

105TH CONGRESS
1ST SESSION

S. 817

To amend title XVIII of the Social Security Act to permit classification of certain hospitals as rural referral centers, to permit reclassification of certain hospitals for disproportionate share payments, and to permit sole community hospitals to rebase Medicare payments based upon fiscal year 1994 and 1995 costs.

IN THE SENATE OF THE UNITED STATES

MAY 23, 1997

Mr. GRASSLEY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to permit classification of certain hospitals as rural referral centers, to permit reclassification of certain hospitals for disproportionate share payments, and to permit sole community hospitals to rebase Medicare payments based upon fiscal year 1994 and 1995 costs.

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 “Rural Health Care
5 Protection Act of 1997”.

1 **SEC. 2. CLASSIFICATION AS RURAL REFERRAL CENTERS.**

2 (a) PROHIBITING DENIAL OF REQUEST FOR RECLAS-
3 SIFICATION ON BASIS OF COMPARABILITY OF WAGES.—

4 (1) IN GENERAL.—Section 1886(d)(10)(D) of
5 the Social Security Act (42 U.S.C.
6 1395ww(d)(10)(D)) is amended—

7 (A) by redesignating clause (iii) as clause
8 (iv); and

9 (B) by inserting after clause (ii) the follow-
10 ing new clause:

11 “(iii) Under the guidelines published by the Secretary
12 under clause (i), in the case of a hospital which has ever
13 been classified by the Secretary as a rural referral center
14 under paragraph (5)(C), the Board may not reject the ap-
15 plication of the hospital under this paragraph on the basis
16 of any comparison between the average hourly wage of the
17 hospital and the average hourly wage of hospitals in the
18 area in which it is located.”.

19 (2) EFFECTIVE DATE.—Notwithstanding sec-
20 tion 1886(d)(10)(C)(ii) of the Social Security Act
21 (42 U.S.C. 1395ww(d)(10)(C)(ii)), a hospital may
22 submit an application to the Medicare Geographic
23 Classification Review Board during the 60-day pe-
24 riod beginning on the date of the enactment of this
25 Act requesting a change in its classification for pur-
26 poses of determining the area wage index applicable

1 to the hospital under section 1886(d)(3)(D) of such
 2 Act (42 U.S.C. 1395ww(d)(3)(D)) for fiscal year
 3 1998 if the hospital would be eligible for such a
 4 change in its classification under the standards de-
 5 scribed in section 1886(d)(10)(D) of such Act (42
 6 U.S.C. 1395ww(d)(10)(D)) (as amended by para-
 7 graph (1)) but for its failure to meet the deadline
 8 for applications under section 1886(d)(10)(C)(ii) of
 9 such Act (42 U.S.C. 1395ww(d)(10)(C)(ii)).

10 (3) REFERENCE TO BUDGET NEUTRALITY PRO-
 11 VISION.—For a requirement that the Secretary of
 12 Health and Human Services make a proportional
 13 adjustment in the Medicare standardized payment
 14 amounts for inpatient hospital services to ensure
 15 that geographic reclassifications of hospitals result-
 16 ing from this subsection do not result in an increase
 17 in aggregate payments under section 1886 of the So-
 18 cial Security Act, see subsection (d)(8)(D) of such
 19 section (42 U.S.C. 1395ww(d)(8)(D)).

20 (b) CONTINUING TREATMENT OF PREVIOUSLY DES-
 21 IGNATED CENTERS.—

22 (1) IN GENERAL.—Any hospital classified as a
 23 rural referral center by the Secretary of Health and
 24 Human Services under section 1886(d)(5)(C) of the
 25 Social Security Act (42 U.S.C. 1395ww(d)(5)(C))

1 for fiscal year 1991 shall be classified as such a
 2 rural referral center for fiscal year 1998 and each
 3 subsequent fiscal year.

4 (2) BUDGET NEUTRALITY.—The provisions of
 5 section 1886(d)(8)(D) of the Social Security Act (42
 6 U.S.C. 1395ww(d)(8)(D)) shall apply to reclassifica-
 7 tions made pursuant to paragraph (1) in the same
 8 manner as such provisions apply to a reclassification
 9 under section 1886(d)(10) of such Act (42 U.S.C.
 10 1395ww(d)(10)).

11 **SEC. 3. HOSPITAL GEOGRAPHIC RECLASSIFICATION PER-**
 12 **MITTED FOR PURPOSES OF DISPROPORTION-**
 13 **ATE SHARE PAYMENT ADJUSTMENTS.**

14 (a) IN GENERAL.—Section 1886(d)(10)(C)(i) of the
 15 Social Security Act (42 U.S.C. 1395ww(d)(10)(C)(i)) is
 16 amended—

17 (1) by striking “or” at the end of subclause (I);

18 (2) by striking the period at the end of sub-
 19 clause (II) and inserting “, or”;

20 (3) by inserting after subclause (II) the follow-
 21 ing:

22 “(III) eligibility for and amount of additional
 23 payment amounts under paragraph (5)(F).”; and

24 (4) by adding at the end the following:

1 “Any application approved for purposes of subclause (I)
 2 for a fiscal year is deemed to be approved for purposes
 3 of subclause (III) for that fiscal year.”.

4 (b) EFFECTIVE DATE.—Notwithstanding section
 5 1886(d)(10)(C)(ii) of the Social Security Act (42 U.S.C.
 6 1395ww(d)(10)(C)(ii)), a hospital may submit an applica-
 7 tion to the Medicare Geographic Classification Review
 8 Board during the 60-day period beginning on the date of
 9 the enactment of this Act requesting a change in its classi-
 10 fication for purposes of determining the disproportionate
 11 share hospital payment applicable to the hospital under
 12 section 1886(d)(5)(F) of such Act (42 U.S.C.
 13 1395ww(d)(5)(F)) for fiscal year 1998 if the hospital
 14 would be eligible for such a change in its classification
 15 under the guidelines described in subsection (c) of this sec-
 16 tion but for its failure to meet the deadline for applications
 17 under section 1886(d)(10)(C)(ii) of such Act (42 U.S.C.
 18 1395ww(d)(10)(C)(ii)).

19 (c) APPLICABLE GUIDELINES.—The Medicare Geo-
 20 graphic Classification Review Board shall apply the guide-
 21 lines established for reclassification under subclause (I) of
 22 section 1886(d)(10)(C)(i) of the Social Security Act (42
 23 U.S.C. 1395ww(d)(10)(C)(i)(I)) to reclassification under
 24 subclause (III) of such section of such Act until the Sec-
 25 retary of Health and Human Services promulgates sepa-

1 rate guidelines for reclassification under such subclause
2 (III).

3 (d) REFERENCE TO BUDGET NEUTRALITY PROVI-
4 SION.—For a requirement that the Secretary of Health
5 and Human Services make a proportional adjustment in
6 the medicare standardized payment amounts for inpatient
7 hospital services to ensure that geographic reclassifica-
8 tions of hospitals resulting from this section do not result
9 in an increase in aggregate payments under section 1886
10 of the Social Security Act, see subsection (d)(8)(D) of
11 such section of such Act (42 U.S.C. 1395ww(d)(8)(D)).

12 **SEC. 4. PERMITTING REBASING OF PAYMENT FOR SOLE**
13 **COMMUNITY HOSPITALS USING FISCAL**
14 **YEARS 1994 AND 1995 COSTS.**

15 Section 1886(b)(3) of the Social Security Act (42
16 U.S.C. 1395ww(b)(3)) is amended—

17 (1) in subparagraph (C), by inserting “subject
18 to subparagraph (F),” after “subsection
19 (d)(5)(D)(iii),”; and

20 (2) by adding at the end the following new sub-
21 paragraph:

22 “(F) In applying subparagraph (C) with respect to
23 discharges occurring in fiscal year 1998 and each subse-
24 quent fiscal year, in no case shall the target amount for

1 a hospital for fiscal year 1998 be less than the average
2 of—

3 “(i) the allowable operating costs of inpatient
4 hospital services recognized under this title for the
5 hospital’s 12-month cost reporting period (if any)
6 beginning during fiscal year 1994 increased (in a
7 compounded manner) by the applicable percentage
8 increase under subparagraph (B)(iv) for each of fis-
9 cal years 1995, 1996, 1997, and 1998, and

10 “(ii) the allowable operating costs of inpatient
11 hospital services recognized under this title for the
12 hospital’s 12-month cost reporting period (if any)
13 beginning during fiscal year 1995 increased (in a
14 compounded manner) by the applicable percentage
15 increase under subparagraph (B)(iv) for each of fis-
16 cal years 1996, 1997, and 1998.”.

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