

106TH CONGRESS  
1ST SESSION

# S. 1277

To amend title XIX of the Social Security Act to establish a new prospective payment system for Federally-qualified health centers and rural health clinics.

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## IN THE SENATE OF THE UNITED STATES

JUNE 24, 1999

Mr. GRASSLEY (for himself, Mr. BAUCUS, Mr. MURKOWSKI, Mr. ROCKEFELLER, Mr. CONRAD, Mr. HARKIN, and Mr. ROBB) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XIX of the Social Security Act to establish a new prospective payment system for Federally-qualified health centers and rural health clinics.

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 “Safety Net Preserva-  
5 tion Act of 1999”.

1 **SEC. 2. NEW PROSPECTIVE PAYMENT SYSTEM FOR FEDER-**  
 2 **ALLY-QUALIFIED HEALTH CENTERS AND**  
 3 **RURAL HEALTH CLINICS.**

4 (a) **IN GENERAL.**—Section 1902(a) of the Social Se-  
 5 curity Act (42 U.S.C. 1396a(a)) is amended—

6 (1) in paragraph (13)—

7 (A) in subparagraph (A), by adding “and”  
 8 at the end;

9 (B) in subparagraph (B), by striking  
 10 “and” at the end; and

11 (C) by striking subparagraph (C); and

12 (2) by inserting after paragraph (14) the fol-  
 13 lowing new paragraph:

14 “(15) for payment for services described in  
 15 clause (B) or (C) of section 1905(a)(2) under the  
 16 plan in accordance with subsection (aa);”.

17 (b) **NEW PROSPECTIVE PAYMENT SYSTEM.**—Section  
 18 1902 of the Social Security Act (42 U.S.C. 1396a) is  
 19 amended by adding at the end the following:

20 “(aa) **PAYMENT FOR SERVICES PROVIDED BY FED-**  
 21 **ERALLY-QUALIFIED HEALTH CENTERS AND RURAL**  
 22 **HEALTH CLINICS.**—

23 “(1) **IN GENERAL.**—Beginning with fiscal year  
 24 2000 and each succeeding fiscal year, the State plan  
 25 shall provide for payment for services described in  
 26 section 1905(a)(2)(C) furnished by a Federally-

1 qualified health center and services described in sec-  
2 tion 1905(a)(2)(B) furnished by a rural health clinic  
3 in accordance with the provisions of this subsection.

4 “(2) FISCAL YEAR 2000.—Subject to paragraph  
5 (4), for services furnished during fiscal year 2000,  
6 the State plan shall provide for payment for such  
7 services in an amount (calculated on a per visit  
8 basis) that is equal to 100 percent of the costs of  
9 the center or clinic of furnishing such services dur-  
10 ing fiscal year 1999 which are reasonable and re-  
11 lated to the cost of furnishing such services, or  
12 based on such other tests of reasonableness as the  
13 Secretary prescribes in regulations under section  
14 1833(a)(3), or, in the case of services to which such  
15 regulations do not apply, the same methodology used  
16 under section 1833(a)(3), adjusted to take into ac-  
17 count any increase in the scope of such services fur-  
18 nished by the center or clinic during fiscal year  
19 2000.

20 “(3) FISCAL YEAR 2001 AND SUCCEEDING FIS-  
21 CAL YEARS.—Subject to paragraph (4), for services  
22 furnished during fiscal year 2001 or a succeeding  
23 fiscal year, the State plan shall provide for payment  
24 for such services in an amount (calculated on a per  
25 visit basis) that is equal to the amount calculated for

1 such services under this subsection for the preceding  
2 fiscal year—

3 “(A) increased by the percentage increase  
4 in the MEI (as defined in section 1842(i)(3))  
5 applicable to primary care services (as defined  
6 in section 1842(i)(4)) for that fiscal year; and

7 “(B) adjusted to take into account any in-  
8 crease in the scope of such services furnished by  
9 the center or clinic during that fiscal year.

10 “(4) ESTABLISHMENT OF INITIAL YEAR PAY-  
11 MENT AMOUNT FOR NEW CENTERS OR CLINICS.—In  
12 any case in which an entity first qualifies as a Fed-  
13 erally-qualified health center or rural health clinic  
14 after fiscal year 1999, the State plan shall provide  
15 for payment for services described in section  
16 1905(a)(2)(C) furnished by the center or services  
17 described in section 1905(a)(2)(B) furnished by the  
18 clinic in the first fiscal year in which the center or  
19 clinic so qualifies in an amount (calculated on a per  
20 visit basis) that is equal to 100 percent of the costs  
21 of furnishing such services during such fiscal year in  
22 accordance with the regulations and methodology re-  
23 ferred to in paragraph (2). For each fiscal year fol-  
24 lowing the fiscal year in which the entity first quali-  
25 fies as a Federally-qualified health center or rural

1 health clinic, the State plan shall provide for the  
2 payment amount to be calculated in accordance with  
3 paragraph (3).

4 “(5) ADMINISTRATION IN THE CASE OF MAN-  
5 AGED CARE.—In the case of services furnished by a  
6 Federally-qualified health center or rural health clin-  
7 ic pursuant to a contract between the center or clinic  
8 and a managed care entity (as defined in section  
9 1932(a)(1)(B)), the State plan shall provide for pay-  
10 ment to the center or clinic (at least quarterly) by  
11 the State of a supplemental payment equal to the  
12 amount (if any) by which the amount determined  
13 under paragraphs (2), (3), and (4) of this subsection  
14 exceeds the amount of the payments provided under  
15 the contract.

16 “(6) ALTERNATIVE PAYMENT METHODOLO-  
17 GIES.—Notwithstanding any other provision of this  
18 section, the State plan may provide for payment in  
19 any fiscal year to a Federally-qualified health center  
20 for services described in section 1905(a)(2)(C) or to  
21 a rural health clinic for services described in section  
22 1905(a)(2)(B) in an amount which is determined  
23 under an alternative payment methodology that—

24 “(A) is agreed to by the State and the cen-  
25 ter or clinic; and

1           “(B) results in payment to the center or  
2           clinic of an amount which is at least equal to  
3           the amount otherwise required to be paid to the  
4           center or clinic under this section.”.

5           (c) CONFORMING AMENDMENTS.—

6           (1) Section 4712 of the Balanced Budget Act  
7           of 1997 (Public Law 105–33; 111 Stat. 508) is  
8           amended by striking subsection (c).

9           (2) Section 1915(b) of the Social Security Act  
10          (42 U.S.C. 1396n(b)) is amended by striking  
11          “1902(a)(13)(E)” and inserting “1902(a)(15),  
12          1902(aa),”.

13          (d) EFFECTIVE DATE.—The amendments made by  
14          this section take effect on October 1, 1999, and apply to  
15          services furnished on or after such date.

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