106TH CONGRESS 1ST SESSION S. 255

To combat waste, fraud, and abuse in payments for home health services provided under the Medicare program, and to improve the quality of those home health services.

IN THE SENATE OF THE UNITED STATES

JANUARY 20, 1999

Mr. GRASSLEY (for himself and Mr. BREAUX) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

- To combat waste, fraud, and abuse in payments for home health services provided under the Medicare program, and to improve the quality of those home health 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; TABLE OF CONTENTS.

- 4 (a) SHORT TITLE.—This Act may be cited as the
- 5 "Home Health Integrity Preservation Act of 1999".
- 6 (b) TABLE OF CONTENTS.—The table of contents of
- 7 this Act is as follows:
 - Sec. 1. Short title; table of contents.
 - Sec. 2. Additional conditions of participation for home health agencies.
 - Sec. 3. Surveyor training in reimbursement and coverage policies.
 - Sec. 4. Surveys and reviews.

Sec. 5. Prior patient load.

- Sec. 6. Establishment of standards and procedures to improve quality of services.
- Sec. 7. Notification of availability of a home health agency's most recent survey as part of discharge planning process.
- Sec. 8. Home health integrity task force.
- Sec. 9. Application of certain provisions of the bankruptcy code.
- Sec. 10. Study and report to Congress.
- Sec. 11. Effective date.

SEC. 2. ADDITIONAL CONDITIONS OF PARTICIPATION FOR HOME HEALTH AGENCIES.

3 (a) QUALIFICATIONS OF MANAGING EMPLOYEES.—
4 Section 1891(a) of the Social Security Act (42 U.S.C.
5 1395bbb(a)) is amended by adding at the end the follow6 ing:

7 "(7) The agency shall have—

"(A) sufficient knowledge, as attested by 8 9 the managing employees (as defined in section 10 1126(b)) of the agency (pursuant to subsection 11 (c)(2)(C)(iv)(II)) using standards established by 12 the Secretary, of the requirements for reim-13 bursement under this title, coverage criteria 14 and claims procedures, and the civil and crimi-15 nal penalties for noncompliance with such re-16 quirements; and

17 "(B) managing employees with sufficient
18 prior education or work experience, according to
19 standards determined by the Secretary, in the
20 delivery of health care.".

(b) COMPLIANCE PROGRAM.—Section 1891(a) of the
 Social Security Act (42 U.S.C. 1395bbb(a)) (as amended
 by subsection (a)) is amended by adding at the end the
 following:

5 "(8) The agency has developed and imple-6 mented a fraud and abuse compliance program.".

7 (c) AVAILABILITY OF SURVEY.—Section 1891(a) of
8 the Social Security Act (42 U.S.C. 1395bbb(a)) (as
9 amended by subsection (b)) is amended by adding at the
10 end the following:

11 "(9) The agency, before the agency provides 12 any home health services to a beneficiary, makes 13 available to the beneficiary or the representative of 14 the beneficiary a summary of the pertinent findings 15 (including a list of any deficiencies) of the most re-16 cent survey of the agency relating to the compliance 17 of such agency. Such summary shall be provided in 18 a standardized format and may, at the discretion of 19 the Secretary, also include other information regard-20 ing the agency's operations that are of potential in-21 terest to beneficiaries, such as the number of pa-22 tients served by the agency.".

23 (d) NOTICE OF NEW HOME HEALTH SERVICE, NEW24 BRANCH OFFICE, AND NEW JOINT VENTURE.—Section

1	1891(a)(2) of the Social Security Act (42 U.S.C.
2	1395bbb(a)(2)) is amended to read as follows:
3	"(2)(A) The agency notifies the agency's fiscal
4	intermediary and the State entity responsible for the
5	licensing or certification of the agency—
6	"(i) of a change in the persons with an
7	ownership or control interest (as defined in sec-
8	tion $1124(a)(3)$) in the agency,
9	"(ii) of a change in the persons who are of-
10	ficers, directors, agents, or managing employees
11	(as defined in section 1126(b)) of the agency,
12	"(iii) of a change in the corporation, asso-
13	ciation, or other company responsible for the
14	management of the agency,
15	"(iv) that the agency is providing a cat-
16	egory of skilled service that it was not providing
17	at the time of the agency's most recent stand-
18	ard survey,
19	"(v) that the agency is operating a new
20	branch office that was not in operation at the
21	time of the agency's most recent standard sur-
22	vey, and
23	"(vi) that the agency is involved in a new
24	joint venture with other health care providers or
25	other business entities.

1	"(B) The notice required under subparagraph
2	(A) shall be provided—
3	"(i) for a change described in clauses (i),
4	(ii), and (iii) of such subparagraph, within 30
5	calendar days of the time of the change and
6	shall include the identity of each new person or
7	company described in the previous sentence,
8	"(ii) for a change described in clause (iv)
9	of such subparagraph, within 30 calendar days
10	of the time the agency begins providing the new
11	service and shall include a description of the
12	service,
13	"(iii) for a change described in clause (v)
14	of such subparagraph, within 30 calendar days
15	of the time the new branch office begins oper-
16	ations and shall include the location of the of-
17	fice and a description of the services that are
18	being provided at the office, and
19	"(iv) for a change described in clause (vi)
20	of such subparagraph, within 30 calendar days
21	of the time the agency enters into the joint ven-
22	ture agreement and shall include a description
23	of the joint venture and the participants in the
24	joint venture.".

5

1	SEC. 3. SURVEYOR TRAINING IN REIMBURSEMENT AND
2	COVERAGE POLICIES.
3	Section $1891(d)(3)$ of the Social Security Act (42
4	U.S.C. 1395bbb(d)(3)) is amended—
5	(1) by striking "relating to the performance"
6	and inserting "relating to—
7	"(A) the performance";
8	(2) by striking the period at the end and insert-
9	ing "; and"; and
10	(3) by adding at the end the following:
11	"(B) requirements for reimbursement and cov-
12	erage of services under this title.".
13	SEC. 4. SURVEYS AND REVIEWS.
14	(a) Additional Requirements for Survey.—
15	Section $1891(c)(2)(C)$ of the Social Security Act (42
16	U.S.C. 1395bbb(c)(2)(C)) is amended—
17	(1) in clause (i)(I)—
18	(A) by striking "purpose of evaluating"
19	and inserting "purpose of—
20	"(aa) evaluating"; and
21	(B) by adding at the end the following:
22	"(bb) evaluating whether the individ-
23	uals are homebound for purposes of quali-
24	fying for receipt of benefits for home
25	health services under this title; and";
26	(2) in clause (ii), by striking "and" at the end;

1	(3) in clause (iii), by striking the period at the
2	end and inserting "; and"; and
3	(4) by adding at the end the following:
4	"(iv) shall include—
5	"(I) an assessment of whether the agency
6	is in compliance with all of the conditions of
7	participation and requirements specified in or
8	pursuant to section 1861(o), this section, and
9	this title;
10	"(II) an assessment that the managing
11	employees (as defined in section 1126(b)) of the
12	agency have attested in writing to having suffi-
13	cient knowledge, as determined by the Sec-
14	retary, of the requirements for reimbursement
15	under this title, coverage criteria and claims
16	procedures, and the civil and criminal penalties
17	for noncompliance with such requirements; and
18	"(III) a review of the services provided by
19	subcontractors of the agency to ensure that
20	such services are being provided in a manner
21	consistent with the requirements of this title.".
22	(b) Additional Events Triggering a Survey.—
23	Section $1891(c)(2)(B)$ of the Social Security Act (42)
24	U.S.C. 1395bbb(c)(2)(B)) is amended—
25	(1) by striking "and" at the end of clause (i);

1	(2) by striking the period at the end of clause
2	(ii) and inserting a comma; and
3	(3) by adding at the end the following:
4	"(iii) shall be conducted not less than
5	annually for the first 2 years after the ini-
6	tial standard survey of the agency,
7	"(iv) after the agency's first 2 years
8	of participation under this title, shall be
9	conducted within 90 calendar days of the
10	date that the agency notifies the Secretary
11	that it is providing a category of skilled
12	service that the agency was not providing
13	at the time of the agency's most recent
14	standard survey,
15	"(v) if the agency is operating a new
16	branch office that was not in operation at
17	the time of the agency's most recent stand-
18	ard survey, shall be conducted within the
19	12-month period following the date that
20	the new branch office began operations to
21	ensure that such office is providing quality
22	care and that it is appropriately classified
23	as a branch office, and shall include direct
24	scrutiny of the operations of the branch of-
25	fice, and

"(vi) shall be conducted on randomly
 selected agencies on an occasional basis,
 with the number of such surveys to be de termined by the Secretary.".

5 (c) REVIEW BY FISCAL INTERMEDIARY.—Section
6 1816 of the Social Security Act (42 U.S.C. 1395h) is
7 amended by adding at the end the following:

8 "(m) An agreement with an agency or organization 9 under this section shall require that the agency or organi-10 zation conduct a review of the overall business structure 11 of a home health agency submitting a claim for reimburse-12 ment for home health services, including any related orga-13 nizations of the home health agency.".

14 SEC. 5. PRIOR PATIENT LOAD.

15 Section 1891 of the Social Security Act (42 U.S.C.16 1395bbb) is amended by adding at the end the following:

17 "(h) Prior Patient Load.—

18 "(1) IN GENERAL.—The Secretary shall not
19 enter into an agreement for the first time with a
20 home health agency to provide items and services
21 under this title unless the Secretary determines that,
22 before the date the agreement is entered into, the
23 agency—

24 "(A) had been in operation for at least 6025 calendar days; and

1	"(B) had at least 10 patients during that
2	period of prior operation.
3	"(2) Exceptions.—
4	"(A) BENEFICIARY ACCESS.—If the Sec-
5	retary determines appropriate, the Secretary
6	may waive the requirements of paragraph (1) in
7	order to establish or maintain beneficiary access
8	to home health services in an area.
9	"(B) CHANGE OF OWNERSHIP.—The re-
10	quirements of paragraph (1) shall not apply to
11	a home health agency at the time of a change
12	in ownership of such agency.".
13	SEC. 6. ESTABLISHMENT OF STANDARDS AND PROCE-
13 14	SEC. 6. ESTABLISHMENT OF STANDARDS AND PROCE- DURES TO IMPROVE QUALITY OF SERVICES.
14	DURES TO IMPROVE QUALITY OF SERVICES.
14 15 16	DURES TO IMPROVE QUALITY OF SERVICES. (a) IN GENERAL.—Section 1891 of the Social Secu-
14 15 16	DURES TO IMPROVE QUALITY OF SERVICES. (a) IN GENERAL.—Section 1891 of the Social Security Act (42 U.S.C. 1395bbb) (as amended by section 5)
14 15 16 17	DURES TO IMPROVE QUALITY OF SERVICES. (a) IN GENERAL.—Section 1891 of the Social Secu- rity Act (42 U.S.C. 1395bbb) (as amended by section 5) is amended by adding at the end the following:
14 15 16 17 18	DURES TO IMPROVE QUALITY OF SERVICES. (a) IN GENERAL.—Section 1891 of the Social Secu- rity Act (42 U.S.C. 1395bbb) (as amended by section 5) is amended by adding at the end the following: "(i) ESTABLISHMENT OF STANDARDS AND PROCE-
14 15 16 17 18 19	DURES TO IMPROVE QUALITY OF SERVICES. (a) IN GENERAL.—Section 1891 of the Social Secu- rity Act (42 U.S.C. 1395bbb) (as amended by section 5) is amended by adding at the end the following: "(i) ESTABLISHMENT OF STANDARDS AND PROCE- DURES.—
 14 15 16 17 18 19 20 	DURES TO IMPROVE QUALITY OF SERVICES. (a) IN GENERAL.—Section 1891 of the Social Secu- rity Act (42 U.S.C. 1395bbb) (as amended by section 5) is amended by adding at the end the following: "(i) ESTABLISHMENT OF STANDARDS AND PROCE- DURES.— "(1) SCREENING OF EMPLOYEES.—The Sec-
 14 15 16 17 18 19 20 21 	DURES TO IMPROVE QUALITY OF SERVICES. (a) IN GENERAL.—Section 1891 of the Social Secu- rity Act (42 U.S.C. 1395bbb) (as amended by section 5) is amended by adding at the end the following: "(i) ESTABLISHMENT OF STANDARDS AND PROCE- DURES.— "(1) SCREENING OF EMPLOYEES.—The Sec- retary shall establish procedures to improve the

(a)(3)(E)) and licensed health professionals (as de fined in subsection (a)(3)(F)).

"(2) COST REPORTS.—The Secretary shall establish additional procedures regarding the requirement for attestation of cost reports to ensure greater
accountability on the part of a home health agency
and its managing employees (as defined in section
1126(b)) for the accuracy of the information provided to the Secretary in any such cost reports.

10 "(3) MONITORING AGENCY AFTER EXTENDED 11 SURVEY.—The Secretary shall establish procedures 12 to ensure that a home health agency that is subject 13 to an extended (or partial extended) survey is closely 14 monitored from the period immediately following the 15 extended survey through the agency's subsequent 16 standard survey to ensure that the agency is in com-17 pliance with all the conditions of participation and 18 requirements specified in or pursuant to section 19 1861(o), this section, and this title.

20 "(4) Additional audits.—

21 "(A) IN GENERAL.—

22 "(i) STANDARDS.—The Secretary
23 shall establish objective standards regard24 ing the determination of—

1	"(I) whether an agency is a home
2	health agency described in subpara-
3	graph (B); and
4	"(II) the circumstances that trig-
5	ger an audit for a home health agency
6	described in subparagraph (B), and
7	the content of such an audit.
8	"(ii) INFORMATION.—In establishing
9	standards under clause (i), the Secretary
10	shall ensure that the individuals perform-
11	ing the audits under this section are pro-
12	vided with the necessary information, in-
13	cluding information from intermediaries,
14	carriers, and law enforcement sources, in
15	order to determine if a particular home
16	health agency is an agency described in
17	subparagraph (B) and whether the cir-
18	cumstances triggering an audit for such an
19	agency has occurred.
20	"(B) AGENCY DESCRIBED.—A home health
21	agency is described in this subparagraph if it is
22	an agency that has—
23	"(i) experienced unusually rapid
24	growth as compared to other home health
25	agencies in the area and in the country;

1	"(ii) had unusually high utilization
2	patterns as compared to other home health
3	agencies in the area and in the country;
4	"(iii) unusually high costs per patient
5	as compared to other home health agencies
6	in the area and in the country;
7	"(iv) unusually high levels of overpay-
8	ment or coverage denials as compared to
9	other home health agencies in the area and
10	in the country; or
11	"(v) operations that otherwise raise
12	concerns such that the Secretary deter-
13	mines that an audit is appropriate.
14	"(5) Branch offices.—
15	"(A) SURVEYS.—The Secretary shall es-
16	tablish standards for periodic surveys of branch
17	offices of a home health agency in order to as-
18	sess whether the branch offices meet the Sec-
19	retary's national criteria for branch office des-
20	ignation and for quality of care. Such surveys
21	shall include home visits to beneficiaries served
22	by the branch office (but only with the consent
23	of the beneficiary).
24	"(B) UNIFORM NATIONAL DEFINITION.—
25	The Secretary shall establish a uniform national

1	definition of a branch office of a home health
2	agency.
3	"(6) CERTAIN QUALIFICATIONS OF MANAGING
4	EMPLOYEES.—The Secretary shall establish stand-
5	ards regarding the knowledge and prior education or
6	work experience that a managing employee (as de-
7	fined in section 1126(b)) of an agency must possess
8	in order to comply with the requirements described
9	in subsection $(a)(7)$.
10	"(7) CLAIMS PROCESSING.—
11	"(A) IN GENERAL.—The Secretary shall
12	establish standards to improve and strengthen
13	the procedures by which claims for reimburse-
14	ment by home health agencies are identified as
15	being fraudulent, wasteful, or abusive.
16	"(B) PROCEDURES.—The standards estab-
17	lished by the Secretary pursuant to subpara-
18	graph (A) shall include, to the extent prac-
19	ticable, standards for a minimum number of—
20	"(i) intensive focused medical reviews
21	of the services provided to beneficiaries by
22	an agency;
23	"(ii) interviews with beneficiaries, em-
24	ployees of the agency, and other individ-

1	uals providing services on behalf of the
2	agency; and
3	"(iii) random spot checks of visits to
4	a beneficiary's home by employees of the
5	agency (but only with the consent of the
6	beneficiary).
7	"(C) Report to congress.—Not later
8	than 90 days after the date of enactment of the
9	Home Health Integrity Preservation Act of
10	1999, the Secretary shall submit a report to
11	Congress containing a detailed description of—
12	"(i) the current levels of activity by
13	the Secretary with regard to the reviews,
14	interviews, and spot checks described in
15	subparagraph (B); and
16	"(ii) the Secretary's plans to increase
17	those levels pursuant to the procedures de-
18	scribed in subparagraphs (A) and (B).
19	"(8) Expansion of financial statement.—
20	The Secretary shall establish procedures to expand
21	the financial statement audit process to include com-
22	pliance and integrity reviews.".
23	(b) Effective Date.—By not later than 180 cal-
24	endar days after the date of enactment of this Act, the
25	Secretary shall establish the standards and procedures de-

scribed in paragraphs (1) through (8) of section 1891(i) 1 2 of the Social Security Act (42 U.S.C. 1395bbb(i)) (as 3 added by subsection (a)) by regulation or other sufficient 4 means. 5 SEC. 7. NOTIFICATION OF AVAILABILITY OF A HOME 6 HEALTH AGENCY'S MOST RECENT SURVEY AS 7 PART OF DISCHARGE PLANNING PROCESS. 8 Section 1861(ee)(2)(D) of the Social Security Act (42) 9 U.S.C. 1395x(ee)(2)(D) (as amended by section 4321(a)10 of the Balanced Budget Act of 1997) is amended— 11 (1) by striking "including the availability" and 12 inserting "including— 13 "(i) the availability"; and 14 (2) by inserting before the period the following: "; and 15 "(ii) the availability of (and procedures for 16 17 obtaining from a home health agency) a sum-18 described mary document in section 19 1891(a)(9)". 20 SEC. 8. HOME HEALTH INTEGRITY TASK FORCE. (a) ESTABLISHMENT.—The Secretary of Health and 21 22 Human Services (in this section referred to as the "Sec-23 retary") shall establish within the Office of the Inspector 24 General of the Department of Health and Human Services

a home health integrity task force (in this section referred
 to as the "Task Force").

3 (b) DIRECTOR.—The Inspector General of the De4 partment of Health and Human Services shall appoint the
5 Director of the Task Force.

6 (c) DUTIES.—The Task Force shall target, inves-7 tigate, and pursue any available civil or criminal actions 8 against individuals who organize, direct, finance, or are 9 otherwise engaged in fraud in the provision of home health 10 services (as defined in section 1861(m) of the Social Secu-11 rity Act (42 U.S.C. 1395x(m))) under the medicare pro-12 gram under such Act.

(d) OUTSIDE AGENCIES AND ENTITIES.—In carrying
out the duties described in subsection (c), the Task Force
shall work in coordination with other Federal, State, and
local agencies, including the Health Care Financing Administration, and with private entities. All Federal, State,
and local employees and all private entities are encouraged
to provide maximum cooperation to the Task Force.

20 SEC. 9. APPLICATION OF CERTAIN PROVISIONS OF THE 21 BANKRUPTCY CODE.

(a) RESTRICTED APPLICABILITY OF BANKRUPTCY
STAY, DISCHARGE, AND PREFERENTIAL TRANSFER PROVISIONS TO CERTAIN MEDICARE DEBTS.—Title XI of the

Social Security Act (42 U.S.C. 1301 et seq.) is amended
 by inserting after section 1143 the following:

3 "APPLICATION OF CERTAIN PROVISIONS OF THE
4 BANKRUPTCY CODE

5 "SEC. 1144. (a) CERTAIN MEDICARE ACTIONS NOT STAYED BY BANKRUPTCY PROCEEDINGS.—The com-6 7 mencement or continuation of any action against a debtor (as defined in subsection (d)) under this title or title 8 9 XVIII, including any action or proceeding to exclude or 10 suspend such debtor from program participation, assess 11 civil monetary penalties, recoup or set off overpayments, 12 or deny or suspend payment of claims shall not be subject to a stay under section 362(a) of title 11, United States 13 Code. 14

15 "(b) CERTAIN MEDICARE DEBT NOT DISCHARGE16 ABLE IN BANKRUPTCY.—A debt owed to the United
17 States or to a State by a debtor for an overpayment under
18 title XVIII, or for a penalty, fine, or assessment under
19 this title or title XVIII, shall not be dischargeable under
20 any provision of title 11, United States Code.

21 "(c) REPAYMENT OF CERTAIN DEBTS CONSIDERED
22 FINAL.—Payments made to repay a debt to the United
23 States or to a State by a debtor with respect to items and
24 services provided, or claims for payment made for such
25 items and services, under title XVIII (including repayment
26 of an overpayment), or to pay a penalty, fine, or assess-

ment under this title or title XVIII, shall be considered
 final and not avoidable transfers under section 547 of title
 11, United States Code.

4 "(d) DEBTOR DEFINED.—In this section, the term
5 'debtor' means a provider of services (as defined in section
6 1861(u)) that has commenced a case under title 11,
7 United States Code.".

8 (b) MEDICARE RULES APPLICABLE TO BANKRUPTCY
9 PROCEEDINGS OF A MEDICARE PROVIDER OF SERV10 ICES.—Title XVIII of the Social Security Act (42 U.S.C.
11 1395 et seq.) is amended by adding at the end the follow12 ing:

13 "APPLICATION OF PROVISIONS OF THE BANKRUPTCY

14

CODE

15 "Sec. 1897. (a) Use of Medicare Standards and PROCEDURES.—Notwithstanding any provision of title 11, 16 17 United States Code, or any other provision of law, in the 18 case of claims by a debtor (as defined in section 1144(d)) for payment under this title, the determination of whether 19 20the claim is allowable, and of the amount payable, shall 21 be made in accordance with the provisions of this title, 22 title XI, and implementing regulations.

23 "(b) NOTICE TO CREDITOR OF BANKRUPTCY PETI24 TIONER.—In the case of a debt owed by a debtor (as so
25 defined) to the United States with respect to items and
26 services provided, or claims for payment made, under this
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title (including a debt arising from an overpayment or a 1 2 penalty, fine, or assessment under title XI or this title), 3 the notices to the creditor of bankruptcy petitions, pro-4 ceedings, and relief required under title 11, United States 5 Code (including under section 342 of that title and rule 2002(j) of the Federal Rules of Bankruptcy Procedure), 6 7 shall be given to the Secretary. Provision of such notice 8 to a fiscal agent of the Secretary shall not be considered 9 to satisfy this requirement.

10 "(c) TURNOVER OF PROPERTY TO THE BANKRUPTCY 11 ESTATE.—For purposes of section 542(b) of title 11, 12 United States Code, a claim for payment under this title 13 shall not be considered to be a matured debt payable to 14 the estate of a debtor (as so defined) until such claim has 15 been allowed by the Secretary in accordance with proce-16 dures established under this title.".

17 SEC. 10. STUDY AND REPORT TO CONGRESS.

18 (a) Study.—

(1) IN GENERAL.—The Secretary of Health and
Human Services (in this section referred to as the
"Secretary") shall conduct a study on all matters relating to the appropriate home health services to be
provided under the Medicare program under title
XVIII of the Social Security Act (42 U.S.C. 1395 et
seq.) to individuals with chronic conditions.

(2) MATTERS STUDIED.—The matters studied
 by the Secretary shall include—

3 (A) methods to strengthen the role of a
4 physician in developing a plan of care for a ben5 eficiary receiving home health benefits under
6 this title; and

7 (B) the need for an individual or entity
8 (other than the home health agency or the
9 beneficiary's physician) to have responsibility
10 for approving the type and quantity of home
11 health services provided to the beneficiary.

12 (b) REPORT.—Not later than 1 year after the date 13 of enactment of this Act, the Secretary shall submit a re-14 port to Congress on the study conducted under subsection 15 (a). The Secretary shall include in the report such rec-16 ommendations regarding the utilization of home health 17 services under the Medicare program as the Secretary de-18 termines to be appropriate.

19 SEC. 11. EFFECTIVE DATE.

Except as otherwise provided in this Act, the amendments made by this Act shall take effect on the expiration of the date that is 180 calendar days after the date of enactment of this Act.