

105TH CONGRESS
1ST SESSION

H. R. 1457

To amend title XVIII of the Social Security Act to improve efforts to combat fraud and abuse under the Medicare program for suppliers of durable medical equipment, home health agencies, and other providers through disclosure of information on ownership interests and requirement for a surety bond.

IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 1997

Mrs. THURMAN (for herself, Mr. STARK, Mr. SHAW, and Mr. DAVIS of Florida) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title XVIII of the Social Security Act to improve efforts to combat fraud and abuse under the Medicare program for suppliers of durable medical equipment, home health agencies, and other providers through disclosure of information on ownership interests and requirement for a surety bond.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Medicare Anti-Fraud
3 Amendments of 1997”.

4 **SEC. 2. ANTI-FRAUD PROVISIONS.**

5 (a) DISCLOSURE OF INFORMATION AND SURETY
6 BOND REQUIREMENT FOR SUPPLIERS OF DURABLE MED-
7 ICAL EQUIPMENT.—Section 1834(a) of the Social Security
8 Act (42 U.S.C. 1395m(a)) is amended by inserting after
9 paragraph (15) the following new paragraph:

10 “(16) The Secretary shall not provide for the issu-
11 ance (or renewal) of a provider number for a supplier of
12 durable medical equipment, for purposes of payment
13 under this part for durable medical equipment furnished
14 by the supplier, unless the supplier provides the Secretary
15 on a continuing basis with—

16 “(A)(i) full and complete information as to the
17 identity of each person with an ownership or control
18 interest (as defined in section 1124(a)(3)) in the
19 supplier or in any subcontractor (as defined by the
20 Secretary in regulations) in which the supplier di-
21 rectly or indirectly has a 5 percent or more owner-
22 ship interest, and

23 “(ii) to the extent determined to be feasible
24 under regulations of the Secretary, the name of any
25 disclosing entity (as defined in section 1124(a)(2))
26 with respect to which a person with such an owner-

1 ship or control interest in the supplier is a person
 2 with such an ownership or control interest in the
 3 disclosing entity; and

4 “(B) a surety bond in a form specified by the
 5 Secretary and in an amount that is not less than
 6 \$50,000.”.

7 (b) SURETY BOND REQUIREMENT FOR HOME
 8 HEALTH AGENCIES.—

9 (1) IN GENERAL.—Section 1861(o)(7) of such
 10 Act (42 U.S.C. 1395x(o)(7)) is amended by insert-
 11 ing “and including providing the Secretary on a con-
 12 tinuing basis with a surety bond in a form specified
 13 by the Secretary and in an amount that is not less
 14 than \$50,000” after “financial security of the pro-
 15 gram”.

16 (2) CONFORMING AMENDMENTS.—Section
 17 1861(v)(1)(H) of such Act (42 U.S.C.
 18 1395x(v)(1)(H)) is amended by striking “the finan-
 19 cial security requirement” and inserting “the finan-
 20 cial security and surety bond requirements” each
 21 place it appears in clauses (i) and (ii).

22 (3) REFERENCE TO CURRENT DISCLOSURE RE-
 23 QUIREMENT.—For provision of current law requiring
 24 home health agencies to disclose information on

1 ownership and control interests, see section 1124 of
2 the Social Security Act.

3 (c) AUTHORIZING APPLICATION OF DISCLOSURE AND
4 SURETY BOND REQUIREMENTS TO AMBULANCE SERV-
5 ICES AND CERTAIN CLINICS.—Section 1834(a)(16) of the
6 Social Security Act (42 U.S.C. 1395m(a)(16)), as added
7 by subsection (a), is amended by adding at the end the
8 following: “The Secretary, in the Secretary’s discretion,
9 may impose the requirements of the previous sentence
10 with respect to some or all classes of suppliers of ambu-
11 lance services described in section 1861(s)(7) and clinics
12 that furnish medical and other health services (other than
13 physicians’ services) under this part.”.

14 (d) EFFECTIVE DATES.—(1) The amendment made
15 by subsection (a) shall apply to suppliers of durable medi-
16 cal equipment with respect to such equipment furnished
17 on or after January 1, 1998.

18 (2) The amendments made by subsection (b) shall
19 apply to home health agencies with respect to services fur-
20 nished on or after such date. The Secretary of Health and
21 Human Services shall modify participation agreements
22 under section 1866(a)(1) of the Social Security Act with
23 respect to home health agencies to provide for implementa-
24 tion of such amendments on a timely basis.

1 (3) The amendment made by subsection (c) shall take
2 effect on the date of the enactment of this Act and may
3 be applied with respect to items and services furnished on
4 or after the date specified in paragraph (1).

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