

106TH CONGRESS
2D SESSION

S. 2905

To amend title XVIII of the Social Security Act to make improvements to the Medicare+Choice program under part C of the medicare program.

IN THE SENATE OF THE UNITED STATES

JULY 21, 2000

Mr. BINGAMAN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to make improvements to the Medicare+Choice program under part C of 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Medicare+Choice Program Improvement 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.

Sec. 2. Increase in national per capita Medicare+Choice growth percentage in 2001 and 2002.

Sec. 3. Increasing minimum payment amount.

Sec. 4. Allowing movement to 50:50 percent blend in 2002.

Sec. 5. Increased update for payment areas with only one or no Medicare+Choice contracts.

Sec. 6. Permitting higher negotiated rates in certain Medicare+Choice payment areas below national average.

Sec. 7. 10-year phase-in of risk adjustment based on data from all settings.

Sec. 8. Delay from July to October 2000 in deadline for offering and withdrawing Medicare+Choice plans for 2001.

1 **SEC. 2. INCREASE IN NATIONAL PER CAPITA**
 2 **MEDICARE+CHOICE GROWTH PERCENTAGE**
 3 **IN 2001 AND 2002.**

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

6 (1) in clause (iii), by adding “and” at the end;

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

8 (3) by redesignating clause (vi) as clause (iv);

9 and

10 (4) in clause (iv), as so redesignated, by strik-

11 ing “after 2002” and inserting “after 2000”.

12 **SEC. 3. INCREASING MINIMUM PAYMENT AMOUNT.**

13 (a) IN GENERAL.—Section 1853(c)(1)(B)(ii) of the

14 Social Security Act (42 U.S.C. 1395w-23(c)(1)(B)(ii)) is

15 amended—

16 (1) by striking “(ii) For a succeeding year” and

17 inserting “(ii)(I) Subject to subclause (II), for a suc-

18 ceeding year”; and

19 (2) by adding at the end the following new sub-

20 clause:

1 “(II) For 2002 for any of the 50
2 States and the District of Columbia,
3 \$500.”.

4 (b) EFFECTIVE DATE.—The amendments made by
5 subsection (a) apply to years beginning with 2002.

6 **SEC. 4. ALLOWING MOVEMENT TO 50:50 PERCENT BLEND IN**
7 **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 at the end the following flush
13 matter:

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

17 **SEC. 5. 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 2002, 2003, 2004, and
4 2005, in the case of a Medicare+Choice
5 payment area in which there is no more
6 than one contract entered into under this
7 part as of July 1 before the beginning of
8 the year, 102.5 percent of the annual
9 Medicare+Choice capitation rate under
10 this paragraph for the area for the pre-
11 vious 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. 6. PERMITTING HIGHER NEGOTIATED RATES IN CER-**
17 **TAIN MEDICARE+CHOICE PAYMENT AREAS**
18 **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 preceding subparagraph (A),
22 by striking “or (C)” and inserting “(C), or (D)”;
23 and

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

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

3 “(i) IN GENERAL.—For each year be-
4 ginning with 2001, 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 this subpara-
11 graph is applied to an organization and
12 payment area for a year, in applying this
13 subparagraph for a subsequent year the
14 provisions of paragraph (6)(C) shall apply
15 in the same manner as such provisions
16 apply under this paragraph.”.

17 **SEC. 7. 10-YEAR PHASE-IN OF RISK ADJUSTMENT BASED ON**
18 **DATA FROM ALL SETTINGS.**

19 Section 1853(a)(3)(C)(ii) of the Social Security Act
20 (42 U.S.C. 1395w-23(c)(1)(C)(ii)) is amended—

21 (1) by striking the period at the end of sub-
22 clause (II) and inserting a semicolon; and

23 (2) by adding at the end the following flush
24 matter:

1 “and, beginning in 2004, insofar as such
2 risk adjustment is based on data from all
3 settings, the methodology shall be phased-
4 in in equal increments over a 10-year pe-
5 riod, beginning with 2004 or (if later) the
6 first year in which such data is used.”.

7 **SEC. 8. DELAY FROM JULY TO NOVEMBER 2000 IN DEAD-**
8 **LINE FOR OFFERING AND WITHDRAWING**
9 **MEDICARE+CHOICE PLANS FOR 2001.**

10 Notwithstanding any other provision of law, the dead-
11 line for a Medicare+Choice organization to withdraw the
12 offering of a Medicare+Choice plan under part C of title
13 XVIII of the Social Security Act (or otherwise to submit
14 information required for the offering of such a plan) for
15 2001 is delayed from July 1, 2000, to November 1, 2000,
16 and any such organization that provided notice of with-
17 drawal of such a plan during 2000 before the date of en-
18 actment of this Act may rescind such withdrawal at any
19 time before November 1, 2000.

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