

106TH CONGRESS
1ST SESSION

S. 1535

To amend title XVIII of the Social Security Act to provide for coverage of outpatient prescription drugs under part B of the Medicare Program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 5, 1999

Mr. GRAMS 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 provide for coverage of outpatient prescription drugs under part B of the Medicare Program, 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 Ensuring
5 Prescription Drugs for Seniors Act of 1999”.

6 **SEC. 2. MEDICARE COVERAGE OF OUTPATIENT PRESCRIP-**
7 **TION DRUGS.**

8 (a) DESCRIPTION OF COVERED OUTPATIENT
9 DRUGS.—

1 (1) COVERAGE.—Section 1861(s)(2)(J) of the
 2 Social Security Act (42 U.S.C. 1395x(s)(2)(J)) is
 3 amended to read as follows:

4 “(J) covered outpatient drugs;”.

5 (2) DRUGS DESCRIBED.—Section 1861(t) of the
 6 Social Security Act (42 U.S.C. 1395x(t)) is
 7 amended—

8 (A) in the heading, by adding at the end
 9 the following: “; Covered Outpatient Drugs”;

10 (B) in paragraph (1), by striking “para-
 11 graph (2)” and inserting “the succeeding para-
 12 graphs of this subsection”; and

13 (C) by striking paragraph (2) and insert-
 14 ing the following:

15 “(2) Subject to paragraph (3), the term ‘covered out-
 16 patient drug’ means—

17 “(A) a drug which may be dispensed only upon
 18 prescription and—

19 “(i) which is approved for safety and effec-
 20 tiveness as a prescription drug under section
 21 505 of the Federal Food, Drug, and Cosmetic
 22 Act;

23 “(ii)(I) which was commercially used or
 24 sold in the United States before the date of the
 25 enactment of the Drug Amendments of 1962 or

1 which is identical, similar, or related (within the
2 meaning of section 310.6(b)(1) of title 21 of the
3 Code of Federal Regulations) to such a drug,
4 and (II) which has not been the subject of a
5 final determination by the Secretary that it is
6 a ‘new drug’ (within the meaning of section
7 201(p) of the Federal Food, Drug, and Cos-
8 metic Act) or an action brought by the Sec-
9 retary under section 301, 302(a), or 304(a) of
10 such Act to enforce section 502(f) or 505(a) of
11 such Act; or

12 “(iii)(I) which is described in section
13 107(c)(3) of the Drug Amendments of 1962
14 and for which the Secretary has determined
15 there is a compelling justification for its med-
16 ical need, or is identical, similar, or related
17 (within the meaning of section 310.6(b)(1) of
18 title 21 of the Code of Federal Regulations) to
19 such a drug, and (II) for which the Secretary
20 has not issued a notice of an opportunity for a
21 hearing under section 505(e) of the Federal
22 Food, Drug, and Cosmetic Act on a proposed
23 order of the Secretary to withdraw approval of
24 an application for such drug under such section
25 because the Secretary has determined that the

1 drug is less than effective for all conditions of
 2 use prescribed, recommended, or suggested in
 3 its labeling;

4 “(B) a biological product which—

5 “(i) may only be dispensed upon prescrip-
 6 tion;

7 “(ii) is licensed under section 351 of the
 8 Public Health Service Act; and

9 “(iii) is produced at an establishment li-
 10 censed under such section to produce such
 11 product; and

12 “(C) insulin approved under appropriate Fed-
 13 eral law.

14 “(3) The term ‘covered outpatient drug’ does not
 15 include—

16 “(A) any drug, biological product, or insulin
 17 when furnished as part of, or as incident to, a diag-
 18 nostic service or any other item or service for which
 19 payment may be made under this title (other than
 20 physicians’ services or services which would be physi-
 21 cians’ services if furnished by a physician); or

22 “(B) any drug that is intravenously adminis-
 23 tered in a home setting.”.

24 (3) CONFORMING AMENDMENTS REPEALING
 25 SEPARATE COVERAGE OF CERTAIN DRUGS AND

1 PRODUCTS.—(A) Effective January 1, 2001, section
 2 1861(s)(2) of the Social Security Act (42 U.S.C.
 3 1395x(s)(2)) is amended—

4 (i) in each of subparagraphs (A) and (B),
 5 by striking “(including drugs” and all that fol-
 6 lows through “self-administered)”;

7 (ii) by striking subparagraphs (G), (I),
 8 (O), (Q), and (T);

9 (iii) in subparagraph (R), by adding “and”
 10 at the end; and

11 (iv) in subparagraph (S), by striking “;
 12 and” at the end.

13 (B) Effective January 1, 2001, section 1861 of
 14 the Social Security Act (42 U.S.C. 1395x) is amend-
 15 ed by striking subsection (kk).

16 (C) Effective January 1, 2001, section 1881(b)
 17 of the Social Security Act (42 U.S.C. 1395rr(b)) is
 18 amended—

19 (i) in the first sentence of paragraph (1)—

20 (I) by striking “, (B)” and inserting
 21 “, and (B)”;

22 (II) by striking “, and (C)” and all
 23 that follows and inserting a period; and

24 (ii) in paragraph (11)—

1 (I) by striking “(11)(A)” and insert-
 2 ing “(11)”; and
 3 (II) by striking subparagraphs (B)
 4 and (C).

5 (b) DEDUCTIBLE AND PAYMENT AMOUNTS.—(1)
 6 Section 1833(a)(1)(S) of the Social Security Act (42
 7 U.S.C. 1395l(a)(1)(S)) is amended to read as follows: “(S)
 8 with respect to expenses incurred for covered outpatient
 9 drugs, the amounts paid shall be the amounts determined
 10 under section 1834(e)(2);”.

11 (2) Section 1833(a)(2) of the Social Security Act (42
 12 U.S.C. 1395l(a)(2)) is amended in the matter preceding
 13 subparagraph (A) by inserting “(other than covered out-
 14 patient drugs)” after “(2) in the case of services”.

15 (3) Section 1833(b) of the Social Security Act (42
 16 U.S.C. 1395l(b)) is amended—

17 (A) in paragraph (1), by inserting “or for cov-
 18 ered outpatient drugs” after “1861(s)(10)(A)”; and

19 (B) in paragraph (2), by striking “osteoporosis
 20 drug (as defined in section 1861(kk))” and inserting
 21 “covered outpatient drug (as defined in section
 22 1861(t))”.

23 (4) Section 1834 of the Social Security Act (42
 24 U.S.C. 1395m) is amended by inserting after subsection
 25 (d) the following:

1 “(e) PAYMENT FOR COVERED OUTPATIENT
2 DRUGS.—

3 “(1) DEDUCTIBLE.—

4 “(A) APPLICATION.—

5 “(i) IN GENERAL.—Except as pro-
6 vided in clause (ii), payment shall be made
7 under paragraph (2) only with respect to
8 expenses incurred by an individual for cov-
9 ered outpatient drugs during a month on
10 or after such date in the month as the Sec-
11 retary determines that the individual has
12 incurred expenses in the month for covered
13 outpatient drugs (during a period in which
14 the individual is entitled to benefits under
15 this part) equal to the amount of the pre-
16 scription drug deductible specified in sub-
17 paragraph (C) for that month.

18 “(ii) WAIVER OF DEDUCTIBLE FOR
19 LOW-INCOME INDIVIDUALS.—The prescrip-
20 tion drug deductible established under this
21 paragraph shall not apply to an individual
22 whose income is not greater than 135 per-
23 cent of the income official poverty line (as
24 defined by the Office of Management and
25 Budget, and revised annually in accord-

ance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

“(B) RESPONSE TO APPLICATION.—If the system described in section 1842(o)(4) has not been established and an individual applies to the Secretary to establish that the individual has met the requirement of subparagraph (A), the Secretary shall promptly notify the individual (and, if the application was submitted by or through a participating pharmacy, the pharmacy) as to the date (if any) as of which the individual has met such requirement.

“(C) PRESCRIPTION DRUG DEDUCTIBLE AMOUNT.—The prescription drug deductible specified in this subparagraph for each month—

“(i) in 2001, is \$150 for an individual (or \$300 for a married couple, both of whom enrolled under this part); and

“(ii) in any succeeding year, is the prescription drug deductible for a month in the preceding year, increased by the percentage by which the monthly premium under section 1839 for months during the

1 year exceeds the monthly premium under
2 such section for months during the pre-
3 ceding year.

4 “(2) PAYMENT AMOUNT.—Subject to the pre-
5 scription drug deductible established under para-
6 graph (1)(A), the amount payable under this part
7 with respect to a covered outpatient drug is equal to
8 75 percent of the lesser of—

9 “(A) the actual charge for the drug; or

10 “(B) the average wholesale price for the
11 drug.

12 “(3) PROHIBITION OF FORMULARY.—Nothing
13 in this title (other than section 1862(c)) shall be
14 construed as authorizing the Secretary to exclude
15 from coverage or to deny payment—

16 “(A) for any specific covered outpatient
17 drug, or specific class of covered outpatient
18 drug; or

19 “(B) for any specific use of such a drug
20 for a specific indication unless such exclusion is
21 pursuant to section 1862(a)(1) based on a find-
22 ing by the Secretary that such use is not safe
23 or is not effective.

24 “(4) REPORTS ON UTILIZATION AND EFFECTS
25 ON PRICES.—

1 “(A) COMPILATION OF INFORMATION.—

2 The Secretary shall compile information on—

3 “(i) manufacturers’ prices for covered
4 outpatient drugs, and on charges of phar-
5 macists for covered outpatient drugs; and

6 “(ii) the use of covered outpatient
7 drugs by individuals entitled to benefits
8 under this part.

9 “(B) REPORTS.—The Secretary shall sub-
10 mit to the Committees on Ways and Means and
11 Commerce of the House of Representatives and
12 the Committee on Finance of the Senate a re-
13 port, in May and November of 2000 and 2001
14 and in May of each succeeding year, providing
15 the information compiled under subparagraph
16 (A). Each report submitted after 2002 shall in-
17 clude an explanation of the extent to which the
18 increases in outlays for covered outpatient
19 drugs under this part are due to the factors de-
20 scribed in clauses (i) and (ii) of subparagraph
21 (A).”.

22 (c) PARTICIPATING PHARMACIES; CIVIL MONEY
23 PENALTIES.—

1 (1) PARTICIPATING PHARMACIES.—Section
2 1842 of the Social Security Act (42 U.S.C. 1395t)
3 is amended—

4 (A) in subsection (h)—

5 (i) in paragraph (1), by inserting be-
6 fore the period at the end of the second
7 sentence the following: “, except that, with
8 respect to a supplier of covered outpatient
9 drugs, the term ‘participating supplier’
10 means a participating pharmacy (as de-
11 fined in subsection (o)(1))”; and

12 (ii) in paragraph (4), by adding at the
13 end the following: “In publishing direc-
14 tories under this paragraph, the Secretary
15 shall provide for separate directories
16 (whenever appropriate) for participating
17 pharmacies.”; and

18 (B) by striking subsection (o) and insert-
19 ing the following:

20 “(o)(1) For purposes of this section, the term ‘par-
21 ticipating pharmacy’ means, with respect to covered out-
22 patient drugs dispensed on or after January 1, 2001, an
23 entity which is authorized under State law to dispense cov-
24 ered outpatient drugs and which has entered into an

1 agreement with the Secretary, providing at least the fol-
2 lowing:

3 “(A) The entity agrees to accept payment under
4 this part on an assignment-related basis for all cov-
5 ered outpatient drugs dispensed to an individual en-
6 titled to benefits under this part (in this subsection
7 referred to as a ‘Medicare beneficiary’) during a
8 year after—

9 “(i) the Secretary has notified the entity,
10 through the electronic system described in para-
11 graph (4); or

12 “(ii) in the absence of such a system, the
13 entity is otherwise notified that the Secretary
14 has determined,
15 that the individual has met the prescription drug de-
16 ductible with respect to such drugs under section
17 1834(e)(1) for the year.

18 “(B) The entity agrees—

19 “(i) not to refuse to dispense covered out-
20 patient drugs stocked by the entity to any medi-
21 care beneficiary; and

22 “(ii) not to charge any Medicare bene-
23 ficiary (regardless of whether or not the bene-
24 ficiary is enrolled in a Medicare+Choice plan
25 offered by a Medicare+Choice organization

1 under part C) more for such drugs than the
2 amount such entity charges to the general pub-
3 lic (as determined by the Secretary in regula-
4 tions).

5 “(C) The entity agrees to keep patient records
6 (including records on expenses) for all covered out-
7 patient drugs dispensed to all Medicare beneficiaries.

8 “(D) The entity agrees to submit information
9 (in a manner specified by the Secretary to be nec-
10 essary to administer this title) on all purchases of
11 covered outpatient drugs dispensed to Medicare
12 beneficiaries.

13 “(E) The entity agrees—

14 “(i) to offer to counsel, or to offer to pro-
15 vide information (consistent with State law re-
16 specting the provision of such information) to,
17 each Medicare beneficiary on the appropriate
18 use of a drug to be dispensed and whether there
19 are potential interactions between the drug and
20 other drugs dispensed to the beneficiary; and

21 “(ii) to advise the beneficiary on the avail-
22 ability (consistent with State laws respecting
23 substitution of drugs) of therapeutically equiva-
24 lent covered outpatient drugs.

1 Nothing in this paragraph shall be construed as requiring
2 a pharmacy operated by a Medicare+Choice organization
3 under part C for the exclusive benefit of its members to
4 dispense covered outpatient drugs to individuals who are
5 not members of the organization.

6 “(2) The Secretary shall provide to each participating
7 pharmacy—

8 “(A) a distinctive emblem (suitable for display
9 to the public) indicating that the pharmacy is a par-
10 ticipating pharmacy; and

11 “(B) upon request, such electronic equipment
12 and technical assistance (other than the costs of ob-
13 taining, maintaining, or expanding telephone service)
14 as the Secretary determines may be necessary for
15 the pharmacy to submit claims using the electronic
16 system established under paragraph (4).

17 “(3) The Secretary shall provide for periodic audits
18 of participating pharmacies to ensure—

19 “(A) compliance with the requirements for par-
20 ticipation under this title; and

21 “(B) the accuracy of information submitted by
22 the pharmacies under this title.

23 “(4) The Secretary shall establish, by not later than
24 January 1, 2001, a point-of-sale electronic system for use
25 by carriers and participating pharmacies in the submission

1 of information respecting covered outpatient drugs dis-
 2 pensed to Medicare beneficiaries under this part.

3 “(5) Notwithstanding subsection (b)(3)(B), payment
 4 for covered outpatient drugs may be made on the basis
 5 of an assignment described in clause (ii) of that subsection
 6 only to a participating pharmacy.”.

7 (2) CIVIL MONEY PENALTIES FOR VIOLATION
 8 OF PARTICIPATION AGREEMENT, FOR EXCESSIVE
 9 CHARGES FOR NONPARTICIPATING PHARMACIES,
 10 AND FOR FAILURE TO PROVIDE SURVEY INFORMA-
 11 TION.—Section 1128A(a) of the Social Security Act
 12 (42 U.S.C. 1320a–7a(a)) is amended—

13 (A) in paragraph (2)(C), by inserting “or
 14 to be a participating pharmacy under section
 15 1842(o)” after “1842(h)(1)”;

16 (B) in paragraph (6), by striking “, or” at
 17 the end;

18 (C) in paragraph (7), by adding “or” at
 19 the end; and

20 (D) by inserting after paragraph (7) the
 21 following:

22 “(8) in the case of a participating or non-
 23 participating pharmacy (as defined for purposes of
 24 part B of title XVIII), presents or causes to be pre-
 25 sented to any person a request for payment for cov-

1 ered outpatient drugs dispensed to an individual en-
 2 titled to benefits under part B of title XVIII and for
 3 which the amount charged by the pharmacy is great-
 4 er than the amount the pharmacy charges the gen-
 5 eral public (as determined by the Secretary in regu-
 6 lations);”.

7 (d) LIMITATION ON LENGTH OF PRESCRIPTION.—
 8 Section 1862(c) of the Social Security Act (42 U.S.C.
 9 1395y(c)) is amended—

10 (1) by redesignating subparagraphs (A) through
 11 (D) of paragraph (1) as clauses (i) through (iv), re-
 12 spectively;

13 (2) in paragraph (2)(A), by striking “paragraph
 14 (1)” and inserting “subparagraph (A)”;

15 (3) by redesignating subparagraphs (A) and
 16 (B) of paragraph (2) as clauses (i) and (ii), respec-
 17 tively;

18 (4) by redesignating paragraphs (1) and (2) as
 19 subparagraphs (A) and (B), respectively;

20 (5) by inserting “(1)” after “(c)”; and

21 (6) by adding at the end the following:

22 “(2) No payment may be made under part B for any
 23 expense incurred for a covered outpatient drug if the drug
 24 is dispensed in a quantity exceeding a supply of 30 days
 25 or such longer period of time (not to exceed 90 days, ex-

cept in exceptional circumstances) as the Secretary may authorize.”.

(e) USE OF CARRIERS, FISCAL INTERMEDIARIES,
AND OTHER ENTITIES IN ADMINISTRATION.—

(1) AUTHORIZING USE OF OTHER ENTITIES IN
ELECTRONIC CLAIMS SYSTEM.—Section 1842(f) of
the Social Security Act (42 U.S.C. 1395u(f)) is
amended—

(A) in paragraph (1), by striking “and” at
the end;

(B) in paragraph (2), by striking the pe-
riod at the end and inserting “; and”; and

(C) by adding at the end the following:

“(3) with respect to implementation and oper-
ation (and related functions) of the electronic system
established under subsection (o)(4), a voluntary as-
sociation, corporation, partnership, or other non-
governmental organization, which the Secretary de-
termines to be qualified to conduct such activities.”.

(2) ADDITIONAL FUNCTIONS OF CARRIERS.—
Section 1842(b)(3) of the Social Security Act (42
U.S.C. 1395u(b)(3)) is amended—

(A) in subparagraph (I), by striking “and”
at the end;

1 (B) by redesignating subparagraph (L) as
 2 subparagraph (J); and

3 (C) by inserting after subparagraph (J)
 4 (as so redesignated) the following:

5 “(K) if such carrier makes determinations or
 6 payments with respect to covered outpatient drugs,
 7 will—

8 “(i) receive information transmitted under
 9 the electronic system established under sub-
 10 section (o)(4); and

11 “(ii) respond to requests by participating
 12 pharmacies (and any individual entitled to bene-
 13 fits under this part) as to whether or not such
 14 an individual has met the prescription drug de-
 15 ductible established under section 1834(e)(1)
 16 for the month; and

17 “(L) will enter into such contracts with organi-
 18 zations described in subsection (f)(3) as the Sec-
 19 retary determines may be necessary to implement
 20 and operate (and for related functions with respect
 21 to) the electronic system established under sub-
 22 section (o)(4) for covered outpatient drugs under
 23 this part.”.

24 (3) SPECIAL CONTRACT PROVISIONS FOR ELEC-
 25 TRONIC CLAIMS SYSTEM.—

1 (A) PAYMENT ON OTHER THAN A COST
 2 BASIS.—Section 1842(c)(1) of the Social Secu-
 3 rity Act (42 U.S.C. 1395u(c)(1)) is amended—

4 (i) by inserting “(A)” after “(c)(1)”;

5 (ii) in the first sentence, by inserting

6 “, except as provided in subparagraph

7 (B),” after “under this part, and”; and

8 (iii) by adding at the end the fol-

9 lowing:

10 “(B) To the extent that a contract under this section
 11 provides for implementation and operation (and related
 12 functions) of the electronic system established under sub-
 13 section (o)(4) for covered outpatient drugs, the Secretary
 14 may provide for payment for such activities based on any
 15 method of payment determined by the Secretary to be ap-
 16 propriate.”.

17 (B) APPLICATION OF DIFFERENT PER-
 18 FORMANCE STANDARDS.—The Secretary of
 19 Health and Human Services, before entering
 20 into contracts under section 1842 of the Social
 21 Security Act with respect to the implementation
 22 and operation (and related functions) of an
 23 electronic system for covered outpatient drugs,
 24 shall establish standards with respect to per-
 25 formance with respect to activities relating to

1 such system. The provisions of section
2 1153(e)(2) and paragraphs (1) and (2) of sec-
3 tion 1153(h) of such Act shall apply to such
4 activities in the same manner as they apply to
5 contracts with peer review organizations, in-
6 stead of the requirements of the second and
7 third sentences of section 1842(b)(2)(A) of such
8 Act.

9 (C) USE OF REGIONAL CARRIERS.—Section
10 1842(b)(2)(A) of the Social Security Act (42
11 U.S.C. 1395u(b)(2)(A)) is amended by adding
12 at the end the following: “With respect to ac-
13 tivities relating to implementation and oper-
14 ation (and related functions) of the electronic
15 system established under subsection (o)(4), the
16 Secretary may enter into contracts with carriers
17 under this section to perform such activities on
18 a regional basis.”.

19 (4) DELAY IN APPLICATION OF COORDINATED
20 BENEFITS WITH MEDIGAP.—The provisions of sub-
21 paragraph (B) of section 1842(h)(3) of the Social
22 Security Act shall not apply to covered outpatient
23 drugs (other than drugs described in section
24 1861(s)(2)(J) of such Act as in effect on the day be-

1 fore the date of the enactment of this Act) dispensed
2 before January 1, 2002.

3 (5) BATCH PROMPT PROCESSING OF CLAIMS.—
4 Section 1842(c) of the Social Security Act (42
5 U.S.C. 1395u(c)), is amended—

6 (A) by redesignating paragraph (6) as
7 paragraph (7);

8 (B) in paragraphs (2)(A) and (3)(A), by
9 striking “Each” and inserting “Except as pro-
10 vided in paragraph (6), each”; and

11 (C) by inserting after paragraph (5) the
12 following:

13 “(6)(A) Each contract under this section which pro-
14 vides for the disbursement of funds, as described in sub-
15 section (a)(1)(B), with respect to claims for payment for
16 covered outpatient drugs shall provide for a payment cycle
17 under which each carrier will, on a monthly basis, make
18 a payment with respect to all claims which were received
19 and approved for payment in the period since the most
20 recent date on which such a payment was made with re-
21 spect to the participating pharmacy or individual submit-
22 ting the claim.

23 “(B) If payment is not issued, mailed, or otherwise
24 transmitted within 5 days of when such a payment is re-
25 quired to be made under subparagraph (A), interest shall

1 be paid at the rate used for purposes of section 3902(a)
 2 of title 31, United States Code (relating to interest pen-
 3 alties for failure to make prompt payments) for the period
 4 beginning on the day after such 5-day period and ending
 5 on the date on which payment is made.”.

6 (f) CONFORMING AMENDMENTS.—

7 (1) The first sentence of section 1866(a)(2)(A)
 8 (42 U.S.C. 1395cc(a)(2)(A)) is amended by insert-
 9 ing “1834(e),” after “1833(b),”.

10 (2) Section 1903(i)(5) (42 U.S.C. 1396b(i)(5))
 11 is amended by striking “section 1862(c)” and insert-
 12 ing “section 1862(c)(1)”.

13 (g) PRESCRIPTION DRUG PAYMENT REVIEW COM-
 14 MISSION.—Part B is amended by inserting after section
 15 1844 the following:

16 “PRESCRIPTION DRUG PAYMENT REVIEW COMMISSION
 17 “SEC. 1845. (a) ESTABLISHMENT.—

18 “(1) IN GENERAL.—The Director of the Con-
 19 gressional Office of Technology Assessment (in this
 20 section referred to as the ‘Director’ and the ‘Office’,
 21 respectively) shall provide for the appointment of a
 22 Prescription Drug Payment Review Commission (in
 23 this section referred to as the ‘Commission’), to be
 24 composed of individuals with expertise in the provi-
 25 sion and financing of covered outpatient drugs ap-
 26 pointed by the Director (without regard to the provi-

1 sions of title 5, United States Code, governing ap-
2 pointments in the competitive service).

3 “(2) MEMBERSHIP AND TERMS.—The Commis-
4 sion shall consist of 11 individuals. Members of the
5 Commission shall first be appointed by not later
6 than January 1, 2000, for a term of 3 years, except
7 that the Director may provide initially for such
8 shorter terms as will ensure that (on a continuing
9 basis) the terms of not more than 4 members expire
10 in any 1 year.

11 “(3) QUALIFICATIONS.—The membership of the
12 Commission shall include—

13 “(A) recognized experts in the fields of
14 health care economics, medicine, pharmacology,
15 pharmacy, and prescription drug reimburse-
16 ment;

17 “(B) representatives of the prescription
18 drug manufacturing industry; and

19 “(C) at least 1 individual who is a bene-
20 ficiary under this title.

21 “(b) REPORTS.—

22 “(1) IN GENERAL.—Not later than May 1 of
23 each year (beginning in 2001), the Commission shall
24 submit an annual report to Congress concerning

1 methods of determining payment for covered out-
 2 patient drugs under this part.

3 “(2) CONTENTS.—Beginning with the annual
 4 report required to be submitted in 2002, such report
 5 shall include, with respect to the previous year, in-
 6 formation on—

7 “(A) increases in manufacturers’ prices for
 8 covered outpatient drugs and in charges of
 9 pharmacists for covered outpatient drugs;

10 “(B) the level of utilization of covered out-
 11 patient drugs by medicare beneficiaries; and

12 “(C) administrative costs relating to cov-
 13 ered outpatient drugs.

14 “(c) APPLICATION OF MEDPAC PROVISIONS.—The
 15 following provisions of section 1805 shall apply to the
 16 Commission in the same manner as they apply to the
 17 Medicare Payment Advisory Commission:

18 “(1) Subsection (c)(4) (relating to compensa-
 19 tion of members).

20 “(2) Subsection (d) (relating to staffing and ad-
 21 ministration).

22 “(3) Subsection (e) (relating to powers of the
 23 Commission generally).

24 “(4) Subsection (f)(1) (relating to requests for
 25 appropriations).

1 “(d) FUNDING.—The Secretary shall provide to the
 2 Commission, from amounts appropriated to the Depart-
 3 ment of Health and Human Services, such sums as may
 4 be necessary to carry out the provisions of this section.
 5 Such sums shall not be payable from amounts appro-
 6 priated to the Federal Hospital Insurance Trust Fund or
 7 the Federal Supplementary Medical Insurance Trust
 8 Fund.”.

9 (h) DEVELOPMENT OF STANDARD MEDICARE
 10 CLAIMS FORM.—

11 (1) IN GENERAL.—The Secretary of Health and
 12 Human Services shall develop, in consultation with
 13 representatives of pharmacies and other interested
 14 individuals, a 1-page standard claims form (and a
 15 standard electronic claims format) to be used in re-
 16 quests for payment for covered outpatient drugs
 17 under the medicare program and other third-party
 18 payors.

19 (2) DISTRIBUTION.—Not later than October 1,
 20 2000, the Secretary of Health and Human Services
 21 shall distribute official sample copies of the form
 22 and format developed under paragraph (1) to phar-
 23 macies and other interested parties.

24 (i) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as otherwise pro-
2 vided, the amendments made by this section shall
3 apply to items dispensed on or after January 1,
4 2001.

5 (2) CARRIERS.—The amendments made by sub-
6 section (e) shall take effect on the date of enactment
7 of this Act, except that the amendments made by
8 subsection (e)(5) shall take effect on January 1,
9 2002, but shall not be construed as requiring pay-
10 ment before February 1, 2002.

○