

106TH CONGRESS
1ST SESSION

H. R. 2979

To amend title XVIII of the Social Security Act to make refinements in the medicare prospective payment system for outpatient hospital services.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 30, 1999

Mr. LAZIO 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 make refinements in the medicare prospective payment system for outpatient hospital services.

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 Hospital
5 Outpatient Payment Equality (HOPE) Act of 1999”.

1 **SEC. 2. REFINEMENTS TO MEDICARE PROSPECTIVE PAY-**
2 **MENT SYSTEM FOR OUTPATIENT HOSPITAL**
3 **SERVICES.**

4 (a) SPECIAL PAYMENT ADJUSTMENT FOR CERTAIN
5 VISITS.—Section 1833(t) of the Social Security Act (42
6 U.S.C. 1395l(t)) is amended—

7 (1) by redesignating paragraph (9) as para-
8 graph (10) and inserting after paragraph (8) the fol-
9 lowing:

10 “(9) SPECIAL PAYMENT ADJUSTMENT FOR CER-
11 TAIN VISITS.—

12 “(A) IN GENERAL.—Notwithstanding the
13 preceding paragraphs of this subsection, the
14 amount of payment made under this part for
15 covered OPD services that are classified within
16 an ambulatory patient classification group for—

17 “(i) emergency room visits, or

18 “(ii) clinic visits,

19 shall be equal to the product of the amount of
20 payment determined under paragraph (4) for
21 services classified within such group and the
22 adjustment factor determined under subpara-
23 graph (B) or (C).

24 “(B) ADJUSTMENT FACTOR FOR ER VIS-
25 ITS.—The adjustment factor for covered OPD
26 services that are classified within ambulatory

1 patient classification groups for emergency
2 room visits shall be determined as follows:

3 “(i) ESTIMATE OF AGGREGATE REA-
4 SONABLE COSTS.—The Secretary shall es-
5 timate the total amount that would be pay-
6 able under this part for all covered OPD
7 services that are classified within such
8 groups and furnished in 2000 if payment
9 for such services was based on the reason-
10 able costs incurred in furnishing such serv-
11 ices.

12 “(ii) ESTIMATE OF AGGREGATE PAY-
13 MENTS UNDER OPD PPS.—The Secretary
14 shall estimate the total amount that would
15 be payable under this subsection for all
16 covered OPD services that are classified
17 within such groups and furnished in 2000,
18 determined without regard to this para-
19 graph.

20 “(iii) DETERMINATION OF ADJUST-
21 MENT FACTOR.—The adjustment factor de-
22 termined under this subparagraph shall
23 equal the quotient obtained by dividing the
24 amount determined under clause (i) by the
25 amount determined under clause (ii).

“(C) ADJUSTMENT FACTOR FOR CLINIC VISITS.—In determining the adjustment factor for covered OPD services that are classified within ambulatory patient classification groups for clinic visits, subparagraph (B) shall be applied—

“(i) by substituting ‘clinic’ for ‘er’ and ‘emergency room’ each place either appears, and

“(ii) by substituting ‘94.2 percent of reasonable costs’ for ‘reasonable costs’ in clause (i) of such subparagraph.

“(D) RELATION TO OTHER RULES.—

“(i) PART B, BLOOD DEDUCTIBLES.—In applying the deductibles described in subsection (b), the amount of payment determined under this paragraph for a covered OPD service shall be substituted for the amount determined under paragraph (4) for such service.

“(ii) INAPPLICABILITY OF BUDGET NEUTRALITY REQUIREMENT.—The adjustments required by this paragraph shall not be subject to the budget neutrality requirements of paragraph (2)(E).

1 “(iii) NO EFFECT ON CERTAIN DE-
2 TERMINATIONS.—The amounts payable by
3 reason of this paragraph shall not be taken
4 into account in determining—

5 “(I) copayment amounts under
6 paragraph (3)(B),

7 “(II) medicare OPD fee schedule
8 amounts under paragraph (3)(D),

9 “(III) pre-deductible payment
10 percentages under paragraph (3)(E),
11 or

12 “(IV) compliance with the volume
13 control mechanism established pursu-
14 ant to paragraph (2)(F).

15 “(iv) HOLD HARMLESS.—The adjust-
16 ments required by this paragraph shall be
17 taken into account in applying the tem-
18 porary limits on payment reductions estab-
19 lished under subsection (e) of section 4523
20 of the Balanced Budget Act of 1997.”.

21 (b) ELIMINATION OF REDUCTION IN MARKET BAS-
22 KET.—Section 1833(t)(3)(C)(iii) of the Social Security
23 Act (42 U.S.C. 1395l(t)(3)(C)(iii)) is amended by striking
24 “, reduced by 1 percentage point for such factor for serv-
25 ices furnished in each of 2000, 2001, and 2002”.

1 (c) TEMPORARY LIMITATION ON REDUCTIONS.—

2 (1) IN GENERAL.—Section 4523 of the Bal-
3 anced Budget Act of 1997 is amended by adding at
4 the end the following:

5 “(e) TEMPORARY LIMIT ON REDUCTIONS IN FED-
6 ERAL PAYMENTS.—

7 “(1) IN GENERAL.—Notwithstanding section
8 1833(t) of the Social Security Act (42 U.S.C.
9 1395l(t)), as added by subsection (a), the amount
10 that is paid from the Federal Supplementary Med-
11 ical Insurance Trust Fund for covered OPD services
12 furnished by a hospital during a calendar year (or
13 portion thereof) specified in paragraph (2)(A) may
14 not be less than the applicable percentage of the
15 case mix adjusted average amount that would have
16 been payable to such hospital for such services (in-
17 cluding cost sharing) if the prospective payment sys-
18 tem established under such section did not apply.
19 Such average amount may be determined on a pro-
20 spective basis using the Secretary’s best estimate of
21 the reasonable costs incurred in furnishing covered
22 OPD services or on a retrospective basis using cost
23 reports submitted by a hospital.

24 “(2) DEFINITIONS.—For purposes of paragraph
25 (1):

1 “(A) APPLICABLE PERCENTAGE.—Subject
2 to paragraph (3), the term ‘applicable percent-
3 age’ means—

4 “(i) with respect to covered OPD
5 services furnished during the first full cal-
6 endar year (and any portion of the imme-
7 diately preceding calendar year) for which
8 the prospective payment system established
9 under section 1833(t) of such Act is in ef-
10 fect, 95 percent,

11 “(ii) with respect to the second full cal-
12 endar year for which such system is in effect,
13 90 percent, and

14 “(iii) with respect to the third full calendar
15 year for which such system is in effect, 85 per-
16 cent.

17 “(B) COVERED OPD SERVICES.—The term
18 ‘covered OPD services’ has the meaning given
19 to such term in section 1833(t)(1)(B) of such
20 Act.

21 “(3) APPLICATION TO CERTAIN HOSPITALS.—In
22 the case of hospitals described in section 1833(t)(8)
23 of such Act, the ‘applicable percentage’ for a cal-
24 endar year (or portion thereof) shall be the same ap-
25 plicable percentage that applies to covered OPD

1 services furnished by hospitals that are not described
 2 in such section during such calendar year (or portion
 3 thereof).

4 “(4) RULE OF CONSTRUCTION.—Nothing in
 5 this subsection shall be construed as affecting the
 6 amount of cost sharing paid by individuals enrolled
 7 under part B of title XVIII of the Social Security
 8 Act for covered OPD services.”.

9 (2) CONFORMING AMENDMENT.—Section
 10 1833(t)(1)(A) of the Social Security Act (42 U.S.C.
 11 1395l(t)(1)(A)) is amended by inserting “except as
 12 provided in section 4523(e) of the Balanced Budget
 13 Act of 1997,” after “1999,”.

14 (d) EFFECTIVE DATE.—

15 (1) SPECIAL ADJUSTMENTS FOR CERTAIN VIS-
 16 ITS.—The amendments made by subsection (a) shall
 17 apply to items and services furnished on or after
 18 January 1, 2000.

19 (2) MARKET BASKET; TEMPORARY LIMITS ON
 20 REDUCTIONS.—The amendments made by sub-
 21 sections (b) and (c) are effective as if included in the
 22 enactment of the Balanced Budget Act of 1997.

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