Rules, 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 revise and improve 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 This Act may be cited as the “Medicare Quality As-
5 surance Act of 2000”.

1 **TITLE I—MEDICARE FEE FOR**
2 **SERVICE PAYMENT IMPROVE-**
3 **MENTS**

4 **SEC. 101. REVISION OF PPS HOSPITAL PAYMENT UPDATE.**

5 Section 1886(b)(3)(B)(i) of the Social Security Act
6 (42 U.S.C. 1395ww(b)(3)(B)(i)) is amended—

7 (1) in subclause (XV), by adding “and” at the
8 end;

9 (2) by striking subclauses (XVI) and (XVII);

10 (3) by redesignating subclause (XVIII) as sub-
11 clause (XVI); and

12 (4) in subclause (XVI), as so redesignated, by
13 striking “fiscal year 2003” and inserting “fiscal year
14 2001”.

15 **SEC. 102. REVISION OF REDUCTION OF INDIRECT GRAD-**
16 **UATE MEDICAL EDUCATION PAYMENTS.**

17 (a) IN GENERAL.—Section 1886(d)(5)(B)(ii) of the
18 Social Security Act (42 U.S.C. 1395ww(d)(5)(B)(ii)) is
19 amended—

20 (1) in subclause (IV), by striking “fiscal year
21 2000” and inserting “each of fiscal years 2000 and
22 2001”; and

23 (2) in each of subclauses (V) and (VI), by strik-
24 ing “2001” and inserting “2002”.

1 “(III) for fiscal year 2002, the
2 rate computed for fiscal year 2001 in-
3 creased by the skilled nursing facility
4 market basket percentage change for
5 fiscal year 2001 minus 1 percentage
6 point; and”.

7 (b) REVISED DEFINITION OF SKILLED NURSING FA-
8 CILITY MARKET BASKET INDEX; ANNUAL WAGE SURVEY
9 FOR PERIODS AFTER 1998.—

10 (1) REQUIRING USE OF ACTUAL COSTS IN-
11 CURRED BY FACILITIES.—Section 1888(e)(5)(A) of
12 such Act (42 U.S.C. 1395yy(e)(5)(A)) is amended
13 by adding at the end the following: “Such index
14 shall be based, in appropriate part, on actual in-
15 creases in the cost of wages incurred by skilled nurs-
16 ing facilities in furnishing covered skilled nursing fa-
17 cility services.

18 (2) REQUIRING ANNUAL SURVEYS OF COSTS.—
19 For purposes of determining (under the second sen-
20 tence of section 1888(e)(5)(A)) the actual increases
21 in the cost of wages incurred by skilled nursing fa-
22 cilities in furnishing covered skilled nursing facility
23 services the Secretary of Health and Human Serv-
24 ices shall conduct annual surveys of such costs for

1 purposes of revising and updating the skilled nurs-
2 ing facility market basket index under such section.

3 **SEC. 104. ELIMINATION OF 15 PERCENT REDUCTION IN**
4 **PAYMENT RATES UNDER THE MEDICARE**
5 **PROSPECTIVE PAYMENT SYSTEM FOR HOME**
6 **HEALTH SERVICES.**

7 (a) IN GENERAL.—Section 1895(b)(3)(A) of the So-
8 cial Security Act (42 U.S.C. 1395fff(b)(3)(A)), as amend-
9 ed by sections 302(b) and 303(f) of the Medicare, Med-
10 icaid, and SCHIP Balanced Budget Refinement Act of
11 1999 (113 Stat. 1501A–359, 361), as enacted into law
12 by section 1000(a)(6) of Public Law 106–113, is amended
13 to read as follows:

14 “(A) INITIAL BASIS.—Under such system
15 the Secretary shall provide for computation of
16 a standard prospective payment amount (or
17 amounts). Such amount (or amounts) shall ini-
18 tially be based on the most current audited cost
19 report data available to the Secretary and shall
20 be computed in a manner so that the total
21 amounts payable under the system for the 12-
22 month period beginning on the date the Sec-
23 retary implements the system shall be equal to
24 the total amount that would have been made if
25 the system had not been in effect and if section

1 221(c) of Medicare, Medicaid, and SCHIP Balanced
2 Budget Refinement Act of 1999 (113 Stat. 1501A–351),
3 is amended by striking “January 1, 2001” and inserting
4 “January 1, 2002”.

5 **TITLE II—MEDICARE+CHOICE**
6 **PROGRAM IMPROVEMENTS**

7 **SEC. 201. ELIMINATION OF BUDGET NEUTRALITY ADJUST-**
8 **MENT FOR 2001 AND 2002.**

9 Section 1853(c) of the Social Security Act (42 U.S.C.
10 1395w–23(c)) is amended—

11 (1) in paragraph (1)(A) in the matter following
12 clause (ii), by inserting “for a year (other than 2001
13 or 2002)” after “multiplied”; and

14 (2) in paragraph (5), by inserting “(other than
15 2001 or 2002)” after “for each year”.

16 **SEC. 202. INCREASING MINIMUM PAYMENT AMOUNT.**

17 (a) IN GENERAL.—Section 1853(c)(1)(B)(ii) of the
18 Social Security Act (42 U.S.C. 1395w–23(c)(1)(B)(ii)) is
19 amended—

20 (1) by striking “(ii) For a succeeding year” and
21 inserting “(ii)(I) Subject to subclause (II), for a suc-
22 ceeding year”; and

23 (2) by adding at the end the following new sub-
24 clause:

1 “(II) For 2001 for any of the 50
2 States and the District of Columbia,
3 \$450.”.

4 (b) EFFECTIVE DATE.—The amendments made by
5 subsection (a) apply to years beginning with 2001.

6 **SEC. 203. ALLOWING MOVEMENT TO 50:50 PERCENT BLEND**
7 **IN 2002.**

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

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

12 (2) by adding after and below subparagraph
13 (F) the following:

14 “except that a Medicare+Choice organization may
15 elect to apply subparagraph (F) (rather than sub-
16 paragraph (E)) for 2001 and for 2002.”.

17 **SEC. 204. INCREASED UPDATE FOR PAYMENT AREAS WITH**
18 **ONLY ONE OR NO MEDICARE+CHOICE CON-**
19 **TRACTS.**

20 (a) IN GENERAL.—Section 1853(c)(1)(C)(ii) of the
21 Social Security Act (42 U.S.C. 1395w-23(c)(1)(C)(ii)) is
22 amended—

23 (1) by striking “(ii) For a subsequent year”
24 and inserting “(ii)(I) Subject to subclause (II), for
25 a subsequent year”; and

1 (2) by adding at the end the following new sub-
2 clause:

3 “(II) During 2001, 2002, 2003, 2004,
4 and 2005, in the case of a
5 Medicare+Choice payment area in which
6 there is no more than one contract entered
7 into under this part as of July 1 before the
8 beginning of the year, 102.5 percent of the
9 annual Medicare+Choice capitation rate
10 under this paragraph for the area for the
11 previous year.”.

12 (b) CONSTRUCTION.—The amendments made by sub-
13 section (a) do not affect the payment of a first time bonus
14 under section 1853(i) of the Social Security Act (42
15 U.S.C. 1395w–23(i)).

16 **SEC. 205. PERMITTING HIGHER NEGOTIATED RATES IN**
17 **CERTAIN MEDICARE+CHOICE PAYMENT**
18 **AREAS BELOW NATIONAL AVERAGE.**

19 Section 1853(c)(1) of the Social Security Act (42
20 U.S.C. 1395w–23(c)(1)) is amended—

21 (1) in the matter before subparagraph (A), by
22 striking “or (C)” and inserting “(C), or (D)”; and

23 (2) by adding at the end the following new sub-
24 paragraph:

1 “(D) PERMITTING HIGHER RATES
2 THROUGH NEGOTIATION.—

3 “(i) IN GENERAL.—For each year be-
4 ginning with 2004, in the case of a
5 Medicare+Choice payment area for which
6 the Medicare+Choice capitation rate under
7 this paragraph would otherwise be less
8 than the United States per capita cost
9 (USPCC), as calculated by the Secretary,
10 a Medicare+Choice organization may ne-
11 gotiate with the Secretary an annual per
12 capita rate that—

13 “(I) reflects an annual rate of in-
14 crease up to the rate of increase speci-
15 fied in clause (ii);

16 “(II) takes into account audited
17 current data supplied by the organiza-
18 tion on its adjusted community rate
19 (as defined in section 1854(f)(3)); and

20 “(III) does not exceed the United
21 States per capita cost, as projected by
22 the Secretary for the year involved.

23 “(ii) MAXIMUM RATE DESCRIBED.—
24 The rate of increase specified in this clause
25 for a year is the rate of inflation in private

1 health insurance for the year involved, as
2 projected by the Secretary, and includes
3 such adjustments as may be necessary—

4 “(I) to reflect the demographic
5 characteristics in the population under
6 this title; and

7 “(II) to eliminate the costs of
8 prescription drugs.

9 “(iii) ADJUSTMENTS FOR OVER OR
10 UNDER PROJECTIONS.—If subparagraph is
11 applied to an organization and payment
12 area for a year, in applying this subpara-
13 graph for a subsequent year the provisions
14 of paragraph (6)(C) shall apply in the
15 same manner as such provisions apply
16 under this paragraph.”.

17 **TITLE III—SOCIAL SECURITY** 18 **AND MEDICARE LOCK-BOX**

19 **SEC. 301. SHORT TITLE.**

20 This title may be cited as the “Social Security and
21 Medicare Lock-box Act of 2000”.

22 **SEC. 302. PROTECTION OF SOCIAL SECURITY SURPLUSES.**

23 (a) POINTS OF ORDER TO PROTECT SOCIAL SECU-
24 RITY SURPLUSES.—Section 312 of the Congressional

1 Budget Act of 1974 is amended by adding at the end the
2 following new subsection:

3 “(g) POINTS OF ORDER TO PROTECT SOCIAL SECUR-
4 RITY SURPLUSES.—

5 “(1) CONCURRENT RESOLUTIONS ON THE
6 BUDGET.—It shall not be in order in the House of
7 Representatives or the Senate to consider any con-
8 current resolution on the budget, or conference re-
9 port thereon or amendment thereto, that would set
10 forth an on-budget deficit for any fiscal year.

11 “(2) SUBSEQUENT LEGISLATION.—Except as
12 provided by paragraph (3), it shall not be in order
13 in the House of Representatives or the Senate to
14 consider any bill, joint resolution, amendment, mo-
15 tion, or conference report if—

16 “(A) the enactment of that bill or resolu-
17 tion as reported;

18 “(B) the adoption and enactment of that
19 amendment; or

20 “(C) the enactment of that bill or resolu-
21 tion in the form recommended in that con-
22 ference report,

23 would cause or increase an on-budget deficit for any
24 fiscal year.

1 “(3) EXCEPTION.—Paragraph (2) shall not
2 apply to social security reform legislation as defined
3 in section 304(1) or Medicare reform legislation as
4 defined by section 304(2).

5 “(4) DEFINITION.—For purposes of this sec-
6 tion, the term ‘on-budget deficit’, when applied to a
7 fiscal year, means the deficit in the budget as set
8 forth in the most recently agreed to concurrent reso-
9 lution on the budget pursuant to section 301(a)(3)
10 for that fiscal year.”.

11 (b) CONTENT OF CONCURRENT RESOLUTION ON THE
12 BUDGET.—Section 301(a) of the Congressional Budget
13 Act of 1974 is amended by redesignating paragraphs (6)
14 and (7) as paragraphs (7) and (8), respectively, and by
15 inserting after paragraph (5) the following new paragraph:

16 “(6) the receipts, outlays, and surplus or deficit
17 in the Federal Old-Age and Survivors Insurance
18 Trust Fund and the Federal Disability Insurance
19 Trust Fund, combined, established by title II of the
20 Social Security Act;”.

21 (c) SUPER MAJORITY REQUIREMENT.—(1) Section
22 904(c)(1) of the Congressional Budget Act of 1974 is
23 amended by inserting “312(g),” after “310(d)(2),”.

1 (2) Section 904(d)(2) of the Congressional Budget
2 Act of 1974 is amended by inserting “312(g),” after
3 “310(d)(2),”.

4 **SEC. 303. PROTECTION OF MEDICARE SURPLUSES.**

5 (a) POINTS OF ORDER TO PROTECT MEDICARE SUR-
6 PLUSES.—Section 312 of the Congressional Budget Act
7 of 1974, as amended by section 301, is further amended
8 by adding at the end the following new subsection:

9 “(h) POINTS OF ORDER TO PROTECT MEDICARE
10 SURPLUSES.—

11 “(1) CONCURRENT RESOLUTIONS ON THE
12 BUDGET.—It shall not be in order in the House of
13 Representatives or the Senate to consider any con-
14 current resolution on the budget, or conference re-
15 port thereon or amendment thereto, that would set
16 forth an on-budget surplus for any fiscal year that
17 is less than the projected surplus of the Federal
18 Hospital Insurance Trust Fund for that fiscal year
19 (as assumed in that resolution).

20 “(2) SUBSEQUENT LEGISLATION.—Except as
21 provided by paragraph (3), it shall not be in order
22 in the House of Representatives or the Senate to
23 consider any bill, joint resolution, amendment, mo-
24 tion, or conference report if—

1 “(A) the enactment of that bill or resolu-
2 tion as reported;

3 “(B) the adoption and enactment of that
4 amendment; or

5 “(C) the enactment of that bill or resolu-
6 tion in the form recommended in that con-
7 ference report,

8 would cause the on-budget surplus for any fiscal
9 year to be less than the projected surplus of the
10 Federal Hospital Insurance Trust Fund (as assumed
11 in the most recently agreed to concurrent resolution
12 on the budget) for that fiscal year or increase the
13 amount by which the on-budget surplus for any fis-
14 cal year would be less than such trust fund surplus
15 for that fiscal year.

16 “(3) EXCEPTION.—Paragraph (2) shall not
17 apply to Medicare reform legislation as defined in
18 section 304(2) of the Social Security and Medicare
19 Lock-box Act of 2000.

20 “(4) DEFINITION.—For purposes of this sec-
21 tion, the term ‘on-budget surplus’, when applied to
22 a fiscal year, means the surplus in the budget as set
23 forth in the most recently agreed to concurrent reso-
24 lution on the budget pursuant to section 301(a)(3)
25 for that fiscal year.”.

1 (b) SUPER MAJORITY REQUIREMENT.—

2 (1) POINT OF ORDER.—Section 904(c)(1) of the
3 Congressional Budget Act of 1974 (as amended by
4 section 3) is further amended by inserting “312(h),”
5 after “312(g),”.

6 (2) WAIVER.—Section 904(d)(2) of the Con-
7 gressional Budget Act of 1974 (as amended by sec-
8 tion 3) is further amended by inserting “312(h),”
9 after “312(g),”.

10 **SEC. 304. DEFINITIONS.**

11 As used in this Act:

12 (1) SOCIAL SECURITY REFORM LEGISLATION.—
13 The term “social security reform legislation” means
14 a bill or a joint resolution to save social security and
15 includes a provision stating the following: “For pur-
16 poses of the Social Security and Medicare Lock-box
17 Act of 2000, this Act constitutes social security re-
18 form legislation to save social security.”.

19 (2) MEDICARE REFORM LEGISLATION.—The
20 term “Medicare reform legislation” means a bill or
21 a joint resolution to save Medicare and includes a
22 provision stating the following: “For purposes of the
23 Social Security and Medicare Lock-box Act of 2000,
24 this Act constitutes Medicare reform legislation to
25 save Medicare.”.

1 **SEC. 305. EFFECTIVE DATE.**

2 (a) IN GENERAL.—This Act shall take effect upon
3 the date of its enactment and the amendments made by
4 this Act shall apply to fiscal year 2001 and subsequent
5 fiscal years.

6 (b) EXPIRATION.—(1) Sections 301(a)(6) and 312(g)
7 of the Congressional Budget Act of 1974 shall expire upon
8 the enactment of social security reform legislation.

9 (2) Section 312(h) of the Congressional Budget Act
10 of 1974 shall expire upon the enactment of Medicare re-
11 form legislation.

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