

105TH CONGRESS  
2D SESSION

# S. 2545

To amend title XVIII of the Social Security Act to prevent sudden disruption of medicare beneficiary enrollment in Medicare+Choice plans.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 2, 1998

Mr. DODD 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 prevent sudden disruption of medicare beneficiary enrollment in Medicare+Choice plans.

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 HMO Protec-  
5       tion Act of 1998”.

6       **SEC. 2. AUTHORITY TO EVALUATE AND ALTER TERMI-**  
7       **NATION DECISIONS.**

8       Section 1851(g)(3) of the Social Security Act (42  
9       U.S.C. 1395w–21(g)(3)) is amended by adding at the end  
10      the following:

“(E) AUTHORITY TO DELAY TERMINATION

DATE.—

“(i) IN GENERAL.—If a Medicare+Choice organization terminates a plan under subparagraph (B)(iii), the Secretary may delay the effectiveness of such termination if the Secretary determines that—

“(I) the termination would cause an imminent and serious risk to the health of individuals enrolled under the plan under this part;

“(II) the termination would result in a significant reduction in the Medicare+Choice plans that are available in the area affected by the termination; or

“(III) the organization terminating coverage is offering Medicare+Choice plans in contract areas that are in close proximity to the area affected by the termination without suffering considerable financial losses.

1 In making the determination described in  
2 subclause (III), the Secretary may audit  
3 and inspect any books or records of the or-  
4 ganization pursuant to the authority pro-  
5 vided to the Secretary under section  
6 1857(d).

7 “(ii) END OF DELAY.—The Secretary  
8 may end a delay under clause (i), prior to  
9 the end of the period established by the  
10 Secretary under such clause, if the Sec-  
11 retary determines that an adequate pro-  
12 vider network has been established which  
13 will provide at least an equal level of insur-  
14 ance coverage as existed in the area af-  
15 fected by the termination on the date the  
16 Medicare+Choice organization informed  
17 the Secretary of its intention to terminate  
18 the contract.

19 “(F) AUTHORITY TO RENEGOTIATE CON-  
20 TRACT.—If the Secretary delays the effective-  
21 ness of a termination for a period pursuant to  
22 subparagraph (E), the Secretary and the  
23 Medicare+Choice organization terminating cov-  
24 erage pursuant to subparagraph (B)(iii) may  
25 negotiate during such period for a new contract

1 under section 1857 which will enable such orga-  
 2 nization to continue such coverage. In negotiat-  
 3 ing such contract, the Secretary shall ensure  
 4 that beneficiaries are not adversely affected by  
 5 such contract.”.

6 **SEC. 3. EXTENSION OF INITIAL MEDICARE+CHOICE CON-**  
 7 **TRACT PERIOD TO 3 YEARS.**

8 (a) IN GENERAL.—Section 1857(c)(1) of the Social  
 9 Security Act (42 U.S.C. 1395w–27(c)(1)) is amended by  
 10 striking “a term of at least 1 year” and inserting “a term  
 11 of at least 3 years”.

12 (b) EFFECTIVE DATE.—The amendment made by  
 13 subsection (a) applies to contracts entered into on or after  
 14 the date of enactment of this Act.

15 **SEC. 4. NOTICE OF TERMINATION.**

16 (a) IN GENERAL.—Section 1857(d)(3) of the Social  
 17 Security Act (42 U.S.C. 1395w–27(d)(3)) is amended to  
 18 read as follows:

19 “(3) ENROLLEE NOTICE AT TIME OF TERMI-  
 20 NATION.—

21 “(A) IN GENERAL.—Each contract under  
 22 this section shall require the organization to  
 23 provide (and pay for) written notice at least  
 24 120 days prior to the contract’s termination, as  
 25 well as a description of alternatives for obtain-

1 ing benefits under this title, to each individual  
 2 enrolled with the organization under this part.

3 “(B) DESCRIPTION.—The description of  
 4 alternatives referred to in subparagraph (A)  
 5 shall include a description of—

6 “(i) all Medicare+Choice plans and  
 7 medicare supplemental policies available in  
 8 the area where the contract that is being  
 9 terminated is serving beneficiaries and the  
 10 costs of such plans and policies; and

11 “(ii) the telephone number of local so-  
 12 cial service agencies providing assistance to  
 13 medicare beneficiaries in such area.”.

14 (b) EFFECTIVE DATE.—The amendment made by  
 15 subsection (a) applies to any notice of termination which  
 16 is provided on or after the date of enactment of this Act.

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