

109TH CONGRESS
2^D SESSION

S. 3819

To amend title XIX of the Social Security Act to provide for redistribution and extended availability of unexpended medicaid DSH allotments, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2006

Mr. BINGAMAN (for himself, Mr. SMITH, Mrs. LINCOLN, Mr. PRYOR, and Mr. AKAKA) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XIX of the Social Security Act to provide for redistribution and extended availability of unexpended medicaid DSH allotments, and for other purposes.

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 “Strengthening the
5 Safety Net Act of 2006”.

6 **SEC. 2. REDISTRIBUTION AND EXTENDED AVAILABILITY OF**
7 **UNEXPENDED MEDICAID DSH ALLOTMENTS.**

8 Section 1923(f) of the Social Security Act (42 U.S.C.
9 1396r-4(f)) is amended—

1 (1) in paragraph (3)(A), by striking “paragraph
2 (5)” and inserting “paragraphs (5) and (7)”;

3 (2) by redesignating paragraph (7) as para-
4 graph (8); and

5 (3) by inserting after paragraph (6), the fol-
6 lowing new paragraph:

7 “(7) REDISTRIBUTION AND EXTENDED AVAIL-
8 ABILITY OF UNEXPENDED ALLOTMENTS.—

9 “(A) ESTABLISHMENT OF REDISTRIBU-
10 TION POOL.—

11 “(i) IN GENERAL.—Subject to clauses
12 (ii) and (iii), the Secretary shall establish,
13 as of October 1 of fiscal year 2007, and of
14 each fiscal year thereafter, the following
15 redistribution pool:

16 “(I) In the case of fiscal year
17 2007, a \$150,000,000 redistribution
18 pool from the total amount of the un-
19 expended State DSH allotments for
20 fiscal year 2004.

21 “(II) In the case of fiscal year
22 2008, a \$250,000,000 redistribution
23 pool from the total amount of the un-
24 expended State DSH allotments for
25 fiscal year 2005.

1 “(III) In the case of fiscal year
2 2009 and each succeeding fiscal year
3 thereafter, a \$400,000,000 redistribu-
4 tion pool from the total amount of the
5 unexpended State DSH allotments for
6 the third preceding fiscal year.

7 “(ii) UNEXPENDED STATE DSH AL-
8 LOTMENTS.—If a State claims Federal fi-
9 nancial participation for a payment adjust-
10 ment made under this section for a fiscal
11 year from which a redistribution pool of
12 unexpended State DSH allotments has al-
13 ready been created under clause (i), then,
14 for purposes of this paragraph, the total
15 amount of unexpended State DSH allot-
16 ments in the fiscal year following the State
17 claim for such Federal financial participa-
18 tion, shall be reduced by the Federal finan-
19 cial participation related to such claim.

20 “(iii) REDUCTION IN AMOUNTS AVAIL-
21 ABLE.—If the total amount of the unex-
22 pended State DSH allotments for a fiscal
23 year (taking into account any adjustment
24 to such amount required under clause (ii))
25 is less than the amount necessary to pro-

1 vide, for such fiscal year, the redistribution
2 pool described in clause (i) and the
3 amounts to be made available for grants
4 under section 3(g) of the Strengthening
5 the Safety Net Act of 2006 for such fiscal
6 year, the Secretary shall reduce the
7 amounts that are to be available for the re-
8 distribution pool under this paragraph and
9 grants under such section, respectively, to
10 such total amount.

11 “(B) REDISTRIBUTION.—

12 “(i) IN GENERAL.—Not later than Oc-
13 tober 1, 2006, and October 1 of each year
14 thereafter, the Secretary shall allot the re-
15 distribution pool established for that fiscal
16 year among eligible States.

17 “(ii) PRIORITY.—In making allot-
18 ments under clause (i), the Secretary shall
19 give priority—

20 “(I) first to eligible States de-
21 scribed in paragraph (5)(B) (without
22 regard to the requirement that total
23 expenditures under the State plan for
24 disproportionate share hospital adjust-

1 ments for fiscal year 2000 is greater
2 than 0); and

3 “(II) then to eligible States
4 whose State DSH allotment per med-
5 icaid enrollee and uninsured individual
6 for the third preceding fiscal year is
7 below the national average DSH allot-
8 ment per medicaid enrollee and unin-
9 sured individual for that fiscal year.

10 “(C) EXPENDITURE RULES.—An amount
11 allotted to a State from the redistribution pool
12 established for a fiscal year—

13 “(i) shall not be included in the deter-
14 mination of the State’s DSH allotment for
15 any fiscal year under this section;

16 “(ii) notwithstanding any other provi-
17 sion of law, shall remain available for ex-
18 penditure by the State through the end of
19 the second fiscal year after the fiscal year
20 in which the allotment from the redistribu-
21 tion pool is made for expenditures incurred
22 in any of such fiscal years; and

23 “(iii) shall only be used to make pay-
24 ment adjustments to disproportionate

1 share hospitals in accordance with the re-
2 quirements of this section.

3 “(D) DEFINITIONS.—In this paragraph:

4 “(i) ELIGIBLE STATE.—The term ‘eli-
5 gible State’ means, with respect to the fis-
6 cal year from which a redistribution pool is
7 established under subparagraph (A)(i), a
8 State that has expended at least 90 per-
9 cent of the State DSH allotment for that
10 fiscal year by the end of the succeeding fis-
11 cal year.

12 “(ii) STATE DSH ALLOTMENT PER
13 MEDICAID ENROLLEE AND UNINSURED IN-
14 DIVIDUAL.—The term ‘State DSH allot-
15 ment per medicaid enrollee and uninsured
16 individual’ means the amount equal to the
17 State DSH allotment for a fiscal year di-
18 vided by the sum of the number of individ-
19 uals who received medical assistance under
20 the State program under this title for that
21 fiscal year and the number of State resi-
22 dents with no health insurance coverage
23 for that fiscal year, as determined by the
24 Bureau of the Census.

1 “(iii) NATIONAL AVERAGE DSH AL-
2 LOTMENT PER MEDICAID ENROLLEE AND
3 UNINSURED INDIVIDUAL.—The term ‘na-
4 tional average DSH allotment per medicaid
5 enrollee and uninsured individual’ means
6 the amount equal to the total amount of
7 State DSH allotments for a fiscal year di-
8 vided by the sum of the total number of in-
9 dividuals who received medical assistance
10 under a State program under this title for
11 that fiscal year and the total number of
12 residents with respect to all States who did
13 not have health insurance coverage for that
14 fiscal year, as determined by the Bureau of
15 the Census.”.

16 **SEC. 3. HEALTH SERVICES FOR THE UNINSURED.**

17 (a) DEMONSTRATION GRANTS TO HEALTH ACCESS
18 NETWORKS.—

19 (1) IN GENERAL.—The Secretary of Health and
20 Human Services (in this section referred to as the
21 “Secretary”) shall award demonstration grants to
22 health access networks.

23 (2) APPLICATION.—Each applying health access
24 network shall submit a plan that meets the require-
25 ments of subsection (c) for the purpose of improving

1 access, quality, and continuity of care for uninsured
2 individuals through better coordination of care by
3 the network.

4 (3) AUTHORITY TO LIMIT NUMBER OF
5 GRANTS.—The number of demonstration grants
6 awarded under this section shall be limited, in the
7 discretion of the Secretary, so that grants are suffi-
8 cient to permit grantees to provide patient care serv-
9 ices to no fewer than the number of uninsured indi-
10 viduals specified by each network in its grant appli-
11 cation.

12 (b) DEFINITION OF HEALTH ACCESS NETWORK.—

13 (1) IN GENERAL.—In this section, the term
14 “health access network” means a collection of safety
15 net providers, including hospitals, community health
16 centers, public health departments, physicians, safe-
17 ty net health plans, or other recognized safety net
18 providers organized for the purpose of restructuring
19 and improving the access, quality, and continuity of
20 care to the uninsured and underinsured, that offers
21 patients access to all levels of care, including pri-
22 mary, outpatient, specialty, certain ancillary services,
23 and acute inpatient care, within a community or
24 across a broad spectrum of providers across a serv-
25 ice region or State.

1 (2) INCLUSION OF SECTION 330 NETWORKS AND
2 PLANS.—The term “health access network” includes
3 networks and plans that meet the requirements for
4 funding under section 330(e)(1)(C) of the Public
5 Health Service Act (42 U.S.C. 254b(e)(1)(C)).

6 (3) INCLUSION OF INTEGRATED HEALTH CARE
7 SYSTEMS.—

8 (A) IN GENERAL.—Such term also includes
9 an integrated health care system (including a
10 pediatric system).

11 (B) DEFINITION OF INTEGRATED HEALTH
12 CARE SYSTEM.—For purposes of this section,
13 an integrated health care system (including a
14 pediatric system) is a health care provider that
15 is organized to provide care in a coordinated
16 fashion and assures access to a full range of
17 primary, specialty, and hospital care, to unin-
18 sured and under-insured individuals, as appro-
19 priate.

20 (c) PLAN REQUIREMENTS.—

21 (1) IN GENERAL.—A health access network that
22 desires a grant under this section shall submit a
23 plan to the Secretary that details how the network
24 intends to—

1 (A) manage costs associated with the pro-
2 vision of health care services to uninsured and
3 underinsured individuals served by the health
4 access network;

5 (B) improve access to, and the availability
6 of, health care services provided to uninsured
7 and underinsured individuals served by the
8 health access network;

9 (C) enhance the quality and coordination
10 of health care services provided to uninsured
11 and underinsured individuals served by the
12 health access network;

13 (D) improve the health status of uninsured
14 and underinsured individuals served by the
15 health access network; and

16 (E) reduce health disparities in the popu-
17 lation of uninsured and underinsured individ-
18 uals served by the health access network.

19 (2) IDENTIFICATION OF MEASURABLE GOALS.—
20 The health access network shall—

21 (A) identify in the plan measurable per-
22 formance targets for at least 3 of the goals de-
23 scribed in paragraph (1); and

24 (B) agree that a portion of the payment of
25 grant funds for patient care services after the

1 first year for which such payment is made shall
2 be contingent upon the health access network
3 demonstrating success in achieving such tar-
4 gets.

5 (d) USE OF FUNDS.—A health access network that
6 receives funds under this section shall expend—

7 (1) an amount equal to not less than 90 percent
8 of such funds for direct patient care services; and

9 (2) an amount equal to not more than 10 per-
10 cent of such funds for the network’s operation and
11 development for the purpose of improving the effi-
12 ciency and effectiveness of the business and clinical
13 operations of providers within the health access net-
14 work, including through the integration of manage-
15 ment information systems (including development
16 and implementation of electronic medical records)
17 and financial, administrative, or clinical functions
18 across providers.

19 (e) RULE OF CONSTRUCTION REGARDING DIRECT
20 PATIENT CARE SERVICES.—With respect to health access
21 networks described in subsection (b)(2), the term “direct
22 patient care services” shall be construed to mean the pro-
23 vision or purchase of services, such as specialty medical
24 care and diagnostic services, that are not available or are
25 insufficiently available through the network’s providers. In

1 purchasing such services for uninsured and underinsured
2 individuals, networks shall, to the maximum extent fea-
3 sible, endeavor to purchase such services from safety net
4 providers.

5 (f) SUPPLEMENT, NOT SUPPLANT.—Funds paid to a
6 health access network under a grant made under this sec-
7 tion shall supplement and not supplant, other Federal or
8 State payments that are made to the health access net-
9 work to support the provision of health care services to
10 low-income or uninsured patients.

11 (g) FUNDING.—

12 (1) TRANSFER OF PORTION OF UNEXPENDED
13 DSH ALLOTMENTS.—Notwithstanding any other pro-
14 vision of law, as of October 1 of fiscal year 2007,
15 and each fiscal year thereafter, amounts described in
16 paragraph (2) are hereby transferred from the total
17 amount of the unexpended State DSH allotments
18 under section 1923 of the Social Security Act (42
19 U.S.C. 1396r-4) and made available for grants
20 under this section.

21 (2) AMOUNTS MADE AVAILABLE FOR GRANTS.—
22 The amounts to be made available under this section
23 for each fiscal year beginning with fiscal year 2007
24 are equal to the redistribution pool amounts deter-
25 mined for each fiscal year under section

1 1923(f)(7)(A)(i) of the Social Security Act (42
2 U.S.C. 1396r-4(f)(7)(A)(i)) (as amended by section
3 2(3) of the Strengthening the Safety Net Act of
4 2006).

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