

106TH CONGRESS  
1ST SESSION

# S. 1678

To amend title XVIII of the Social Security Act to modify the provisions of the Balanced Budget Act of 1997.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 1, 1999

Mr. DASCHLE (for himself, Mr. MOYNIHAN, Mr. ROCKEFELLER, Mr. KENNEDY, Mr. KERRY, Mr. BAUCUS, Mr. BINGAMAN, Ms. MIKULSKI, Mr. DURBIN, Mr. REID, Mr. KERREY, Mr. TORRICELLI, Mr. CLELAND, Mrs. BOXER, Mr. JOHNSON, Mr. REED, Mrs. MURRAY, Mr. SCHUMER, Mr. BREAUX, Mr. DODD, Mr. LEVIN, Mr. SARBANES, Mr. LEAHY, Mr. WELLSTONE, Mr. BRYAN, Mr. DORGAN, Mr. LAUTENBERG, Mr. BYRD, Mr. HARKIN, Mrs. FEINSTEIN, Mrs. LINCOLN, Mr. ROBB, Mr. INOUE, Mr. HOLLINGS and Mr. EDWARDS) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XVIII of the Social Security Act to modify the provisions of the Balanced Budget Act of 1997.

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; AMENDMENTS TO SOCIAL SECU-**  
4 **RITY ACT; TABLE OF CONTENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the  
6 “Medicare Beneficiary Access to Care Act of 1999”.

1 (b) AMENDMENTS TO SOCIAL SECURITY ACT.—Ex-  
 2 cept as otherwise specifically provided, whenever in this  
 3 Act an amendment is expressed in terms of an amendment  
 4 to or repeal of a section or other provision, the reference  
 5 shall be considered to be made to that section or other  
 6 provision of the Social Security Act.

7 (c) TABLE OF CONTENTS.—The table of contents of  
 8 this Act is as follows:

Sec. 1. Short title; amendments to Social Security Act; table of contents.

#### TITLE I—HOSPITALS

Sec. 101. Multiyear transition to prospective payment system for hospital out-patient department services.

Sec. 102. Limitation in reduction of payments to disproportionate share hospitals.

Sec. 103. Changes to DSH allotments and transition rule.

Sec. 104. Revision of criteria for designation as a critical access hospital.

Sec. 105. Sole community hospitals and Medicare dependent hospitals.

#### TITLE II—GRADUATE MEDICAL EDUCATION

Sec. 201. Revision of multiyear reduction of indirect graduate medical education payments.

Sec. 202. Acceleration of GME phase-in.

Sec. 203. Exclusion of nursing and allied health education costs in calculating Medicare+Choice payment rate.

Sec. 204. Adjustments to limitations on number of interns and residents.

#### TITLE III—HOSPICE CARE

Sec. 301. Increase in payments for hospice care.

#### TITLE IV—SKILLED NURSING FACILITIES

Sec. 401. Modification of case mix categories for certain conditions.

Sec. 402. Exclusion of clinical social worker services and services performed under a contract with a rural health clinic or Federally qualified health center from the PPS for SNFs.

Sec. 403. Exclusion of certain services from the PPS for SNFs.

Sec. 404. Exclusion of swing beds in critical access hospitals from the PPS for SNFs.

#### TITLE V—OUTPATIENT REHABILITATION SERVICES

Sec. 501. Modification of financial limitation on rehabilitation services.

#### TITLE VI—PHYSICIANS' SERVICES

- Sec. 601. Technical amendment to update adjustment factor and physician sustainable growth rate.
- Sec. 602. Publication of estimate of conversion factor and MedPAC review.

#### TITLE VII—HOME HEALTH

- Sec. 701. Delay in the 15 percent reduction in payments under the PPS for home health services.
- Sec. 702. Increase in per visit limit.
- Sec. 703. Treatment of Outliers.
- Sec. 704. Elimination of 15-minute billing requirement.
- Sec. 705. Recoupment of overpayments.
- Sec. 706. Refinement of home health agency consolidated billing.

#### TITLE VIII—MEDICARE+CHOICE

- Sec. 801. Delay in ACR deadline under the Medicare+Choice program.
- Sec. 802. Change in time period for exclusion of Medicare+Choice organizations that have had a contract terminated.
- Sec. 803. Enrollment of medicare beneficiaries in alternative Medicare+Choice plans and medigap coverage in case of involuntary termination of Medicare+Choice enrollment.
- Sec. 804. Applying medigap and Medicare+Choice protections to disabled and ESRD medicare beneficiaries.
- Sec. 805. Extended Medicare+Choice disenrollment window for certain involuntarily terminated enrollees.
- Sec. 806. Nonpreemption of State prescription drug coverage mandates in case of approved State medigap waivers.
- Sec. 807. Modification of payment rules for certain frail elderly Medicare beneficiaries.
- Sec. 808. Extension of Medicare community nursing organization demonstration projects.

#### TITLE IX—CLINICS

- Sec. 901. New prospective payment system for Federally-qualified health centers and rural health clinics under the Medicaid Program.

## 1                   **TITLE I—HOSPITALS**

### 2   **SEC. 101. MULTIYEAR TRANSITION TO PROSPECTIVE PAY-** 3                   **MENT SYSTEM FOR HOSPITAL OUTPATIENT** 4                   **DEPARTMENT SERVICES.**

5           (a) IN GENERAL.—Section 1833(t) (42 U.S.C.  
 6 1395(t)) is amended by adding at the end the following:

7                   “(10) MULTIYEAR TRANSITION.—

8                           “(A) IN GENERAL.—In the case of covered  
 9           OPD services furnished by a hospital during a

1 transition year, the Secretary shall increase the  
2 payments for such services under the prospec-  
3 tive payment system established under this sub-  
4 section by the amount (if any) that the Sec-  
5 retary determines is necessary to ensure that  
6 the payment to cost ratio of the hospital for the  
7 transition year equals the applicable percentage  
8 of the payment to cost ratio of the hospital for  
9 1996.

10 “(B) PAYMENT TO COST RATIO.—

11 “(i) IN GENERAL.—The payment to  
12 cost ratio of a hospital for any year is the  
13 ratio which—

14 “(I) the hospital’s reimbursement  
15 under this part for covered OPD serv-  
16 ices furnished during the year, includ-  
17 ing through cost-sharing described in  
18 subparagraph (D)(ii), bears to

19 “(II) the cost of such services.

20 “(ii) CALCULATION OF 1996 PAYMENT  
21 TO COST RATIO.—The Secretary shall de-  
22 termine each hospital’s payment to cost  
23 ratio for 1996 as if the amendments to  
24 this title by the provisions of section 4521

1 of the Balanced Budget Act of 1997 were  
2 in effect in 1996.

3 “(iii) TRANSITION YEARS.—The Sec-  
4 retary shall estimate each payment to cost  
5 ratio of a hospital for any transition year  
6 before the beginning of such year.

7 “(C) INTERIM PAYMENTS.—

8 “(i) IN GENERAL.—The Secretary  
9 shall make interim payments to a hospital  
10 during any transition year for which the  
11 Secretary estimates a payment is required  
12 under subparagraph (A).

13 “(ii) ADJUSTMENTS.—If the Secretary  
14 makes payments under clause (i) for any  
15 transition year, the Secretary shall make  
16 retrospective adjustments to each hospital  
17 based on its settled cost report so that the  
18 amount of any additional payment to a  
19 hospital for such year equals the amount  
20 described in subparagraph (A).

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

22 “(i) APPLICABLE PERCENTAGE.—The  
23 term ‘applicable percentage’ means, with  
24 respect to covered OPD services furnished  
25 during—

1           “(I) the first full year (and any  
2           portion of the immediately preceding  
3           year) for which the prospective pay-  
4           ment system under this subsection is  
5           in effect, 95 percent;

6           “(II) the second full calendar  
7           year for which such system is in ef-  
8           fect, 90 percent; and

9           “(III) the third full calendar year  
10          for which such system is in effect, 85  
11          percent.

12          “(ii) COST-SHARING.—The term ‘cost-  
13          sharing’ includes—

14               “(I) copayment amounts de-  
15               scribed in paragraph (5);

16               “(II) coinsurance described in  
17               section 1866(a)(2)(A)(ii); and

18               “(III) the deductible described  
19               under section 1833(b).

20          “(iii) TRANSITION YEAR.—The term  
21          ‘transition year’ means any year (or por-  
22          tion thereof) described in clause (i).

23          “(E) EFFECT ON COPAYMENTS.—Nothing  
24          in this paragraph shall be construed as affect-

1           ing the unadjusted copayment amount de-  
2           scribed in paragraph (3)(B).

3           “(F) APPLICATION WITHOUT REGARD TO  
4           BUDGET NEUTRALITY.—The transitional pay-  
5           ments made under this paragraph—

6                   “(i) shall not be considered an adjust-  
7                   ment under paragraph (2)(E); and

8                   “(ii) shall not be implemented in a  
9                   budget neutral manner.”.

10          (b) SPECIAL RULE FOR RURAL AND CANCER HOS-  
11          PITALS.—Section 1833(t) (42 U.S.C. 1395(t)), as amend-  
12          ed by subsection (a), is amended by adding at the end  
13          the following:

14                   “(11) SPECIAL RULE FOR RURAL AND CANCER  
15          HOSPITALS.—

16                   “(A) IN GENERAL.—For each year (or por-  
17                   tion thereof), beginning in 2000, in the case of  
18                   covered OPD services furnished by a medicare-  
19                   dependent, small rural hospital (as defined in  
20                   section 1886(d)(5)(G)(iv)), a sole community  
21                   hospital (as defined in section  
22                   1886(d)(5)(D)(iii)), or in a hospital described  
23                   in section 1886(d)(1)(B)(v), the Secretary shall  
24                   increase the payments for such services under  
25                   the prospective payment system established

1 under this subsection by the amount (if any)  
2 that the Secretary determines is necessary to  
3 ensure that the payment to cost ratio of the  
4 hospital (as determined pursuant to paragraph  
5 (10)(B)) for the year equals the payment to  
6 cost ratio of the hospital for 1996 (as cal-  
7 culated under clause (ii) of such paragraph).

8 “(B) INTERIM PAYMENTS.—

9 “(i) IN GENERAL.—The Secretary  
10 shall make interim payments to a hospital  
11 during any year for which the Secretary  
12 estimates a payment is required under sub-  
13 paragraph (A).

14 “(ii) ADJUSTMENTS.—If the Secretary  
15 makes payments under clause (i) for any  
16 year, the Secretary shall make retrospec-  
17 tive adjustments to each hospital based on  
18 its settled cost report so that the amount  
19 of any additional payment to a hospital for  
20 such year equals the amount described in  
21 subparagraph (A).

22 “(C) EFFECT ON COPAYMENTS.—Nothing  
23 in this paragraph shall be construed as affect-  
24 ing the unadjusted copayment amount de-  
25 scribed in paragraph (3)(B).



1           “(D) APPLICATION WITHOUT REGARD TO  
2           BUDGET NEUTRALITY.—The payments made  
3           under this paragraph—

4                   “(i) shall not be considered an adjust-  
5                   ment under paragraph (2)(E); and

6                   “(ii) shall not be implemented in a  
7                   budget neutral manner.”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9           this section shall take effect as if included in the amend-  
10          ments made by section 4523 of the Balanced Budget Act  
11          of 1997 (Public Law 105–33; 111 Stat. 445).

12          **SEC. 102. LIMITATION IN REDUCTION OF PAYMENTS TO**  
13                                   **DISPROPORTIONATE SHARE HOSPITALS.**

14          (a) IN GENERAL.—Section 1886(d)(5)(F)(ix) (42  
15          U.S.C. 1395ww(d)(5)(F)(ix)) is amended—

16                   (1) in subclause (II)—

17                                   (A) by striking “fiscal year 1999,” and in-  
18                                   serting “each of fiscal years 1999, 2000, 2001,  
19                                   and 2002,”; and

20                                   (B) by inserting “and” after the semicolon;

21                   (2) by striking subclauses (III), (IV), and (V);

22          and

23                   (3) by redesignating subclause (VI) as sub-  
24          clause (III).

1 (b) EFFECTIVE DATE.—The amendments made by  
 2 subsection (a) shall take effect as if included in the  
 3 amendments made by section 4403 of the Balanced Budg-  
 4 et Act of 1997 (Public Law 105–33; 111 Stat. 398).

5 **SEC. 103. CHANGES TO DSH ALLOTMENTS AND TRANSITION**  
 6 **RULE.**

7 (a) CHANGE IN DISPROPORTIONATE SHARE HOS-  
 8 PITAL ALLOTMENTS.—Section 1923(f)(2) (42 U.S.C.  
 9 1396r–4(f)(2)) is amended, in the table contained in such  
 10 section and in the DSH Allotments for fiscal years 2000,  
 11 2001, and 2002—

12 (1) for Minnesota, by striking “16” and insert-  
 13 ing “33”;

14 (2) for New Mexico, by striking “5” and insert-  
 15 ing “9”; and

16 (3) for Wyoming, by striking “0” and inserting  
 17 “0.1”.

18 (b) MAKING MEDICAID DSH TRANSITION RULE  
 19 PERMANENT.—Section 4721(e) of the Balanced Budget  
 20 Act of 1997 is amended—

21 (1) in the matter before paragraph (1), by  
 22 striking “1923(g)(2)(A)” and “1396r–4(g)(2)(A)”  
 23 and inserting “1923(g)(2)” and “1396r–4(g)(2)”,  
 24 respectively;

25 (2) in paragraphs (1) and (2)—

1 (A) by striking “, and before July 1,  
2 1999”; and

3 (B) by striking “in such section” and in-  
4 serting “in subparagraph (A) of such section”;  
5 and

6 (3) by striking “and” at the end of paragraph  
7 (1), by striking the period at the end of paragraph  
8 (2) and inserting “; and”, and by adding at the end  
9 the following:

10 “(3) effective for State fiscal years that begin  
11 on or after July 1, 1999, ‘or (b)(1)(B)’ were in-  
12 serted in 1923(g)(2)(B)(ii)(I) after ‘(b)(1)(A)’.”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall take effect as if included in the enact-  
15 ment of the Balanced Budget Act of 1997 (Public Law  
16 105–33; 111 Stat. 251).

17 **SEC. 104. REVISION OF CRITERIA FOR DESIGNATION AS A**  
18 **CRITICAL ACCESS HOSPITAL.**

19 (a) CRITERIA FOR DESIGNATION.—Section  
20 1820(c)(2)(B)(iii) (42 U.S.C. 1395i–4(c)(2)(B)(iii)) is  
21 amended by striking “to exceed 96 hours” and all that  
22 follows before the semicolon and inserting “to exceed, on  
23 average, 96 hours per patient”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall take effect 60 days after the date of  
3 enactment of this Act.

4 **SEC. 105. SOLE COMMUNITY HOSPITALS AND MEDICARE**  
5 **DEPENDENT HOSPITALS.**

6 (a) IN GENERAL.—Section 1886(b)(3)(B)(iv) (42  
7 U.S.C. 1395ww(b)(3)(B)(iv)) is amended—

8 (1) in subclause (III), by striking “and” at the  
9 end;

10 (2) in subclause (IV)—

11 (A) by striking “fiscal year 1996 and each  
12 subsequent fiscal year” and inserting “fiscal  
13 years 1996 through 1999”; and

14 (B) by striking the period at the end and  
15 inserting “, and”; and

16 (3) by adding at the end the following:

17 “(V) for fiscal year 2000 and each subsequent  
18 fiscal year, the market basket percentage increase.”.

19 (b) EFFECTIVE DATE.—The amendments made by  
20 subsection (a) shall take effect on the date of enactment  
21 of this Act.

1     **TITLE II—GRADUATE MEDICAL**  
2                     **EDUCATION**

3     **SEC. 201. REVISION OF MULTIYEAR REDUCTION OF INDI-**  
4                     **RECT GRADUATE MEDICAL EDUCATION PAY-**  
5                     **MENTS.**

6             (a) IN GENERAL.—Section 1886(d)(5)(B)(ii) (42  
7 U.S.C. 1395ww(d)(5)(B)(ii)) is amended by striking sub-  
8 clauses (III), (IV), and (V) and inserting the following:

9                             “(III) during each of fiscal years  
10                             1999 through 2007, ‘c’ is equal to  
11                             1.6; and

12                             “(IV) on or after October 1,  
13                             2007, ‘c’ is equal to 1.35.”.

14             (b) EFFECTIVE DATE.—The amendments made by  
15 subsection (a) shall take effect as if included in section  
16 4621 of the Balanced Budget Act of 1997 (Public Law  
17 105–33; 111 Stat. 475).

18     **SEC. 202. ACCELERATION OF GME PHASE-IN.**

19             (a) ACCELERATION OF PAYMENT TO HOSPITALS OF  
20 INDIRECT AND DIRECT MEDICAL EDUCATION COSTS FOR  
21 MEDICARE+CHOICE ENROLLEES.—

22                     (1) IN GENERAL.—Section 1886(h)(3)(D)(ii)  
23                     (42 U.S.C. 1395ww(h)(3)(D)(ii)) is amended by  
24                     striking subclauses (IV) and (V) and inserting the  
25                     following:

1                   “(IV) 100 percent in 2001 and  
2                   subsequent years.”.

3                   (2) ACCELERATION OF CARVE-OUT.—Section  
4                   1853(c)(3)(B)(ii) (42 U.S.C. 1395w-23(c)(3)(B)(ii))  
5                   is amended—

6                   (A) in subclause (III), by inserting “and”  
7                   at the end;

8                   (B) by striking subclause (IV); and

9                   (C) by redesignating subclause (V) as sub-  
10                  clause (IV).

11                  (b) EFFECTIVE DATE.—The amendments made by  
12                  subsection (a) shall take effect as if included in the enact-  
13                  ment of the Balanced Budget Act of 1997 (Public Law  
14                  105-33; 111 Stat. 251).

15                  **SEC. 203. EXCLUSION OF NURSING AND ALLIED HEALTH**  
16                                 **EDUCATION COSTS IN CALCULATING**  
17                                 **MEDICARE+CHOICE PAYMENT RATE.**

18                  (a) EXCLUDING COSTS IN CALCULATING PAYMENT  
19                  RATE.—

20                  (1) IN GENERAL.—Section 1853(c)(3)(C)(i) (42  
21                  U.S.C. 1395w-23(c)(3)(C)(i)) is amended—

22                  (A) in subclause (I), by striking “and” at  
23                  the end;

24                  (B) in subclause (II), by striking the pe-  
25                  riod at the end and inserting “, and”; and

1 (C) by adding at the end the following:

2 “(III) for costs attributable to  
3 approved nursing and allied health  
4 education programs under section  
5 1861(v).”.

6 (2) EFFECTIVE DATE.—The amendments made  
7 by paragraph (1) shall apply in determining the an-  
8 nual per capita rate of payment for years beginning  
9 with 2001.

10 (b) PAYMENT TO HOSPITALS OF NURSING AND AL-  
11 LIED HEALTH EDUCATION PROGRAM COSTS FOR  
12 MEDICARE+CHOICE ENROLLEES.—Section 1861(v)(1)  
13 (42 U.S.C. 1395x(v)(1)) is amended by adding at the end  
14 the following:

15 “(V)(i) In determining the amount of payment to a  
16 hospital for portions of cost reporting periods occurring  
17 on or after January 1, 2001, with respect to the reason-  
18 able costs for approved nursing and allied health education  
19 programs, individuals who are enrolled with a  
20 Medicare+Choice organization under part C shall be  
21 treated as if they were not so enrolled.

22 “(ii) The Secretary shall establish rules for applying  
23 clause (i) to a hospital reimbursed under a reimbursement  
24 system authorized under section 1814(b)(3) in the same

1 manner as it would apply to the hospital if it were not  
2 reimbursed under such section.”.

3 **SEC. 204. ADJUSTMENTS TO LIMITATIONS ON NUMBER OF**  
4 **INTERNS AND RESIDENTS.**

5 (a) INDIRECT GRADUATE MEDICAL EDUCATION AD-  
6 JUSTMENT.—Section 1886(d)(5)(B)(v) (42 U.S.C.  
7 1395ww(d)(5)(B)(v)) is amended—

8 (1) by striking “(v) In determining” and insert-  
9 ing “(v)(I) Subject to subclause (II), in deter-  
10 mining”;

11 (2) by striking “in the hospital with respect to  
12 the hospital’s most recent cost reporting period end-  
13 ing on or before December 31, 1996” and inserting  
14 “who were appointed by the hospital’s approved  
15 medical residency training programs for the hos-  
16 pital’s most recent cost reporting period ending on  
17 or before December 31, 1996”; and

18 (3) by adding at the end the following:

19 “(II) Beginning on or after January 1, 1997, in the  
20 case of a hospital that sponsors only 1 allopathic or osteo-  
21 pathic residency program, the limit determined for such  
22 hospital under subclause (I) may, at the hospital’s discre-  
23 tion, be increased by 1 for each calendar year but shall  
24 not exceed a total of 3 more than the limit determined  
25 for the hospital under subclause (I).”.



1 (b) DIRECT GRADUATE MEDICAL EDUCATION AD-  
2 JUSTMENT.—

3 (1) LIMITATION ON NUMBER OF RESIDENTS.—

4 Section 1886(h)(4)(F) (42 U.S.C. 1395ww(h)(4)(F))  
5 is amended by inserting “who were appointed by the  
6 hospital’s approved medical residency training pro-  
7 grams” after “may not exceed the number of such  
8 full-time equivalent residents”.

9 (2) FUNDING FOR PROGRAMS.—Section  
10 1886(h)(4)(H)(i) (42 U.S.C. 1395ww(h)(4)(H)(i)) is  
11 amended in the second sentence, by inserting “, in-  
12 cluding facilities that are not located in an under-  
13 served rural area but have established separately ac-  
14 credited rural training tracks” before the period.

15 (c) GME PAYMENTS FOR CERTAIN INTERNS AND  
16 RESIDENTS.—

17 (1) INDIRECT AND DIRECT MEDICAL EDU-  
18 CATION.—Each limitation regarding the number of  
19 residents or interns for which payment may be made  
20 under section 1886 of the Social Security Act (42  
21 U.S.C. 1395ww) is increased by the number of ap-  
22 plicable residents (as defined in paragraph (2)).

23 (2) APPLICABLE RESIDENT DEFINED.—In this  
24 subsection, the term “applicable resident” means a  
25 resident or intern that—

1 (A) participated in graduate medical edu-  
 2 cation at a facility of the Department of Vet-  
 3 erans Affairs;

4 (B) was subsequently transferred on or  
 5 after January 1, 1997, and before July 31,  
 6 1998, to a hospital and the hospital was not a  
 7 Department of Veterans Affairs facility; and

8 (C) was transferred because the approved  
 9 medical residency program in which the resi-  
 10 dent or intern participated would lose accredita-  
 11 tion by the Accreditation Council on Graduate  
 12 Medical Education if such program continued  
 13 to train residents at the Department of Vet-  
 14 erans Affairs facility.

15 (d) EFFECTIVE DATE.—This section shall take effect  
 16 as if included in the enactment of the Balanced Budget  
 17 Act of 1997 (Public Law 105–33; 111 Stat. 251).

## 18 **TITLE III—HOSPICE CARE**

### 19 **SEC. 301. INCREASE IN PAYMENTS FOR HOSPICE CARE.**

20 (a) IN GENERAL.—Section 1814(i)(1)(C)(ii)(VI) (42  
 21 U.S.C. 1395f(i)(1)(C)(ii)(VI)) is amended by striking  
 22 “through 2002” and inserting “and 1999”.

23 (b) EFFECTIVE DATE.—The amendments made by  
 24 this section shall take effect as if included in the amend-

1 ments made by section 4441 of the Balanced Budget Act  
 2 of 1997 (Public Law 105–33; 111 Stat. 422).

3 **TITLE IV—SKILLED NURSING**  
 4 **FACILITIES**

5 **SEC. 401. MODIFICATION OF CASE MIX CATEGORIES FOR**  
 6 **CERTAIN CONDITIONS.**

7 (a) IN GENERAL.—For purposes of applying any for-  
 8 mula under paragraph (1) of section 1888(e) of the Social  
 9 Security Act (42 U.S.C. 1395yy(e)), for services provided  
 10 on or after April 1, 2000, and before the earlier of October  
 11 1, 2001, or the date described in subsection (d), the Sec-  
 12 retary of Health and Human Services shall increase the  
 13 adjusted Federal per diem rate otherwise determined  
 14 under paragraph (4) of such section for services provided  
 15 to any individual during the period in which such indi-  
 16 vidual is in a RUG III category by the applicable payment  
 17 add-on as determined in accordance with the following  
 18 table:

<b>RUG III category</b>	<b>Applicable payment add-on</b>
RUB .....	\$23.06
RVC .....	\$76.25
RVB .....	\$30.36
RHC .....	\$54.07
RHB .....	\$27.28
RMC .....	\$69.98
RMB .....	\$30.09
SE3 .....	\$98.41
SE2 .....	\$89.05
SSC .....	\$46.80
SSB .....	\$55.56
SSA .....	\$59.94.

1 (b) UPDATE.—The Secretary shall update the appli-  
2 cable payment add-on under subsection (a) for fiscal year  
3 2001 by the skilled nursing facility market basket percent-  
4 age change (as defined under section 1888(e)(5)(B) of the  
5 Social Security Act (42 U.S.C. 1395yy(e)(5)(B))) applica-  
6 ble to such fiscal year.

7 (c) RULE OF CONSTRUCTION.—Nothing in this sec-  
8 tion shall be construed as permitting the Secretary of  
9 Health and Human Services to include any applicable pay-  
10 ment add-on determined under subsection (a) in updating  
11 the Federal per diem rate under section 1888(e)(4) of the  
12 Social Security Act (42 U.S.C. 1395yy(e)(4)).

13 (d) DATE DESCRIBED.—The date described in this  
14 subsection is the date that the Secretary of Health and  
15 Human Services—

16 (1) refines the case mix classification system  
17 under section 1888(e)(4)(G)(i) of the Social Security  
18 Act (42 U.S.C. 1395yy(e)(4)(G)(i)) to better ac-  
19 count for medically complex patients; and

20 (2) implements such refined system.

1 **SEC. 402. EXCLUSION OF CLINICAL SOCIAL WORKER SERV-**  
2 **ICES AND SERVICES PERFORMED UNDER A**  
3 **CONTRACT WITH A RURAL HEALTH CLINIC**  
4 **OR FEDERALLY QUALIFIED HEALTH CENTER**  
5 **FROM THE PPS FOR SNFs.**

6 (a) IN GENERAL.—Section 1888(e)(2)(A)(ii) (42  
7 U.S.C. 1395yy(e)(2)(A)(ii)) is amended—

8 (1) in the first sentence, by inserting “clinical  
9 social worker services,” after “qualified psychologist  
10 services,”; and

11 (2) by inserting after the first sentence the fol-  
12 lowing: “Services described in this clause also in-  
13 clude services that are provided by a physician, a  
14 physician assistant, a nurse practitioner, a qualified  
15 psychologist, or a clinical social worker who is em-  
16 ployed, or otherwise under contract, with a rural  
17 health clinic or a Federally qualified health center.”.

18 (b) CONFORMING AMENDMENT.—Section  
19 1861(hh)(2) (42 U.S.C. 1395x(hh)(2)) is amended by  
20 striking “and other than services furnished to an inpatient  
21 of a skilled nursing facility which the facility is required  
22 to provide as a requirement for participation”.

23 (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to services provided on or after  
25 the date which is 60 days after the date of enactment of  
26 this Act.

1 **SEC. 403. EXCLUSION OF CERTAIN SERVICES FROM THE**  
2 **PPS FOR SNFs.**

3 (a) IN GENERAL.—Section 1888(e)(2)(A)(ii) (42  
4 U.S.C. 1395yy(e)(2)(A)(ii)), as amended by section 402,  
5 is amended—

6 (1) in the first sentence, by inserting “ambu-  
7 lance services, services identified by HCPCS code in  
8 Program Memorandum Transmittal No. A-98-37  
9 issued in November 1998 (but without regard to the  
10 setting in which such services are furnished),” after  
11 “subparagraphs (F) and (O) of section 1861(s)(2),”;  
12 and

13 (2) by inserting after the second sentence the  
14 following: “In addition to the services described in  
15 the previous sentences, services described in this  
16 clause include chemotherapy items (identified as of  
17 July 1, 1999, by HCPCS codes J9000–J9020,  
18 J9040–J9151, J9170–J9185, J9200–J9201,  
19 J9206–J9208, J9211, J9230–J9245, and J9265–  
20 J9600), chemotherapy administration services (iden-  
21 tified as of July 1, 1999, by HCPCS codes 36260–  
22 36262, 36489, 36530–36535, 36640, 36823, and  
23 96405–96542), radioisotope services (identified as of  
24 July 1, 1999, by HCPCS codes 79030–79440), and  
25 customized prosthetic devices (identified as of July  
26 1, 1999, by HCPCS codes L5050–L5340, L5500–

1 L5610, L5613–L5986, L5988, L6050–L6370,  
 2 L6400–L6880, L6920–L7274, and L7362–  
 3 L7366).”.

4 (b) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply to services furnished on or after  
 6 the date which is 60 days after the date of enactment of  
 7 this Act.

8 **SEC. 404. EXCLUSION OF SWING BEDS IN CRITICAL ACCESS**  
 9 **HOSPITALS FROM THE PPS FOR SNFs.**

10 (a) IN GENERAL.—Section 1888(e)(7) of the Social  
 11 Security Act (42 U.S.C. 1395yy(e)(7)) is amended—

12 (1) in the heading, by striking “TRANSITION”  
 13 and inserting “SPECIAL RULES”;

14 (2) in subparagraph (A), by striking “IN GEN-  
 15 ERAL.—The” and inserting “TRANSITION.—Except  
 16 as provided in subparagraph (C), the”; and

17 (3) by adding at the end the following:

18 “(C) EXEMPTION OF SWING BEDS IN  
 19 CRITICAL ACCESS HOSPITALS FROM  
 20 PPS.—The prospective payment system  
 21 under this subsection shall not apply (and  
 22 section 1834(g) shall apply) to services  
 23 provided by a critical access hospital under  
 24 an agreement described in subparagraph  
 25 (B).”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to services provided on or after  
3 October 1, 1999.

4 **TITLE V—OUTPATIENT**  
5 **REHABILITATION SERVICES**

6 **SEC. 501. MODIFICATION OF FINANCIAL LIMITATION ON**  
7 **REHABILITATION SERVICES.**

8 (a) 3-YEAR REPEAL.—Section 1833(g) (42 U.S.C.  
9 1395l(g)) is amended by adding at the end the following:  
10 “(4) Subject to paragraph (6), the provisions of para-  
11 graphs (1) through (3) shall not apply to outpatient phys-  
12 ical therapy services, outpatient occupational therapy serv-  
13 ices, and outpatient speech-language pathology services  
14 covered under this title and furnished on or after January  
15 1, 2000.

16 “(5)(A) Notwithstanding the preceding provisions of  
17 this subsection and subject to subparagraph (B), with re-  
18 spect to services described in paragraph (4) that are fur-  
19 nished on or after January 1, 2003, the Secretary shall  
20 implement, by not later than January 1, 2003, a payment  
21 system for such services that takes into account the needs  
22 of beneficiaries under this title for differing amounts of  
23 therapy based on factors such as diagnosis, functional sta-  
24 tus, and prior use of services.



1       “(B) The payment system established under subpara-  
 2 graph (A) shall be designed so that the system shall not  
 3 result in any increase or decrease in the expenditures  
 4 under this title on a fiscal year basis, determined as if  
 5 paragraph (4) had not been enacted.

6       “(6) If the Secretary for any reason does not imple-  
 7 ment the payment system described in paragraph (5) on  
 8 or before January 1, 2003, paragraph (4) shall not apply  
 9 with respect to services described in such paragraph that  
 10 are furnished on or after such date and before the date  
 11 on which the Secretary implements such payment sys-  
 12 tem.”.

13       (b) EFFECTIVE DATE.—The amendment made by  
 14 this section shall take effect as if included in the enact-  
 15 ment of the Balanced Budget Act of 1997 (Public Law  
 16 105–33; 111 Stat. 251).

## 17                   **TITLE VI—PHYSICIANS’** 18                   **SERVICES**

### 19   **SEC. 601. TECHNICAL AMENDMENT TO UPDATE ADJUST-** 20                   **MENT FACTOR AND PHYSICIAN SUSTAINABLE** 21                   **GROWTH RATE.**

22       (a) UPDATE ADJUSTMENT FACTOR.—

23               (1) CHANGE TO CALENDAR YEAR BASIS.—Sec-  
 24       tion 1848(d) (42 U.S.C. 1395w–4(d)) is amended—

1 (A) in paragraph (1), by striking subpara-  
2 graph (E) and inserting the following:

3 “(E) PUBLICATION.—The Secretary shall  
4 publish in the Federal Register—

5 “(i) not later than November 1 of  
6 each year (beginning with 1999), the con-  
7 version factor that will apply to physicians’  
8 services for the succeeding year and the  
9 update determined under paragraph (3)  
10 for such year; and

11 “(ii) not later than November 1 of  
12 1999—

13 “(I) the special update for the  
14 year 2000 under paragraph (3)(E)(i);  
15 and

16 “(II) the estimated special ad-  
17 justments for years 2001 through  
18 2006 under paragraph (3)(E)(ii).”;  
19 and

20 (B) in paragraph (3)(C)—

21 (i) in the matter preceding clause (i),  
22 by striking “the 12-month period ending  
23 with March 31 of”;

24 (ii) in clause (i)—

1 (I) by striking “1997” and in-  
2 serting “1996,”; and

3 (II) by striking “such 12-month  
4 period” and inserting “1996”; and

5 (iii) in clause (ii)—

6 (I) by inserting a comma after  
7 “subsequent year”; and

8 (II) by striking “fiscal year which  
9 begins during such 12-month period”  
10 and inserting “year involved”.

11 (2) FORMULA FOR DETERMINING THE UPDATE  
12 ADJUSTMENT FACTOR.—Section 1848(d)(3) (42  
13 U.S.C. 1395w-4(d)(3)) is amended—

14 (A) in subparagraph (A)—

15 (i) in clause (ii), by striking “(divided  
16 by 100),” and inserting a period; and

17 (ii) by striking the matter following  
18 clause (ii);

19 (B) in subparagraph (B)—

20 (i) in the matter preceding clause (i),  
21 by inserting “the sum of” after “Sec-  
22 retary) to”; and

23 (ii) by striking clauses (i) and (ii) and  
24 inserting the following:

25 “(i) the figure arrived at by—

1           “(I) determining the difference  
2           between the allowed expenditures for  
3           physicians’ services for the prior year  
4           (as determined under subparagraph  
5           (C)) and the actual expenditures for  
6           such services for that year;

7           “(II) dividing that difference by  
8           the actual expenditures for such serv-  
9           ices in that year; and

10          “(III) multiplying that quotient  
11          by 0.75; and

12          “(ii) the figure arrived at by—

13               “(I) determining the difference  
14               between the allowed expenditures for  
15               physicians’ services (as determined  
16               under subparagraph (C)) from 1996  
17               through the prior year and the actual  
18               expenditures for such services during  
19               that period, corrected with the best  
20               available data;

21               “(II) dividing that difference by  
22               actual expenditures for such services  
23               for the prior year as increased by the  
24               sustainable growth rate under sub-  
25               section (f) for the year whose update

1 adjustment factor is to be determined;

2 and

3 “(III) multiplying that quotient

4 by 0.33.”; and

5 (C) by amending subparagraph (D) to read

6 as follows:

7 “(D) RESTRICTION ON UPDATE ADJUST-

8 MENT FACTOR.—The update adjustment factor

9 determined under subparagraph (B) for a year

10 may not be less than negative 0.07 or greater

11 than 0.03.”.

12 (3) SPECIAL PROVISIONS.—Section 1848(d)(3)

13 (42 U.S.C. 1395w-4(d)(3)) is amended—

14 (A) in subparagraph (A), in the matter

15 preceding clause (i), by striking “subparagraph

16 (D)” and inserting “subparagraphs (D) and

17 (E)”;

18 (B) by adding at the end the following:

19 “(E) SPECIAL UPDATE AND ADJUST-

20 MENTS.—

21 “(i) YEAR 2000.—For the year 2000,

22 the update under this paragraph shall be

23 the percentage that the Secretary esti-

24 mates will, without regard to any otherwise

25 applicable restriction, result in expendi-

1           tures equal to the expenditures that would  
2           have occurred in that year in the absence  
3           of the amendments made by section 601 of  
4           the Medicare Beneficiary Access to Care  
5           Act of 1999.

6           “(ii) YEARS 2001–2006.—For each of  
7           the years 2001 through 2006, the Sec-  
8           retary shall make that adjustment to the  
9           update for that year which the Secretary  
10          estimates will, without regard to any other-  
11          wise applicable restriction, result in ex-  
12          penditures equal to the expenditures that  
13          would have occurred for that year in the  
14          absence of the amendments made by sec-  
15          tion 601 of the Medicare Beneficiary Ac-  
16          cess to Care Act of 1999.”.

17          (b) SUSTAINABLE GROWTH RATE.—Section 1848(f)  
18          (42 U.S.C. 1395w–4(f)) is amended—

19                 (1) by striking paragraph (1) and inserting the  
20                 following:

21                 “(1) PUBLICATION.—Not later than November  
22                 1 of each year (beginning with 1999), the Secretary  
23                 shall publish in the Federal Register the sustainable  
24                 growth rate as determined under this subsection for

1 the succeeding year, the current year, and each of  
2 the preceding 2 years.”; and

3 (2) in paragraph (2)—

4 (A) by striking “fiscal” each place it ap-  
5 pears; and

6 (B) in the matter preceding subparagraph  
7 (A), by striking “year 1998” and inserting  
8 “1997”.

9 (c) DATA TO BE USED IN DETERMINING THE SUS-  
10 TAINABLE GROWTH RATE.—Section 1848(f) (42 U.S.C.  
11 1395w-4(f)) is amended—

12 (1) by redesignating paragraph (3) as para-  
13 graph (4); and

14 (2) by inserting after paragraph (2) the fol-  
15 lowing:

16 “(3) METHODOLOGY.—For purposes of deter-  
17 mining the update adjustment factor under sub-  
18 section (d)(3)(B) and the allowed expenditures  
19 under subsection (d)(3)(C) for a year, the sustain-  
20 able growth rate for each year taken into consider-  
21 ation in the determination under paragraph (2) shall  
22 be determined as follows:

23 “(A) For purposes of such calculations for  
24 the year 2000, the sustainable growth rate shall  
25 be determined on the basis of the best data

1 available to the Secretary as of September 1,  
2 1999.

3 “(B) For purposes of such calculations for  
4 each year after the year 2000—

5 “(i) the sustainable growth rate for  
6 such year and each of the 2 preceding  
7 years shall be determined on the basis of  
8 the best data available to the Secretary as  
9 of September 1 of such year; and

10 “(ii) the sustainable growth rate for  
11 each year preceding the years specified in  
12 clause (i) shall be the rate used for such  
13 year in such calculation for the imme-  
14 diately preceding year.”.

15 (d) EFFECTIVE DATE.—

16 (1) IN GENERAL.—Subject to paragraph (2),  
17 the amendments made by this section shall take ef-  
18 fect as if included in the enactment of the Balanced  
19 Budget Act of 1997 (Public Law 105–33; 111 Stat.  
20 251).

21 (2) NO EFFECT ON UPDATES FOR 1998 AND  
22 1999.—The amendments made by this section shall  
23 have no effect on the updates established by the Sec-  
24 retary for 1998 and 1999, and such established up-  
25 dates may not be changed.



1 **SEC. 602. PUBLICATION OF ESTIMATE OF CONVERSION**  
2 **FACTOR AND MEDPAC REVIEW.**

3 (a) PUBLICATION.—Not later than April 15 of each  
4 year (beginning in 2000), the Secretary of Health and  
5 Human Services (in this section referred to as the “Sec-  
6 retary”) shall publish in the Federal Register—

7 (1) an estimate of the single conversion factor  
8 to be used in the next calendar year for reimburse-  
9 ment of physicians services under section 1848 of  
10 the Social Security Act (42 U.S.C. 1395w-4); and

11 (2) the data on which such estimate is based.

12 (b) MEDPAC REVIEW AND REPORT.—

13 (1) REVIEW.—The Medicare Payment Advisory  
14 Commission (in this section referred to as  
15 “MedPAC”) shall annually review the estimates and  
16 data published by the Secretary pursuant to sub-  
17 section (a).

18 (2) REPORT.—Not later than June 30 of each  
19 year (beginning in 2000), MedPAC shall submit a  
20 report to the Secretary and to the committees of ju-  
21 risdiction in Congress on the review conducted pur-  
22 suant to paragraph (1), together with any rec-  
23 ommendations as determined appropriate by  
24 MedPAC.

# 1           **TITLE VII—HOME HEALTH**

## 2   **SEC. 701. DELAY IN THE 15 PERCENT REDUCTION IN PAY-** 3                   **MENTS UNDER THE PPS FOR HOME HEALTH** 4                   **SERVICES.**

5           (a) CONTINGENCY REDUCTION.—Section 4603(e) of  
 6 the Balanced Budget Act of 1997 (42 U.S.C. 1395fff  
 7 note), as amended by section 5101(e)(3) of the Tax and  
 8 Trade Relief Extension Act of 1998 (contained in division  
 9 J of Public Law 105–277), is amended by striking “Sep-  
 10 tember 30, 2000” and inserting “September 30, 2002”.

11          (b) PROSPECTIVE PAYMENT SYSTEM.—Section  
 12 1895(b)(3)(A) (42 U.S.C. 1395fff(b)(3)(A)), as amended  
 13 by section 5101 of the Tax and Trade Relief Extension  
 14 Act of 1998 (contained in division J of Public Law 105–  
 15 277), is amended by striking clause (i) and inserting the  
 16 following:

17                   “(i) IN GENERAL.—Under such sys-  
 18                   tem the Secretary shall provide for com-  
 19                   putation of a standard prospective pay-  
 20                   ment amount (or amounts) as follows:

21                           “(I) Such amount (or amounts)  
 22                           shall initially be based on the most  
 23                           current audited cost report data avail-  
 24                           able to the Secretary and shall be  
 25                           computed in a manner so that the

1 total amounts payable under the sys-  
2 tem for fiscal year 2001, shall be  
3 equal to the total amount that would  
4 have been made if the system had not  
5 been in effect;

6 “(II) For fiscal year 2003 such  
7 amount (or amounts), shall be equal  
8 to the amount (or amounts) that  
9 would have been determined under  
10 subclause (I), if the reduction in lim-  
11 its described in clause (ii) had been in  
12 effect for fiscal year 2001, and up-  
13 dated under subparagraph (B) for fis-  
14 cal years 2002 and 2003.

15 Each such amount shall be standardized in  
16 a manner that eliminates the effect of vari-  
17 ations in relative case mix and wage levels  
18 among different home health agencies in a  
19 budget neutral manner consistent with the  
20 case mix and wage level adjustments pro-  
21 vided under paragraph (4)(A). Under the  
22 system, the Secretary may recognize re-  
23 gional differences or differences based  
24 upon whether or not the services or agency  
25 are in an urbanized area.”.

1 **SEC. 702. INCREASE IN PER VISIT LIMIT.**

2 (a) INTERIM PAYMENT SYSTEM.—Section  
3 1861(v)(1)(L)(i) (42 U.S.C. 1395x(v)(1)(L)(i)), as  
4 amended by section 701(b), is amended—

5 (1) in subclause (IV), by striking “or”;

6 (2) in subclause (V)—

7 (A) by inserting “and before October 1,  
8 1999,” after “October 1, 1998,”; and

9 (B) by striking the period and inserting “,  
10 or”; and

11 (3) by adding at the end the following:

12 “(VI) October 1, 1999, 112 percent of such me-  
13 dian.”.

14 (b) ENSURING THE INCREASE IN PER VISIT LIMIT  
15 HAS NO EFFECT ON THE PROSPECTIVE PAYMENT SYS-  
16 TEM.—The second sentence of section 1895(b)(3)(A)(i)  
17 (42 U.S.C. 1395fff(b)(3)(A)(i)), as amended by section  
18 5101(c)(1)(B) of the Tax and Trade Relief Extension Act  
19 of 1998 (contained in division J of Public Law 105–277)  
20 and section 701(b), is amended—

21 (1) in subclause (I), by inserting “but if the  
22 reference in section 1861(v)(1)(L)(i)(VI) to 112 per-  
23 cent were a reference to 106 percent” after “if the  
24 system had not been in effect”; and

25 (2) in subclause (II), by inserting “and if the  
26 reference in section 1861(v)(1)(L)(i)(VI) to 112 per-

1 cent were a reference to 106 percent” after “clause  
2 (ii) had been in effect for fiscal year 2001”.

3 **SEC. 703. TREATMENT OF OUTLIERS.**

4 (a) WAIVER OF PER BENEFICIARY LIMITS FOR  
5 OUTLIERS.—Section 1861(v)(1)(L) (42 U.S.C.  
6 1395x(v)(1)(L)), as amended by section 5101 of the Tax  
7 and Trade Relief Extension Act of 1998 (contained in di-  
8 vision J of Public Law 105–277), is amended—

9 (1) by redesignating clause (ix) as clause (x);  
10 and

11 (2) by inserting after clause (viii) the following:  
12 “(ix)(I) Notwithstanding the applicable per bene-  
13 ficiary limit under clause (v), (vi), or (viii), but subject  
14 to the applicable per visit limit under clause (i), in the  
15 case of a provider that demonstrates to the Secretary that  
16 with respect to an individual to whom the provider fur-  
17 nished home health services appropriate to the individual’s  
18 condition (as determined by the Secretary) at a reasonable  
19 cost (as determined by the Secretary), and that such rea-  
20 sonable cost significantly exceeded such applicable per  
21 beneficiary limit because of unusual variations in the type  
22 or amount of medically necessary care required to treat  
23 the individual, the Secretary, upon application by the pro-  
24 vider, shall pay to such provider for such individual such  
25 reasonable cost.

1       “(II) The total amount of the additional payments  
 2 made to home health agencies pursuant to subclause (I)  
 3 in any fiscal year shall not exceed an amount equal to 2  
 4 percent of the amounts that would have been paid under  
 5 this subparagraph in such year if this clause had not been  
 6 enacted.”.

7       (b) **EFFECTIVE DATE.**—The amendments made by  
 8 subsection (a) shall take effect on the date of enactment  
 9 of this Act, and shall apply to each application for pay-  
 10 ment of reasonable costs for outliers submitted by any  
 11 home health agency for cost reporting periods ending on  
 12 or after October 1, 1999.

13 **SEC. 704. ELIMINATION OF 15-MINUTE BILLING REQUIRE-**  
 14 **MENT.**

15       (a) **IN GENERAL.**—Section 1895(c) (42 U.S.C.  
 16 1395fff(c)) is amended to read as follows:

17       “(c) **REQUIREMENTS FOR PAYMENT INFORMA-**  
 18 **TION.**—With respect to home health services furnished on  
 19 or after October 1, 1998, no claim for such a service may  
 20 be paid under this title unless the claim has the unique  
 21 identifier (provided under section 1842(r)) for the physi-  
 22 cian who prescribed the services or made the certification  
 23 described in section 1814(a)(2) or 1835(a)(2)(A).”

24       (b) **EFFECTIVE DATE.**—The amendment made by  
 25 subsection (a) shall apply to claims submitted on or after

1 the date which is 60 days after the date of enactment of  
2 this section.

3 **SEC. 705. RECOUPMENT OF OVERPAYMENTS.**

4 (a) 36-MONTH REPAYMENT PERIOD.—In the case of  
5 an overpayment by the Secretary of Health and Human  
6 Services to a home health agency for home health services  
7 furnished during a cost reporting period beginning on or  
8 after October 1, 1997, as a result of payment limitations  
9 provided for under clause (v), (vi), or (viii) of section  
10 1861(v)(1)(L) of the Social Security Act (42 U.S.C.  
11 1395x(v)(1)(L)), the home health agency may elect to  
12 repay the amount of such overpayment ratably over a 36-  
13 month period beginning on the date of notification of such  
14 overpayment.

15 (b) NO INTEREST ON OVERPAYMENT AMOUNTS.—In  
16 the case of an agency that makes an election under sub-  
17 section (a), no interest shall accrue on the outstanding  
18 balance of the amount of overpayment during such 36-  
19 month period.

20 (c) TERMINATION.—No election under subsection (a)  
21 may be made for cost reporting periods, or portions of cost  
22 reporting periods, beginning on or after the date of the  
23 implementation of the prospective payment system for  
24 home health services under section 1895 of the Social Se-  
25 curity Act (42 U.S.C. 1395fff).

1 (d) EFFECTIVE DATE.—The provisions of subsection  
 2 (a) shall apply to debts that are outstanding as of the date  
 3 of enactment of this Act.

4 **SEC. 706. REFINEMENT OF HOME HEALTH AGENCY CON-**  
 5 **SOLIDATED BILLING.**

6 (a) IN GENERAL.—Section 1842(b)(6)(F) (42 U.S.C.  
 7 1395u(b)(6)(F)) is amended by inserting “(including med-  
 8 ical supplies described in section 1861(m)(5), but exclud-  
 9 ing durable medical equipment described in such section)”  
 10 after “home health services”.

11 (b) CONFORMING AMENDMENT.—Section  
 12 1862(a)(21) (42 U.S.C. 1395y(a)(21)) is amended by in-  
 13 serting “(including medical supplies described in section  
 14 1861(m)(5), but excluding durable medical equipment de-  
 15 scribed in such section)” after “home health services”.

16 (c) EFFECTIVE DATE.—The amendments made by  
 17 this section shall take effect as if included in the amend-  
 18 ments made by section 4603 of the Balanced Budget Act  
 19 of 1997 (Public Law 105–33; 111 Stat. 467).

20 **TITLE VIII—MEDICARE+CHOICE**

21 **SEC. 801. DELAY IN ACR DEADLINE UNDER THE**  
 22 **MEDICARE+CHOICE PROGRAM.**

23 (a) DELAY IN DEADLINE FOR SUBMISSION OF AD-  
 24 JUSTED COMMUNITY RATES AND RELATED INFORMA-



1 TION.—Section 1854(a)(1) (42 U.S.C. 1395w-24(a)(1)) is  
2 amended by striking “May 1” and inserting “July 1”.

3 (b) ADJUSTMENT IN INFORMATION DISCLOSURE  
4 PROVISIONS.—Section 1851(d)(2)(A)(ii) (42 U.S.C.  
5 1395w-21(d)(2)(A)(ii)) is amended in the first sentence  
6 by inserting “, to the extent such information is available  
7 at the time of preparation of the material for mailing”  
8 before the period.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall take effect on the date of enactment of  
11 this Act.

12 **SEC. 802. CHANGE IN TIME PERIOD FOR EXCLUSION OF**  
13 **MEDICARE+CHOICE ORGANIZATIONS THAT**  
14 **HAVE HAD A CONTRACT TERMINATED.**

15 (a) IN GENERAL.—Section 1857(c)(4) (42 U.S.C.  
16 1395w-27(c)(4)) is amended by striking “5-year period”  
17 and inserting “3-year period”.

18 (b) EFFECTIVE DATE.—The amendment made by  
19 subsection (a) shall apply to contract years beginning on  
20 or after January 1, 1999.

1 **SEC. 803. ENROLLMENT OF MEDICARE BENEFICIARIES IN**  
2 **ALTERNATIVE MEDICARE+CHOICE PLANS**  
3 **AND MEDIGAP COVERAGE IN CASE OF INVOL-**  
4 **UNTARY TERMINATION OF**  
5 **MEDICARE+CHOICE ENROLLMENT.**

6 (a) PERMITTING ENROLLMENT IN ALTERNATIVE  
7 PLANS UPON RECEIPT OF NOTICE OF  
8 MEDICARE+CHOICE PLAN TERMINATION.—

9 (1) MEDICARE+CHOICE PLANS.—Section  
10 1851(e)(4) (42 U.S.C. 1395w-21(e)(4)) is amended  
11 by striking subparagraph (A) and inserting the fol-  
12 lowing:

13 “(A)(i) the certification of the organization  
14 or plan under this part has been terminated, or  
15 the organization or plan has notified the indi-  
16 vidual of an impending termination of such cer-  
17 tification; or

18 “(ii) the organization has terminated or  
19 otherwise discontinued providing the plan in the  
20 area in which the individual resides, or has no-  
21 tified the individual of an impending termi-  
22 nation or discontinuation of such plan;”.

23 (2) MEDIGAP PLANS.—

24 (A) IN GENERAL.—Section 1882(s)(3)(A)  
25 (42 U.S.C. 1395ss(s)(3)(A)) is amended in the  
26 matter following clause (iii)—

1 (i) by inserting “(92 days in the case  
 2 of a termination or discontinuation of cov-  
 3 erage under the types of circumstances de-  
 4 scribed in section 1851(e)(4)(A))” after  
 5 “63 days”;

6 (ii) by inserting “(or, if elected by the  
 7 individual, the date of notification of the  
 8 individual by the plan or organization of  
 9 the impending termination or discontinu-  
 10 ance of the plan in the area in which the  
 11 individual resides)” after “the date of the  
 12 termination of enrollment described in  
 13 such subparagraph”; and

14 (iii) by inserting “(or date of such no-  
 15 tification)” after “the date of termination  
 16 or disenrollment”.

17 (B) EFFECTIVE DATE.—The amendments  
 18 made by this paragraph shall apply to notices  
 19 of intended termination made by group health  
 20 plans and Medicare+Choice organizations after  
 21 the date of enactment of this Act.

22 (b) GUARANTEED ACCESS FOR CERTAIN MEDICARE  
 23 BENEFICIARIES TO MEDIGAP POLICIES IN CASE OF IN-  
 24 VOLUNTARY TERMINATION OF COVERAGE UNDER A  
 25 MEDICARE+CHOICE PLAN.—

1           (1) IN GENERAL.—Section 1882(s)(3)(C)(iii)  
2           (42 U.S.C. 1395ss(s)(3)(C)(iii)) is amended by in-  
3           serting “or an individual described in clause (ii) or  
4           (iii) of subparagraph (B) in the case of cir-  
5           cumstances described in section 1851(e)(4)(A)”  
6           after “subparagraph (B)(vi)”.

7           (2) EFFECTIVE DATE.—

8           (A) IN GENERAL.—Subject to subpara-  
9           graph (B), the amendment made by paragraph  
10          (1) shall apply to terminations of coverage ef-  
11          fected on or after the date of enactment of this  
12          Act.

13          (B) TRANSITIONAL MEDIGAP OPEN EN-  
14          ROLLMENT PERIOD FOR CERTAIN INDIVIDUALS  
15          AFFECTED BY PLAN WITHDRAWALS.—In the  
16          case of an individual described in clause (ii) or  
17          (iii) of subparagraph (B) of section 1882(s)(3)  
18          of the Social Security Act in the case of cir-  
19          cumstances described in section 1851(e)(4)(A)  
20          of such Act (relating to discontinuation of a  
21          plan or organization entirely or in an area), if  
22          the termination or discontinuation of coverage  
23          occurred after December 31, 1998, and before  
24          the date of enactment of this Act, the provi-  
25          sions of subparagraph (A) of section 1882(s)(3)

1 such Act (in the matter up to and including  
 2 clause (iii) thereof) shall apply to such an indi-  
 3 vidual who seeks enrollment under a medicare  
 4 supplemental policy during the 92-day period  
 5 beginning with the first month that begins more  
 6 than 30 days after the date of enactment of  
 7 this Act in the same manner as such provisions  
 8 apply to an individual described in the matter  
 9 following such clause (iii).

10 **SEC. 804. APPLYING MEDIGAP AND MEDICARE+CHOICE**  
 11 **PROTECTIONS TO DISABLED AND ESRD**  
 12 **MEDICARE BENEFICIARIES.**

13 (a) ASSURING AVAILABILITY OF MEDIGAP COV-  
 14 ERAGE.—

15 (1) IN GENERAL.—Section 1882(s) (42 U.S.C.  
 16 1395ss(s)) is amended—

17 (A) in paragraph (2)(A), by striking “is 65  
 18 years of age or older and is” and inserting “is  
 19 first”;

20 (B) in paragraph (2)(D), by striking “who  
 21 is 65 years of age or older as of the date of  
 22 issuance and”;

23 (C) in paragraph (3)(B)(vi), by striking  
 24 “at age 65”.

1           (2) EFFECTIVE DATE.—The amendments made  
2           by paragraph (1) shall apply to terminations of cov-  
3           erage effected on or after the date of enactment of  
4           this Act, regardless of when the individuals become  
5           eligible for benefits under part A or B of title XVIII  
6           of the Social Security Act.

7           (b) PERMITTING ESRD BENEFICIARIES TO ELECT  
8 ANOTHER MEDICARE+CHOICE PLAN IN CASE OF PLAN  
9 DISCONTINUANCE.—

10           (1) IN GENERAL.—Section 1851(a)(3)(B) (42  
11           U.S.C. 1395w-21(a)(3)(B)) is amended by striking  
12           “except that” and all that follows and inserting the  
13           following: “except that—

14                   “(i) an individual who develops end-  
15                   stage renal disease while enrolled in a  
16                   Medicare+Choice plan may continue to be  
17                   enrolled in that plan; and

18                   “(ii) in the case of such an individual  
19                   who is enrolled in a Medicare+Choice plan  
20                   under clause (i) (or subsequently under  
21                   this clause), if the enrollment is discon-  
22                   tinued under section 1851(e)(4)(A) the in-  
23                   dividual will be treated as a  
24                   ‘Medicare+Choice eligible individual’ for

1 purposes of electing to continue enrollment  
 2 in another Medicare+Choice plan.”.

3 (2) EFFECTIVE DATE.—

4 (A) The amendment made by paragraph  
 5 (1) shall apply to terminations and  
 6 discontinuations occurring on or after the date  
 7 of enactment of this Act.

8 (B) Clause (ii) of section 1851(a)(3)(B) of  
 9 the Social Security Act (as inserted by such  
 10 amendment) also shall apply to individuals  
 11 whose enrollment in a Medicare+Choice plan  
 12 was terminated or discontinued after December  
 13 31, 1998, and before the date of enactment of  
 14 this Act. In applying this subparagraph, such  
 15 an individual shall be treated, for purposes of  
 16 part C of title XVIII of the Social Security Act,  
 17 as having discontinued enrollment in such a  
 18 plan as of the date of enactment of this Act.

19 **SEC. 805. EXTENDED MEDICARE+CHOICE DISENROLLMENT**  
 20 **WINDOW FOR CERTAIN INVOLUNTARILY TER-**  
 21 **MINATED ENROLLEES.**

22 (a) PREVIOUS MEDIGAP ENROLLEES.—Section  
 23 1882(s)(3)(B)(v)(III) (42 U.S.C. 1395ss(s)(3)(B)(v)(III))  
 24 is amended—

25 (1) by inserting “(aa)” after “(III)”;

1 (2) by striking the period and inserting “, or”;

2 and

3 (3) by adding at the end the following:

4 “(bb) during the 12-month period de-  
5 scribed in item (aa), is disenrolled under the  
6 circumstances described in section  
7 1851(e)(4)(A) from the organization described  
8 in subclause (II); enrolls, without an inter-  
9 vening enrollment, with another such organiza-  
10 tion; and subsequently disenrolls during such  
11 period (during which the enrollee is permitted  
12 to disenroll under section 1851(e)).”.

13 (b) INITIAL MEDIGAP ENROLLEES.—Section  
14 1882(s)(3)(B)(vi) (42 U.S.C. 1395ss(s)(3)(B)(vi)), as  
15 amended by section 804(a)(1)(C), is amended—

16 (1) by striking “benefits under part A, enrolls”  
17 and inserting “benefits under part A—

18 “(I) enrolls”;

19 (2) by striking the period and inserting “, or”;

20 and

21 (3) by adding at the end the following:

22 “(II)(aa) enrolls in a Medicare+Choice plan  
23 under part C, which enrollment is terminated or dis-  
24 continued under the circumstances described in sec-  
25 tion 1851(e)(4)(A), and



1           “(bb) subsequently enrolls, without an inter-  
 2           vening enrollment, in another Medicare+Choice  
 3           plan, and disenrolls from such plan by not later than  
 4           12 months after the effective date of the enrollment  
 5           in the Medicare+Choice plan described in item  
 6           (aa).”.

7           (c) EFFECTIVE DATE.—The amendments made by  
 8           this section shall apply to terminations and  
 9           discontinuations occurring on or after the date of enact-  
 10          ment of this Act.

11 **SEC. 806. NONPREEMPTION OF STATE PRESCRIPTION**  
 12                           **DRUG COVERAGE MANDATES IN CASE OF AP-**  
 13                           **PROVED STATE MEDIGAP WAIVERS.**

14           (a) IN GENERAL.—Section 1856(b)(3) (42 U.S.C.  
 15           1395w-26(b)(3)) is amended—

16                   (1) in subparagraph (A), by striking “The  
 17                   standards” and inserting “Subject to subparagraph  
 18                   (C), the standards”; and

19                   (2) by adding at the end the following:

20                           “(C) CONTINUATION OF STATE PRESCRIP-  
 21                           TION DRUG LAWS.—Subparagraph (A) shall not  
 22                           supersede any State law that requires the com-  
 23                           prehensive coverage of prescription drugs or  
 24                           any regulation that carries out such a law, if—

1           “(i) the State has a waiver in effect  
2           under section 1882(p)(6)(A) with respect  
3           to requiring such coverage under Medicare  
4           supplemental policies; or

5           “(ii) the Secretary provides for a  
6           waiver for the State to impose such a re-  
7           quirement under section 1882(p)(6)(B).”.

8           (b) **MEDIGAP WAIVER.**—Section 1882(p)(6) (42  
9 U.S.C. 1395ss(p)(6)) is amended—

10           (1) by inserting “(A)” after “(6)”; and

11           (2) by adding at the end the following:

12           “(B) The Secretary also may waive the application  
13 of the standards described in paragraph (1)(A)(i) so that  
14 a State may include comprehensive prescription drug cov-  
15 erage among the benefits required for all Medicare supple-  
16 mental policies.”.

17           (c) **EFFECTIVE DATE.**—The amendments made by  
18 this section shall take effect on the date of enactment of  
19 this Act.

20 **SEC. 807. MODIFICATION OF PAYMENT RULES FOR CER-**  
21 **TAIN FRAIL ELDERLY MEDICARE BENE-**  
22 **FICIARIES.**

23           (a) **MODIFICATION OF PAYMENT RULES.**—Section  
24 1853 (42 U.S.C. 1395w-23) is amended—

25           (1) in subsection (a)—

1 (A) in paragraph (1)(A), by striking “sub-  
2 sections (e) and (f)” and inserting “subsections  
3 (e) through (i)”;

4 (B) in paragraph (3)(D), by inserting “and  
5 paragraph (4)” after “section 1859(e)(4)”; and

6 (C) by adding at the end the following:

7 “(4) EXEMPTION FROM RISK-ADJUSTMENT SYS-  
8 TEM FOR FRAIL ELDERLY BENEFICIARIES EN-  
9 ROLLED IN SPECIALIZED PROGRAMS FOR THE FRAIL  
10 ELDERLY.—

11 “(A) IN GENERAL.—During the period de-  
12 scribed in subparagraph (B), the risk-adjust-  
13 ment described in paragraph (3) shall not apply  
14 to a frail elderly Medicare+Choice beneficiary  
15 (as defined in subsection (i)(3)) who is enrolled  
16 in a Medicare+Choice plan under a specialized  
17 program for the frail elderly (as defined in sub-  
18 section (i)(2)).

19 “(B) PERIOD OF APPLICATION.—The pe-  
20 riod described in this subparagraph begins with  
21 January 2000, and ends with the first month  
22 for which the Secretary certifies to Congress  
23 that a comprehensive risk adjustment method-  
24 ology under paragraph (3)(C) (that takes into

1 account the types of factors described in sub-  
2 section (i)(1)) is being fully implemented.”; and  
3 (2) by adding at the end the following:

4 “(i) SPECIAL RULES FOR FRAIL ELDERLY EN-  
5 ROLLED IN SPECIALIZED PROGRAMS FOR THE FRAIL EL-  
6 DERLY.—

7 “(1) DEVELOPMENT AND IMPLEMENTATION OF  
8 NEW PAYMENT SYSTEM.—The Secretary shall de-  
9 velop and implement (as soon as possible after the  
10 date of enactment of this subsection), during the pe-  
11 riod described in subsection (a)(4)(B), a payment  
12 methodology for frail elderly Medicare+Choice bene-  
13 ficiaries enrolled in a Medicare+Choice plan under  
14 a specialized program for the frail elderly (as defined  
15 in paragraph (2)(A)). Such methodology shall ac-  
16 count for the prevalence, mix, and severity of chron-  
17 ic conditions among such beneficiaries and shall in-  
18 clude medical diagnostic factors from all provider  
19 settings (including hospital and nursing facility set-  
20 tings). It shall include functional indicators of health  
21 status and such other factors as may be necessary  
22 to achieve appropriate payments for plans serving  
23 such beneficiaries.

24 “(2) SPECIALIZED PROGRAM FOR THE FRAIL  
25 ELDERLY DESCRIBED.—

1           “(A) IN GENERAL.—For purposes of this  
2 part, the term ‘specialized program for the frail  
3 elderly’ means a program which the Secretary  
4 determines—

5                   “(i) is offered under this part as a  
6 distinct part of a Medicare+Choice plan;

7                   “(ii) primarily enrolls frail elderly  
8 Medicare+Choice beneficiaries; and

9                   “(iii) has a clinical delivery system  
10 that is specifically designed to serve the  
11 special needs of such beneficiaries and to  
12 coordinate short-term and long-term care  
13 for such beneficiaries through the use of a  
14 team described in subparagraph (B) and  
15 through the provision of primary care serv-  
16 ices to such beneficiaries by means of such  
17 a team at the nursing facility involved.

18           “(B) SPECIALIZED TEAM.—A team de-  
19 scribed in this subparagraph—

20                   “(i) includes—

21                           “(I) a physician; and

22                           “(II) a nurse practitioner or geri-  
23 atric care manager, or both; and

24                   “(ii) has as members individuals who  
25 have special training and specialize in the

1 care and management of the frail elderly  
2 beneficiaries.

3 “(3) FRAIL ELDERLY MEDICARE+CHOICE BEN-  
4 EFICIARY DESCRIBED.—For purposes of this part,  
5 the term ‘frail elderly Medicare+Choice beneficiary’  
6 means a Medicare+Choice eligible individual who—

7 “(A) is residing in a skilled nursing facility  
8 or a nursing facility (as defined for purposes of  
9 title XIX) for an indefinite period and without  
10 any intention of residing outside the facility;  
11 and

12 “(B) has a severity of condition that  
13 makes the individual frail (as determined under  
14 guidelines approved by the Secretary).”.

15 (b) CONTINUOUS OPEN ENROLLMENT FOR CERTAIN  
16 FRAIL ELDERLY MEDICARE BENEFICIARIES.—

17 (1) IN GENERAL.—Section 1851(e) (42 U.S.C.  
18 1395w–21(e)) is amended by adding at the end the  
19 following:

20 “(7) SPECIAL RULES FOR FRAIL ELDERLY  
21 MEDICARE+CHOICE BENEFICIARIES ENROLLING IN  
22 SPECIALIZED PROGRAMS FOR THE FRAIL ELDER-  
23 LY.—There shall be a continuous open enrollment  
24 period for any frail elderly Medicare+Choice bene-  
25 ficiary (as defined in section 1853(i)(3)) who is

1 seeking to enroll in a Medicare+Choice plan under  
2 a specialized program for the frail elderly (as defined  
3 in section 1853(i)(2)).”.

4 (2) CONFORMING AMENDMENTS.—

5 (A) OPEN ENROLLMENT PERIODS.—Sec-  
6 tion 1851(e)(6) (42 U.S.C. 1395w-21(e)(6)) is  
7 amended—

8 (i) in subparagraph (A), by striking  
9 “and” at the end;

10 (ii) by redesignating subparagraph  
11 (B) as subparagraph (C); and

12 (iii) by inserting after subparagraph  
13 (A) the following:

14 “(B) that is offering a specialized program  
15 for the frail elderly (as defined in section  
16 1853(i)(2)), shall accept elections at any time  
17 for purposes of enrolling frail elderly  
18 Medicare+Choice beneficiaries (as defined in  
19 section 1853(i)(3)) in such program; and”.

20 (B) EFFECTIVENESS OF ELECTIONS.—Sec-  
21 tion 1851(f)(4) (42 U.S.C. 1395w-21(f)(4)) is  
22 amended by striking “subsection (e)(4)” and in-  
23 serting “paragraph (4) or (7) of subsection  
24 (e)”.

1 (c) DEVELOPMENT OF QUALITY MEASUREMENT  
2 PROGRAM FOR SPECIALIZED PROGRAMS FOR THE FRAIL  
3 ELDERLY.—Section 1852(e) (42 U.S.C. 1395w–22(e)) is  
4 amended by adding at the end the following:

5 “(5) QUALITY MEASUREMENT PROGRAM FOR  
6 SPECIALIZED PROGRAMS FOR THE FRAIL ELDERLY  
7 AS PART OF MEDICARE+CHOICE PLANS.—The Sec-  
8 retary shall develop and implement a program to  
9 measure the quality of care provided in specialized  
10 programs for the frail elderly (as defined in section  
11 1853(i)(2)) in order to reflect the unique health as-  
12 pects and needs of frail elderly Medicare+Choice  
13 beneficiaries (as defined in section 1853(i)(3)). Such  
14 quality measurements may include indicators of the  
15 prevalence of pressure sores, reduction of iatrogenic  
16 disease, use of urinary catheters, use of antianxiety  
17 medications, use of advance directives, incidence of  
18 pneumonia, and incidence of congestive heart fail-  
19 ure.”.

20 (d) EFFECTIVE DATES.—

21 (1) IN GENERAL.—Except as provided in para-  
22 graph (2), the amendments made by this section  
23 shall take effect on the date of enactment of this  
24 Act.



1           (2) DEVELOPMENT OF QUALITY MEASUREMENT  
2           PROGRAM FOR SPECIALIZED PROGRAMS FOR THE  
3           FRAIL ELDERLY.—The Secretary of Health and  
4           Human Services shall first provide for the imple-  
5           mentation of the quality measurement program for  
6           specialized programs for the frail elderly under the  
7           amendment made by subsection (c) by not later than  
8           July 1, 2000.

9   **SEC. 808. EXTENSION OF MEDICARE COMMUNITY NURSING**  
10                           **ORGANIZATION DEMONSTRATION PROJECTS.**

11           Notwithstanding any other provision of law and in  
12           addition to the extension provided under section 4019 of  
13           the Balanced Budget Act of 1997 (Public Law 105–33;  
14           111 Stat. 347), demonstration projects conducted under  
15           section 4079 of the Omnibus Budget Reconciliation Act  
16           of 1987 (Public Law 100–203; 101 Stat. 1330–121) shall  
17           be conducted for an additional period of 3 years, and the  
18           deadline for any report required relating to the results of  
19           such projects shall be not later than 6 months before the  
20           end of such additional period.

**TITLE IX—CLINICS**

1  
2 **SEC. 901. NEW PROSPECTIVE PAYMENT SYSTEM FOR FED-**  
3 **ERALLY-QUALIFIED HEALTH CENTERS AND**  
4 **RURAL HEALTH CLINICS UNDER THE MED-**  
5 **ICAID PROGRAM.**

6 (a) IN GENERAL.—Section 1902(a)(13) (42 U.S.C.  
7 1396a(a)(13)) is amended—

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

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

12 (3) by striking subparagraph (C).

13 (b) NEW PROSPECTIVE PAYMENT SYSTEM.—Section  
14 1902 (42 U.S.C. 1396a) is amended by adding at the end  
15 the following:

16 “(aa) PAYMENT FOR SERVICES PROVIDED BY FED-  
17 ERALLY-QUALIFIED HEALTH CENTERS AND RURAL  
18 HEALTH CLINICS.—

19 “(1) IN GENERAL.—Beginning with fiscal year  
20 2000 and each succeeding fiscal year, the State plan  
21 shall provide for payment for services described in  
22 section 1905(a)(2)(C) furnished by a Federally-  
23 qualified health center and services described in sec-  
24 tion 1905(a)(2)(B) furnished by a rural health clinic  
25 in accordance with the provisions of this subsection.

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

16          “(3) FISCAL YEAR 2001 AND SUCCEEDING  
17          YEARS.—For fiscal year 2001 and each succeeding  
18          fiscal year, the State plan shall provide for payment  
19          for such services in an amount (calculated on a per  
20          visit basis) that is equal to the amount calculated for  
21          such services under this subsection for the preceding  
22          fiscal year—

23                  “(A) increased by the percentage increase  
24                  in the MEI (medicare economic index) (as de-  
25                  fined in section 1842(i)(3)) applicable to pri-

1           mary care services (as defined in section  
2           1842(i)(4)) for that fiscal year; and

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

6           “(4) ESTABLISHMENT OF INITIAL YEAR PAY-  
7           MENT AMOUNT FOR NEW CENTERS OR CLINICS.—In  
8           any case in which an entity first qualifies as a Fed-  
9           erally-qualified health center or rural health clinic  
10          after October 1, 2000, the State plan shall provide  
11          for payment for services described in section  
12          1905(a)(2)(C) furnished by the center or services  
13          described in section 1905(a)(2)(B) furnished by the  
14          clinic in the first fiscal year in which the center or  
15          clinic qualifies in an amount (calculated on a per  
16          visit basis) that is equal to 100 percent of the costs  
17          of furnishing such services during such fiscal year in  
18          accordance with the regulations and methodology re-  
19          ferred to in paragraph (2). For each fiscal year fol-  
20          lowing the fiscal year in which the entity first quali-  
21          fies as a Federally-qualified health center or rural  
22          health clinic, the State plan shall provide for the  
23          payment amount to be calculated in accordance with  
24          paragraph (3) of this subsection.

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

13          “(6) ALTERNATIVE PAYMENT SYSTEM.—Not-  
14          withstanding any other provision of this section, the  
15          State plan may provide for payment in any fiscal  
16          year to a Federally-qualified health center for serv-  
17          ices described in section 1905(a)(2)(C) or to a rural  
18          health clinic for services described in section  
19          1905(a)(2)(B) in an amount that is in excess of the  
20          amount otherwise required to be paid to the center  
21          or clinic under this subsection.”.

22          (c) CONFORMING AMENDMENTS.—

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

1           (2) Section 1915(b) (42 U.S.C. 1396n(b)) is  
2           amended by striking “1902(a)(13)(E)” and insert-  
3           ing “1902(aa)”.

4           (d) EFFECTIVE DATE.—The amendments made by  
5 this section shall take effect on October 1, 1999.

○