

EXTENSION OF INDIAN HEALTH CARE DEMONSTRATION
PROGRAM

AUGUST 1, 1996.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. YOUNG of Alaska, from the Committee on Resources,
submitted the following

REPORT

[To accompany H.R. 3378]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 3378) to amend the Indian Health Care Improvement Act to extend the demonstration program for direct billing of Medicare, Medicaid, and other third party payors, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 3378 is to amend the Indian Health Care Improvement Act to extend the demonstration program for direct billing of Medicare, Medicaid, and other third party payers.

BACKGROUND AND NEED FOR LEGISLATION

In 1988, the Indian Health Care Improvement Act authorized a demonstration program to allow up to four tribally-operated Indian Health Service (IHS) hospitals or clinics to test methods for direct billing for and receipt of payment for health services provided to Medicare and Medicaid eligible patients. The program was established to determine whether collections could be increased through direct involvement of the tribal health care providers versus the current practice which required billings and collections be routed through the IHS.

The law requires IHS to report to Congress on the demonstration program at the end of the 1996 fiscal year (September 30, 1996). This report is to evaluate whether the objectives have been ful-

filled, and whether direct billing should be allowed for other tribal providers who operate an entire IHS facility.

Bristol Bay Area Health Corporation (BBAHC) is one of the four facilities which was selected to participate in the demonstration program. The BBAHC has expressed success and satisfaction with the program. It reports dramatically increased collections for Medicaid and Medicare services, thereby providing additional revenues for Indian health programs at these facilities. In addition, there has been a significant reduction in the turn-around time between billing and receipt of payment. Finally, BBAHC reports increased efficiency by being able to track their own billings and collections and being able to respond quickly to resolve problems and answer questions.

All participants want to extend the demonstration program authority for two more years to give Congress time to review the IHS report on the program and to determine the future course of the program. Without this extension, the four participants would have to close down their direct billing/collection departments and return to the old system of IHS-managed collection departments. This would mean the dismantling of highly specialized administrative staff and would have an immediate negative impact on revenue collection.

COMMITTEE ACTION

H.R. 3378 was introduced by Congressman Don Young (R-AK) on May 1, 1996, and referred primarily to the Committee on Resources and additionally to the Committee on Commerce. Congressman G.V. "Sonny" Montgomery (D-MS) was added as a cosponsor on May 21, 1996. On June 19, 1996, the full Committee on Resources met to mark up H.R. 3378. The bill was ordered reported with no amendments by voice vote.

SECTION-BY-SECTION ANALYSIS

SECTION 1. EXTENSION OF CERTAIN DEMONSTRATION PROGRAM

Section 1 amends the Indian Health Care Improvement Act to extend the direct billing demonstration program for two years, through Fiscal Year 1998.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to the requirements of clause 2(1)(3) of rule XI of the Rules of the House of Representatives, and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment of H.R. 3378 will have no significant inflationary impact on prices and costs in the operation of the national economy.

COST OF THE LEGISLATION

Clause 7(a) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out H.R. 3378. However, clause 7(d) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974.

COMPLIANCE WITH HOUSE RULE XI

1. With respect to the requirement of clause 2(1)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, H.R. 3378 does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures.

2. With respect to the requirement of clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Reform and Oversight on the subject of H.R. 3378.

3. With respect to the requirement of clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 3378 from the Director of the Congressional Budget Office.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 24, 1996.

Hon. DON YOUNG,
*Chairman, Committee on Resources,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: At your request, the Congressional Budget Office (CBO) has reviewed H.R. 3378, which would amend the Indian Health Care Improvement Act by extending a demonstration program for direct billing of Medicare, Medicaid, and other third party payers. The bill was ordered reported by the Committee on Resources on June 19, 1996. Because this bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply. The bill contains no private-sector or intergovernmental mandates as defined in Public Law 104-4.

The demonstration program was created in 1988 to allow participants to bill directly, and receive reimbursements from, third-party payers for services rendered. The program is limited to four hospitals or clinics operated under the Indian Self-Determination Act by tribes, tribal organizations, or Alaska Native health organizations. H.R. 3378 would extend the demonstration program by two years, through September 30, 1998. Tribally-operated facilities that do not participate in the program can operate as Federally-Quali-

fied Health Centers (FQHCs) or can choose to file claims through the Indian Health Service (IHS).

Participating facilities report that the program has had a favorable impact on their budgets by increasing the efficiency and decreasing the turn-around time of the billing and payment processes. They are also entitled to the Medicare and Medicaid reimbursement rates that the IHS has negotiated with HCFA. By allowing participants to bill directly for services rendered, rather than working through the IHS for reimbursement, the demonstration program may reduce IHS administrative costs slightly.

If you wish further details on this estimate, we will be pleased to provide them. The staff contacts are Anne Hunt (federal estimate); Julia Matson (private sector mandate analysis); and John Patterson (intergovernmental mandate analysis).

Sincerely,

JAMES L. BLUM,
(For June O'Neill, Director).

COMPLIANCE WITH PUBLIC LAW 104-4

H.R. 3378 contains no unfunded mandates.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**SECTION 405 OF THE INDIAN HEALTH CARE
IMPROVEMENT ACT**

DEMONSTRATION PROGRAM FOR DIRECT BILLING OF MEDICARE,
MEDICAID, AND OTHER THIRD PARTY PAYORS

SEC. 405. (a) * * *

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(c)(1) * * *

(2) From among the qualified applicants, the Secretary shall, prior to October 1, 1989, select no more than 4 facilities to participate in the demonstration program described in subsection (a). The demonstration program described in subsection (a) shall begin by no later than October 1, 1991, and end on September 30, **[1996]** 1998.

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A P P E N D I X

HOUSE OF REPRESENTATIVES,
COMMITTEE ON COMMERCE,
Washington, DC, August 1, 1996.

Hon. DON YOUNG,
Chairman, Committee on Resources, Longworth House Office Building, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: On June 19, 1996, the Committee on Resources ordered reported H.R. 3378, a bill to amend the Indian Health Care Improvement Act to extend the demonstration program for direct billing of Medicare, Medicaid, and other third party payors. It is my understanding that you would like the Committee on Commerce to be discharged from consideration of this measure.

I have a number of concerns about proceeding in this manner. As you know, this Committee has invested countless hours in Medicaid reform legislation. The status of our reform efforts makes separate consideration of H.R. 3378 somewhat awkward. Despite my position on this matter, I do understand your interest in having H.R. 3378 move forward expeditiously, since authorization for these demonstration projects ends September 30, 1996. Therefore, the Committee on Commerce will agree to be discharged from consideration of this legislation.

By agreeing to be discharged from consideration, this Committee does not waive its jurisdictional interest in the matter. I reserve the right to seek equal conferees during any House-Senate conference that may be convened on this legislation.

I want to thank you and your staff for your assistance in providing the Commerce Committee with a timely opportunity to review its interests in H.R. 3378. I would appreciate your including this letter as a part of the Resource Committee's report on H.R. 3378, and as part of the record during consideration of this bill by the House.

Sincerely,

THOMAS J. BLILEY, Jr., *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, August 1, 1996.

Hon. THOMAS J. BLILEY, Jr.,
Chairman, Committee on Commerce, Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: I appreciate your willingness to have the Committee on Commerce discharged from further consideration of

H.R. 3378, a bill to amend the Indian Health Care Improvement Act to extend a demonstration program for direct billing of Medicare, Medicaid and other third party payors.

I understand your concerns relating to the larger issue of Medicaid reform but believe it is the right to do to allow this very limited demonstration program, which has improved efficiency and saved money for those involved, to be extended beyond its expiration at the end of next month.

Thank you again for your cooperation and that of your staff in this very busy time for us all. I look forward to bringing this bill to the Floor in early September with your help.

Sincerely,

DON YOUNG, *Chairman.*

