

105TH CONGRESS  
2D SESSION

# H. R. 3651

To amend title XVIII of the Social Security Act to provide for a standard of efficiency in the provision of home health services to Medicare beneficiaries and to reward those home health agencies who meet or exceed the standard, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 1998

Mr. ENGEL (for himself, Mr. LAZIO of New York, Mr. KING and Mrs. MCCARTHY of New York) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to be Committee on Commerce, 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

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## A BILL

To amend title XVIII of the Social Security Act to provide for a standard of efficiency in the provision of home health services to Medicare beneficiaries and to reward those home health agencies who meet or exceed the standard, 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 “Medicare Home Health  
5       Agency Efficiency Act of 1998”.

1 **SEC. 2. CHANGES TO INTERIM PAYMENT SYSTEM FOR**  
2 **HOME HEALTH SERVICES.**

3 (a) PER VISIT COST LIMITS.—

4 (1) BASIS FOR LIMITS.—Section  
5 1861(v)(1)(L)(i) of the Social Security Act (42  
6 U.S.C. 1395x(v)(1)(L)(i)), as amended by section  
7 4602(a) of the Balanced Budget Act of 1997, is  
8 amended—

9 (A) by striking “or” at the end of sub-  
10 clause (III); and

11 (B) by striking subclause (IV) and insert-  
12 ing the following:

13 “(IV) October 1, 1997, and before October 1,  
14 1998, 110 percent of such mean, or

15 “(V) October 1, 1998, 107 percent of such  
16 mean.”.

17 (2) ELIMINATION OF TWO-YEAR FREEZE.—Sec-  
18 tion 1861(v)(1)(L) of such Act (42 U.S.C.  
19 1395x(v)(1)(L)), as amended by section 4601 of the  
20 Balanced Budget Act of 1997, is amended—

21 (A) by striking clause (iv) and redesignat-  
22 ing clause (v) as clause (iv);

23 (B) by redesignating clauses (vi) and (vii)  
24 as clauses (viii) and (ix) respectively; and

1 (C) in clause (ix), as so redesignated, by  
2 striking “clause (v)(I)” and inserting “clause  
3 (iv)(I)”.

4 (b) PER BENEFICIARY COST LIMITS.—Section  
5 1861(v)(1)(L) of such Act (42 U.S.C. 1395x(v)(1)(L)), as  
6 amended by section 4602(c) of the Balanced Budget Act  
7 of 1997, is amended—

8 (1) by amending clause (iv)(I) (as redesignated  
9 by subsection (a)(2)(A)) to read as follows:

10 “(I) a per beneficiary annual limitation cal-  
11 culated under clause (v); and”;

12 (2) by inserting after clause (iv), as so redesign-  
13 nated, the following new clause:

14 “(v) For purposes of clause (iv)(I), the per bene-  
15 ficiary annual limitation calculation under this clause is  
16 based—

17 “(I) 25 percent on the average of the reason-  
18 able costs (including nonroutine medical supplies)  
19 for agencies in the State in which an agency is lo-  
20 cated for cost reporting periods beginning in fiscal  
21 year 1995, such costs updated by the home health  
22 market basket index and adjusted for the wage-re-  
23 lated portion of such costs by an area wage index  
24 that the Secretary determines reflects the relative  
25 hospital wage level in the geographic area of the

1 agency (determined without regard to whether the  
2 hospitals in such area have been reclassified to a  
3 new geographic area pursuant to section  
4 1886(d)(8)(B), a decision of the Medicare Geo-  
5 graphic Classification Review Board, or a decision of  
6 the Secretary under section 1886(d)(10)) compared  
7 to the State average hospital wage level; and

8 “(II) 75 percent on the national average of  
9 such costs for cost reporting periods beginning in  
10 fiscal year 1995, such costs updated by the home  
11 health market basket and adjusted for the wage-re-  
12 lated portion of such costs by the wage index de-  
13 scribed in clause (iii).”; and

14 (3) by amending subclause (I) of clause (viii),  
15 as redesignated by subsection (a)(2)(B), to read as  
16 follows:

17 “(I) For new providers and those providers  
18 without a cost reporting period beginning in fiscal  
19 year 1995, the per beneficiary limitation shall be  
20 equal to the per beneficiary limitation determined  
21 under clause (v).”.

22 (c) PER BENEFICIARY EFFICIENCY STANDARD.—

23 Section 1861(v)(1)(L) of such Act (42 U.S.C. 1395x  
24 (v)(1)(L), as amended by section 4602(c) of the Balanced  
25 Budget Act of 1997, is amended—

1           (1) in clause (iv) (as redesignated by subsection  
2           (a)(2)(A)), by striking “Payment” and inserting  
3           “Except as provided in clause (vi), payment”; and

4           (2) by inserting after clause (v), as added by  
5           subsection (b)(2), the following new clauses:

6           “(vi) Notwithstanding the limits imposed by clause  
7           (iv), in the case of a home health agency that for any cost  
8           reporting period beginning on or after October 1, 1997,  
9           for which the agency’s reasonable costs (determined with-  
10          out regard to such limits) do not exceed the per bene-  
11          ficiary efficiency standard established under clause (vii),  
12          payment to such home health agency shall equal such rea-  
13          sonable costs or, if lower, the limits determined under  
14          clause (i).

15          “(vii) For services furnished by home health agencies  
16          for cost reporting periods beginning on or after October  
17          1, 1997, the Secretary shall establish a per beneficiary ef-  
18          ficiency standard equal to the product of—

19                 “(I) the national average per beneficiary rea-  
20                 sonable costs (including nonroutine medical supplies)  
21                 for all home health agencies for cost reporting peri-  
22                 ods beginning in fiscal year 1995, such costs up-  
23                 dated by the home health market basket and ad-  
24                 justed for the wage-related portion of such costs by  
25                 the wage index described in clause (iii); and

1           “(II) the agency’s unduplicated census count of  
2           patients (entitled to benefits under this title) for the  
3           cost reporting period to which the standard re-  
4           lates.”.

5           (d) ELIMINATION OF DEFAULT REDUCTION OF IN-  
6           TERIM LIMITS.—Section 4603(e) of the Balanced Budget  
7           Act of 1997 is amended by striking “reduction” and all  
8           that follows through “1999” and inserting “reduction of  
9           the cost limits and per beneficiary limits described in sec-  
10          tion 1861(v)(1)(L) of such Act (as those limits would oth-  
11          erwise be in effect on September 30, 1999) by such uni-  
12          form percentage as is necessary to achieve the budgetary  
13          savings attributed by the Congressional Budget Office to  
14          this subsection (or to the 15 percent reduction under the  
15          prospective payment system) for such cost reporting peri-  
16          ods in its final cost estimate of the conference agreement  
17          on this Act”.

18          (e) EFFECTIVE DATE.—The amendments made by  
19          this section shall be effective as if included in the enact-  
20          ment of the Balanced Budget Act of 1997.

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