106TH CONGRESS 1ST SESSION

# H. R. 989

To amend the Public Health Service Act, Employee Retirement Income Security Act of 1974, and titles XVIII and XIX of the Social Security Act to require that group and individual health insurance coverage and group health plans and managed care plans under the Medicare and Medicaid Programs provide coverage for hospital lengths of stay as determined by the attending health care provider in consultation with the patient.

### IN THE HOUSE OF REPRESENTATIVES

March 4, 1999

Mr. Coburn (for himself and Mr. Strickland) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Education and the Workforce, and 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 the Public Health Service Act, Employee Retirement Income Security Act of 1974, and titles XVIII and XIX of the Social Security Act to require that group and individual health insurance coverage and group health plans and managed care plans under the Medicare and Medicaid Programs provide coverage for hospital lengths of stay as determined by the attending health care provider in consultation with the patient.

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 "Hospital Length of
5	Stay Act of 1999".
6	SEC. 2. COVERAGE OF HOSPITAL LENGTH OF STAY.
7	(a) Group Health Plans.—
8	(1) Public Health Service act Amend-
9	MENTS.—
10	(A) In General.—Subpart 2 of part A of
11	title XXVII of the Public Health Service Act
12	$(42~\mathrm{U.S.C.}~300\mathrm{gg-4}~\mathrm{et}~\mathrm{seq.})$ is amended by
13	adding at the end the following new section:
14	"SEC. 2707. STANDARDS RELATING TO COVERAGE OF HOS-
15	PITAL LENGTHS OF STAY.
16	"(a) Requirement.—A group health plan and a
17	health insurance issuer offering group health insurance
18	corresponding compaction with a group health plan (including
	coverage in connection with a group health plan (including
19	a self-insured issuer) that provides coverage for inpatient
19 20	
	a self-insured issuer) that provides coverage for inpatient
20	a self-insured issuer) that provides coverage for inpatient hospital services—
20 21	a self-insured issuer) that provides coverage for inpatient hospital services—  "(1) shall provide coverage for the length of an

1	consultation with the patient to be medically appro-
2	priate; and
3	"(2) may not require that a provider obtain au-
4	thorization from the plan or the issuer for prescrib-
5	ing any length of stay required under paragraph (1).
6	"(b) Prohibitions.—A group health plan and a
7	health insurance issuer offering group health insurance
8	coverage in connection with a group health plan (including
9	a self-insured issuer) may not—
10	"(1) deny to an individual eligibility, or contin-
11	ued eligibility, to enroll or to renew coverage under
12	the terms of the plan, solely for the purpose of
13	avoiding the requirements of this section;
14	"(2) provide monetary payments or rebates to
15	an individual to encourage the individual to accept
16	less than the minimum protections available under
17	this section;
18	"(3) penalize or otherwise reduce or limit the
19	reimbursement of an attending provider because
20	such provider provided care to an individual partici-
21	pant or beneficiary in accordance with this section;
22	"(4) provide incentives (monetary or otherwise)
23	to an attending provider to induce such provider to
24	provide care to an individual participant or bene-
25	ficiary in a manner inconsistent with this section; or

"(5) subject to subsection (c)(4), restrict benefits for any portion of a period within a hospital
length of stay required under subsection (a) in a
manner which is less favorable than the benefits provided for any preceding portion of such stay.

# "(c) Rules of Construction.—

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- "(1) NO REQUIREMENT TO STAY.—Nothing in this section shall be construed to require an individual who is a participant or beneficiary to stay in the hospital for a fixed period of time for any procedure.
- "(2) NO EFFECT ON REQUIREMENTS FOR MINI-MUM HOSPITAL STAY FOLLOWING BIRTH.—Nothing in this section shall be construed as modifying the requirements of section 2704.
- "(3) Nonapplicability.—This section shall not apply with respect to any group health plan, or any group health insurance coverage offered by a health insurance issuer (including a self-insured issuer), which does not provide benefits for hospital lengths of stay.
- "(4) Cost-sharing.—Nothing in this section shall be construed as preventing a group health plan, or a health insurance issuer offering group health insurance coverage in connection with a group health plan (including a self-insured issuer), from

- 1 imposing deductibles, coinsurance, or other cost-
- 2 sharing in relation to benefits for hospital lengths of
- 3 stay under the plan, health insurance coverage of-
- 4 fered in connection with a group health plan, or the
- 5 supplemental policy, except that such coinsurance or
- 6 other cost-sharing for any portion of a period within
- 7 a hospital length of stay required under subsection
- 8 (a) may not be greater than such coinsurance or
- 9 cost-sharing for any preceding portion of such stay.
- 10 "(d) Notice.—A group health plan under this part
- 11 shall comply with the notice requirement under section
- 12 714(d) of the Employee Retirement Income Security Act
- 13 of 1974 with respect to the requirements of this section
- 14 as if such section applied to such plan.
- 15 "(e) Level and Type of Reimbursements.—
- 16 Nothing in this section shall be construed to prevent a
- 17 group health plan or a health insurance issuer offering
- 18 group health insurance coverage in connection with a
- 19 group health plan (including a self-insured issuer) from
- 20 negotiating the level and type of reimbursement with a
- 21 provider for care provided in accordance with this section.
- 22 "(f) Preemption; Exception for Health Insur-
- 23 ANCE COVERAGE IN CERTAIN STATES.—
- 24 "(1) In general.—The requirements of this
- section shall not apply with respect to health insur-

1 ance coverage if there is a State law (as defined in 2 section 2723(d)(1)) for a State that regulates such 3 coverage and provides greater protections to patients than those provided under this section. "(2) Construction.—Section 2723(a)(1) shall 6 not be construed as superseding a State law de-7 scribed in paragraph (1).". 8 (B) Conforming amendment.—Section 9 2723(c) of the Public Health Service Act (42) U.S.C. 300gg-23(c)) is amended by striking 10 11 "section 2704" and inserting "sections 2704" 12 and 2707". 13 (2) ERISA AMENDMENTS.— 14 (A) IN GENERAL.—Subpart B of part 7 of 15 subtitle B of title I of the Employee Retirement 16 Income Security Act of 1974 (29 U.S.C. 1185) 17 et seq.) is amended by adding at the end the 18 following new section: 19 "SEC. 714. STANDARDS RELATING TO COVERAGE OF HOS-20 PITAL LENGTHS OF STAY. "(a) Requirement.—A group health plan and a 21 health insurance issuer offering group health insurance 23 coverage in connection with a group health plan (including a self-insured issuer), that provides coverage for inpatient

hospital services—

- 1 "(1) shall provide coverage for the length of an 2 inpatient hospital stay as determined by the attend-3 ing physician (or other attending health care pro-4 vider to the extent permitted under State law) in 5 consultation with the patient to be medically appro-6 priate; and "(2) may not require that a provider obtain au-7 8 thorization from the plan or the issuer for prescrib-9 ing any length of stay required under paragraph (1). 10 "(b) Prohibitions.—A group health plan and a 11 health insurance issuer offering group health insurance
  - "(1) deny to an individual eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section;

coverage in connection with a group health plan (including

a self-insured issuer), may not—

- "(2) provide monetary payments or rebates to an individual to encourage the individual to accept less than the minimum protections available under this section;
- "(3) penalize or otherwise reduce or limit the reimbursement of an attending provider because such provider provided care to an individual participant or beneficiary in accordance with this section;

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"(4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide care to an individual participant or beneficiary in a manner inconsistent with this section; or

"(5) subject to subsection (c)(4), restrict benefits for any portion of a period within a hospital length of stay required under subsection (a) in a manner which is less favorable than the benefits provided for any preceding portion of such stay.

# "(c) Rules of Construction.—

- "(1) NO REQUIREMENT TO STAY.—Nothing in this section shall be construed to require an individual who is a participant or beneficiary to stay in the hospital for a fixed period of time for any procedure.
- "(2) NO EFFECT ON REQUIREMENTS FOR MINI-MUM HOSPITAL STAY FOLLOWING BIRTH.—Nothing in this section shall be construed as modifying the requirements of section 711.
- "(3) Nonapplicability.—This section shall not apply with respect to any group health plan or any group health insurance coverage offered by a health insurance issuer (including a self-insured issuer), which does not provide benefits for hospital lengths of stay.

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"(4) Cost-sharing.—Nothing in this section shall be construed as preventing a group health plan or a health insurance issuer offering group health insurance coverage in connection with a group health plan (including a self-insured issuer), from imposing deductibles, coinsurance, or other cost-sharing in relation to benefits for hospital lengths of stay under the plan or health insurance coverage offered in connection with a group health plan, except that such coinsurance or other cost-sharing for any portion of a period within a hospital length of stay required under subsection (a) may not be greater than such coinsurance or cost-sharing for any preceding portion of such stay.

"(d) NOTICE UNDER GROUP HEALTH PLAN.—The imposition of the requirements of this section shall be treated as a material modification in the terms of the plan described in section 102(a)(1), for purposes of assuring notice of such requirements under the plan; except that the summary description required to be provided under the last sentence of section 104(b)(1) with respect to such modification shall be provided by not later than 60 days after the first day of the first plan year in which such requirements apply.

1	"(e) Level and Type of Reimbursements.—
2	Nothing in this section shall be construed to prevent a
3	group health plan or a health insurance issuer offering
4	group health insurance coverage in connection with a
5	group health plan (including a self-insured issuer), from
6	negotiating the level and type of reimbursement with a
7	provider for care provided in accordance with this section.
8	"(f) Preemption; Exception for Health Insur-
9	ANCE COVERAGE IN CERTAIN STATES.—
10	"(1) In general.—The requirements of this
11	section shall not apply with respect to health insur-
12	ance coverage if there is a State law (as defined in
13	section 731(d)(1)) for a State that regulates such
14	coverage and provides greater protections to patients
15	than those provided under this section.
16	"(2) Construction.—Section 731(a)(1) shall
17	not be construed as superseding a State law de-
18	scribed in paragraph (1).".
19	(B) Conforming amendments.—
20	(i) Section 731(c) of the Employee
21	Retirement Income Security Act of 1974
22	(29 U.S.C. 1191(c)) is amended by strik-
23	ing "section 711" and inserting "sections
24	711 and 714".

1	(ii) Section 732(a) of the Employee
2	Retirement Income Security Act of 1974
3	(29 U.S.C. 1191a(a)), as amended by sec-
4	tion 603(b)(2) of Public Law 104–204, is
5	amended by striking "section 711" and in-
6	serting "sections 711 and 714".
7	(iii) The table of contents in section 1
8	of the Employee Retirement Income Secu-
9	rity Act of 1974 is amended by inserting
10	after the item relating to section 713 the
11	following new item:
	"Sec. 714. Standards relating to coverage of hospital lengths of stay.".
12	(b) Individual Market.—Subpart 3 of part B of
13	title XXVII of the Public Health Service Act (42 U.S.C.
14	300gg-51 et seq.) is amended by adding at the end the
15	following new section:
16	"SEC. 2753. STANDARDS RELATING TO COVERAGE OF HOS-
17	PITAL LENGTHS OF STAY.
18	"The provisions of section 2707 shall apply to health
19	insurance coverage offered by a health insurance issuer
20	in the individual market in the same manner as they apply
21	to health insurance coverage offered by a health insurance
22	issuer in connection with a group health plan in the small
23	or large group market.".

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(c) Effective Dates.—

- (1) Group Health Plans.—Subject to paragraph (3), the amendments made by subsection (a) shall apply with respect to group health plans for plan years beginning on or after January 1, 2000.
  - (2) Health insurance coverage.—The amendment made by subsection (b) shall apply with respect to health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market on or after such date.
  - (3) Collective bargaining agreements.—
    In the case of a group health plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before the date of enactment of this Act, the amendments made subsection (a) shall not apply to plan years beginning before the later of—
    - (A) the date on which the last collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of enactment of this Act), or
    - (B) January 1, 2000.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the

- 1 plan solely to conform to any requirement added by
- 2 subsection (a) shall not be treated as a termination
- 3 of such collective bargaining agreement.
- 4 SEC. 3. APPLICATION TO MEDICARE AND MEDICAID BENE-
- 5 FICIARIES.
- 6 (a) Medicare.—
- 7 (1) IN GENERAL.—Title XVIII of the Social Se-
- 8 curity Act (42 U.S.C. 1395 et seq.) is amended by
- 9 adding at the end the following:
- 10 "STANDARDS RELATING TO COVERAGE OF HOSPITAL
- 11 LENGTHS OF STAY
- "Sec. 1897. (a) Application to Medicare.—Not-
- 13 withstanding the limitation on benefits described in sec-
- 14 tion 1812, or any other limitation on benefits imposed
- 15 under this title, the provisions of section 2707 of the Pub-
- 16 lie Health Service Act shall apply to the provision of items
- 17 and services under this title.
- 18 "(b) Medicare+Choice and Eligible Organiza-
- 19 Tions.—The Secretary may not enter into a contract with
- 20 a Medicare+Choice organization under part C, or with an
- 21 eligible organization with a risk-sharing contract under
- 22 section 1876, unless the organization meets the require-
- 23 ments of section 2707 of the Public Health Service Act
- 24 with respect to individuals enrolled with the organiza-
- 25 tion.".
- 26 (2) Medicare supplemental policies.—

1	(A) In General.—Section 1882(c) of the
2	Social Security Act (42 U.S.C. 1395ss(c)) is
3	amended—
4	(i) in paragraph (4), by striking
5	"and" at the end;
6	(ii) in paragraph (5), by striking the
7	period and inserting ", and"; and
8	(iii) by adding at the end the follow-
9	ing:
10	"(6) meets the requirements of section 2707 of
11	the Public Health Service Act with respect to indi-
12	viduals enrolled under the policy.".
13	(B) Conforming Amendment.—Section
14	1882(b)(1)(B) of the Social Security Act (42
15	U.S.C. 1395ss(b)(1)(B)) is amended by striking
16	"(5)" and inserting "(6)".
17	(3) Cost Sharing.—Nothing in this subsection
18	or section 2707(c) of the Public Health Service Act
19	shall be construed as authorizing the imposition of
20	cost sharing with respect to the coverage or benefits
21	required to be provided under the amendments to
22	the Social Security Act made by paragraphs (1) and
23	(2) that is inconsistent with the cost sharing that is
24	otherwise permitted under title XVIII of the Social
25	Security Act.

- 1 (b) Medicaid.—Title XIX of the Social Security Act
- 2 (42 U.S.C. 1396 et seq.) is amended by redesignating sec-
- 3 tion 1935 as section 1936 and by inserting after section
- 4 1934 the following:
- 5 "STANDARDS RELATING TO COVERAGE OF HOSPITAL
- 6 LENGTHS OF STAY
- 7 "Sec. 1935. (a) In General.—A State plan may
- 8 not be approved under this title unless the plan requires
- 9 each health insurance issuer or other entity with a con-
- 10 tract with such plan to provide coverage or benefits to in-
- 11 dividuals eligible for medical assistance under the plan, in-
- 12 cluding a managed care entity, as defined in section
- 13 1932(a)(1)(B), to comply with the provisions of section
- 14 2707 of the Public Health Service Act with respect to such
- 15 coverage or benefits.
- 16 "(b) Cost Sharing.—Nothing in this section or sec-
- 17 tion 2707(c) of the Public Health Service Act shall be con-
- 18 strued as authorizing a health insurance issuer or entity
- 19 to impose cost sharing with respect to the coverage or ben-
- 20 efits required to be provided under section 2707 of the
- 21 Public Health Service Act that is inconsistent with the
- 22 cost sharing that is otherwise permitted under this title.
- 23 "(c) Waivers Prohibited.—The requirement of
- 24 subsection (a) may not be waived under section 1115 or
- 25 section 1915(b) of the Social Security Act.".

1 (c) Effective Date.—The amendments made by

2 this section apply to contract years under titles XVIII and

3 XIX of the Social Security Act beginning on or after Jan-

4 uary 1, 2000.

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## (d) Medigap Transition Provisions.—

- (1) IN GENERAL.—If the Secretary of Health and Human Services identifies a State as requiring a change to its statutes or regulations to conform its regulatory program to the changes made by subsection (a)(2), the State regulatory program shall not be considered to be out of compliance with the requirements of section 1882 of the Social Security Act due solely to failure to make such change until the date specified in paragraph (4).
  - (2) NAIC STANDARDS.—If, within 9 months after the date of the enactment of this Act, the National Association of Insurance Commissioners (in this subsection referred to as the "NAIC") modifies its NAIC Model Regulation relating to section 1882 of the Social Security Act (referred to in such section as the 1991 NAIC Model Regulation, as modified pursuant to section 171(m)(2) of the Social Security Act Amendments of 1994 (Public Law 103– 432) and as modified pursuant to section 1882(d)(3)(A)(vi)(IV) of the Social Security Act, as

added by section 271(a) of the Health Insurance
Portability and Accountability Act of 1996 (Public
Law 104–191) to conform to the amendments made
by this section, such revised regulation incorporating
the modifications shall be considered to be the applicable NAIC model regulation (including the revised
NAIC model regulation and the 1991 NAIC Model
Regulation) for the purposes of such section.

(3) Secretary standards.—If the NAIC does not make the modifications described in paragraph (2) within the period specified in such paragraph, the Secretary of Health and Human Services shall make the modifications described in such paragraph and such revised regulation incorporating the modifications shall be considered to be the appropriate Regulation for the purposes of such section.

#### (4) Date specified.—

- (A) IN GENERAL.—Subject to subparagraph (B), the date specified in this paragraph for a State is the earlier of—
- 21 (i) the date the State changes its stat-22 utes or regulations to conform its regu-23 latory program to the changes made by 24 this section, or

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1	(ii) 1 year after the date the NAIC or
2	the Secretary first makes the modifications
3	under paragraph (2) or (3), respectively.
4	(B) Additional legislative action re-
5	QUIRED.—In the case of a State which the Sec-
6	retary identifies as—
7	(i) requiring State legislation (other
8	than legislation appropriating funds) to
9	conform its regulatory program to the
10	changes made in this section, but
11	(ii) having a legislature which is not
12	scheduled to meet in 2000 in a legislative
13	session in which such legislation may be
14	considered,
15	the date specified in this paragraph is the first
16	day of the first calendar quarter beginning after
17	the close of the first legislative session of the
18	State legislature that begins on or after July 1,
19	2000. For purposes of the previous sentence, in
20	the case of a State that has a 2-year legislative
21	session, each year of such session shall be
22	deemed to be a separate regular session of the
23	State legislature.

#### 1 SEC. 4. APPLICATION TO OTHER HEALTH CARE COVERAGE.

- 2 (a) FEHBP.—Chapter 89 of title 5, United States
- 3 Code, is amended by adding at the end the following:
- 4 "§ 8915. Standards relating to coverage of hospital
- 5 lengths of stay
- 6 "(a) The provisions of section 2707 of the Public
- 7 Health Service Act shall apply to the provision of items
- 8 and services under this chapter.
- 9 "(b) Nothing in this section or section 2707(c) of the
- 10 Public Health Service Act shall be construed as authoriz-
- 11 ing a health insurance issuer or entity to impose cost shar-
- 12 ing with respect to the coverage or benefits required to
- 13 be provided under section 2707 of the Public Health Serv-
- 14 ice Act that is inconsistent with the cost sharing that is
- 15 otherwise permitted under this chapter.".
- 16 (b) Medical Care for Members and Certain
- 17 Former Members of the Uniformed Services and
- 18 Their Dependents.—Chapter 55 of title 10, United
- 19 States Code, is amended by adding at the end the follow-
- 20 ing:
- 21 "§ 1110. Standards relating to coverage of hospital
- 22 lengths of stay
- 23 "(a) Application of Standards.—The provisions
- 24 of section 2707 of the Public Health Service Act shall
- 25 apply to the provision of items and services under this
- 26 chapter.

- 1 "(b) Cost-Sharing.—Nothing in this section or sec-
- 2 tion 2707(c) of the Public Health Service Act shall be con-
- 3 strued as authorizing the imposition of cost sharing with
- 4 respect to the coverage or benefits required to be provided
- 5 under section 2707 of the Public Health Service Act that
- 6 is inconsistent with the cost sharing that is otherwise per-
- 7 mitted under this chapter.".
- 8 (c) Veterans.—Subchapter II of chapter 17 of title
- 9 38, United States Code, is amended by adding at the end
- 10 the following:
- 11 "§ 1720E. Standards relating to coverage of hospital
- lengths of stay
- 13 "(a) The provisions of section 2707 of the Public
- 14 Health Service Act shall apply to the provision of items
- 15 and services under this chapter.
- 16 "(b) Nothing in this section or section 2707(c) of the
- 17 Public Health Service Act shall be construed as authoriz-
- 18 ing the imposition of cost sharing with respect to the cov-
- 19 erage or benefits required to be provided under section
- 20 2706 of the Public Health Service Act that is inconsistent
- 21 with the cost sharing that is otherwise permitted under
- 22 this chapter.".
- 23 (d) State Children's Health Insurance Pro-
- 24 GRAM.—Section 2109 of the Social Security Act (42

- 1 U.S.C. 1397ii) is amended by adding at the end the follow-
- 2 ing:
- 3 "(b) Application of Standards Relating to
- 4 Coverage of Hospital Lengths of Stay.—
- 5 "(1) In general.—The provisions of section
- 6 2707 of the Public Health Service Act shall apply to
- 7 the provision of items and services under this title.
- 8 "(2) Cost-sharing.—Nothing in this section
- 9 or section 2707(c) of the Public Health Service Act
- shall be construed as authorizing a health insurance
- issuer or entity to impose cost sharing with respect
- to the coverage or benefits required to be provided
- under section 2707 of the Public Health Service Act
- that is inconsistent with the cost sharing that is oth-
- erwise permitted under this title.".
- 16 (e) Indian Health Service and Health Care
- 17 Provided by Tribal Organizations.—Title VIII of the
- 18 Indian Health Care Improvement Act (25 U.S.C. 1671 et
- 19 seq.) is amended by adding at the end the following:
- 20 "STANDARDS RELATING TO COVERAGE OF HOSPITAL
- 21 LENGTHS OF STAY
- 22 "Sec. 826. (a) The provisions of section 2707 of the
- 23 Public Health Service Act shall apply to the provision of
- 24 items and services under this Act by the Service or a tribal
- 25 organization.

- 1 "(b) Nothing in this section or section 2707(c) of the
- 2 Public Health Service Act shall be construed as authoriz-
- 3 ing the imposition of cost sharing with respect to the cov-
- 4 erage or benefits required to be provided under section
- 5 2707 of the Public Health Service Act that is inconsistent
- 6 with the cost sharing that is otherwise permitted under
- 7 this Act.".
- 8 (f) Health Care Provided to Peace Corps Vol-
- 9 UNTEERS.—Section 5(e) of the Peace Corps Act (22)
- 10 U.S.C. 2504(e)) is amended by adding at the end the fol-
- 11 lowing: "The provisions of section 2707 of the Public
- 12 Health Service Act shall apply to the provision of items
- 13 and services under this section. Nothing in this section
- 14 or section 2707(c) of the Public Health Service Act shall
- 15 be construed as authorizing the imposition of cost sharing
- 16 with respect to the coverage or benefits required to be pro-
- 17 vided under section 2707 of the Public Health Service Act
- 18 that is inconsistent with the cost sharing that is otherwise
- 19 permitted under this section.".

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