

106TH CONGRESS
2D SESSION

S. 3255

To amend the Balanced Budget Act of 1997 to apply the medicaid disproportionate share hospital payment transition rule to public hospitals in all States.

IN THE SENATE OF THE UNITED STATES

OCTOBER 27 (legislative day, SEPTEMBER 22), 2000

Mr. DASCHLE (for Mr. DURBIN (for himself, Mr. MOYNIHAN, and Mr. SCHUMER)) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Balanced Budget Act of 1997 to apply the medicaid disproportionate share hospital payment transition rule to public hospitals in all States.

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 “Medicaid DSH Fair-
5 ness Act of 2000”.

1 **SEC. 2. EXPANSION OF APPLICATION OF MEDICAID DSH**
2 **TRANSITION RULE TO PUBLIC HOSPITALS IN**
3 **ALL STATES.**

4 (a) APPLICATION TO PUBLIC HOSPITALS IN ALL
5 STATES.—

6 (1) IN GENERAL.—Section 4721(e) of the Bal-
7 anced Budget Act of 1997 (Public Law 105–33; 111
8 Stat. 514), as amended by section 607 of the Medi-
9 care, Medicaid, and SCHIP Balanced Budget Re-
10 finement Act of 1999 (Appendix F, 113 Stat.
11 1501A–321), as enacted into law by section
12 1000(a)(6) of Public Law 106–113, is amended—

13 (A) by striking “July 1, 1997” each place
14 it appears and inserting “October 1, 2000”;

15 (B) by striking “the State of California”
16 and inserting “hospitals owned or operated by
17 a State (as defined for purposes of title XIX of
18 such Act), or by an instrumentality or a unit of
19 government within a State (as so defined)”;

20 (C) by redesignating paragraph (3) as
21 paragraph (4);

22 (D) by striking “and” at the end of para-
23 graph (2); and

24 (E) by inserting after paragraph (2), the
25 following new paragraph:

1 “(3) ‘(as defined in subparagraph (B) but with-
2 out regard to clause (ii) of that subparagraph and
3 subject to subsection (d))’ were substituted for ‘(as
4 defined in subparagraph (B))’ in subparagraph (A)
5 of such section; and”.

6 (2) SPECIAL RULE.—With respect to California,
7 section 4721(e) of the Balanced Budget Act of 1997
8 (Public Law 105–33; 111 Stat. 514) as amended by
9 section 607 of BBRA (113 Stat. 1501A–321) shall
10 be applied without regard to the amendments made
11 by paragraph (1).

12 (3) EFFECTIVE DATE.—The amendments made
13 by paragraph (1) take effect on July 1, 2002.

14 (b) APPLICATION TO CERTAIN STATES.—

15 (1) IN GENERAL.—Beginning with fiscal year
16 2002, notwithstanding section 1923(f) of the Social
17 Security Act (42 U.S.C. 1396r–4(f)) and subject to
18 paragraph (3), with respect to a State, payment ad-
19 justments made under title XIX of such Act (42
20 U.S.C. 1396 et seq.) after the application of section
21 4721(e) of the Balanced Budget Act of 1997 (as
22 amended by subsection (a)(1)) to any hospital de-
23 scribed in paragraph (2) located in the State shall
24 be made without regard to the DSH allotment limi-

1 tation for the State determined under section
2 1923(f) of that Act (42 U.S.C. 1396r-4(f)).

3 (2) HOSPITAL DESCRIBED.—A hospital is de-
4 scribed in this paragraph if the hospital—

5 (A) is described in section 4721(e) of the
6 Balanced Budget Act of 1997 (as amended by
7 subsection (a)(1));

8 (B) as of October 1, 2000—

9 (i) is in existence and operating as a
10 hospital described in such section (as so
11 amended); and

12 (ii) is not receiving disproportionate
13 share hospital payments from the State in
14 which it is located under title XIX of such
15 Act; and

16 (C) has a low-income utilization rate (as
17 defined in section 1923(b)(3) of the Social Se-
18 curity Act (42 U.S.C. 1396r-4(b)(3))) in excess
19 of 65 percent.

20 (3) LIMITATION ON EXPENDITURES.—

21 (A) IN GENERAL.—With respect to any fis-
22 cal year, the aggregate amount of Federal fi-
23 nancial participation that may be provided for
24 payment adjustments described in paragraph
25 (1) for that fiscal year may not exceed the

1 amount described in subparagraph (B) for the
2 fiscal year.

3 (B) AMOUNT DESCRIBED.—The amount
4 described in this subparagraph for a fiscal year
5 is as follows:

6 (i) For fiscal year 2002, \$15,000,000.

7 (ii) For fiscal year 2003,
8 \$176,000,000.

9 (iii) For fiscal year 2004,
10 \$270,000,000.

11 (iv) For fiscal year 2005,
12 \$330,000,000.

13 (v) For fiscal year 2006 and each fis-
14 cal year thereafter, \$375,000,000.

15 (c) APPLICATION TO WAIVERS.—With respect to a
16 State medicaid program operating under a Statewide
17 waiver of the requirements of title XIX of the Social Secu-
18 rity Act (42 U.S.C. 1396 et seq.) under section 1115 of
19 such Act (42 U.S.C. 1315), to the extent that the amend-
20 ment made by subsection (a)(1) would modify the total
21 amount that the State would expend under such title in
22 a fiscal year if the State were not operating under such
23 a waiver, the Secretary of Health and Human Services
24 shall revise the budget neutrality baseline expenditure
25 limit applicable to the waiver to reflect the increase in

1 State expenditures under the medicaid program for such
2 fiscal year that would be incurred in the absence of the
3 waiver as a result of such amendment. Such modified
4 budget neutrality baseline expenditure limit shall take ef-
5 fect on the effective date described in subsection (a)(3).

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