107TH CONGRESS 2D SESSION

S. 2232

To amend title XVIII of the Social Security Act to establish a program to provide for medicare reimbursement for health care services provided to certain medicare-eligible veterans in facilities of the Department of Veterans Affairs.

IN THE SENATE OF THE UNITED STATES

APRIL 23, 2002

Mr. Dayton 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 establish a program to provide for medicare reimbursement for health care services provided to certain medicare-eligible veterans in facilities of the Department of Veterans Affairs.

- 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 "Veterans Health Care
- 5 Reimbursement Act of 2002".

1	SEC. 2. ESTABLISHMENT OF MEDICARE REIMBURSEMENT
2	PROGRAM FOR VETERANS.
3	(a) In General.—Title XVIII of the Social Security
4	Act (42 U.S.C. 1395 et seq.) is amended by adding at
5	the end the following new section:
6	"MEDICARE REIMBURSEMENT PROGRAM FOR VETERANS
7	"Sec. 1897. (a) Definitions.—In this section:
8	"(1) Administering secretaries.—The term
9	'administering Secretaries' means the Secretary and
10	the Secretary of Veterans Affairs acting jointly.
11	"(2) Medicare health care services.—The
12	term 'medicare health care services' means items or
13	services covered under part A or part B.
14	"(3) Program.—The term 'program' means
15	the program carried out under this section.
16	"(4) Program site.—The term 'program site'
17	means a Veterans Affairs medical facility that pro-
18	vides, alone or in conjunction with other facilities
19	under the jurisdiction of the Secretary of Veterans
20	Affairs and affiliated public or private entities—
21	"(A) in the case of a coordinated care
22	health plan, the health care benefits prescribed
23	in subsection (c)(3) to targeted medicare-eligi-
24	ble veterans residing within the service area;
25	and

1	"(B) in the case of health care benefits
2	being provided on a fee-for-service basis, the
3	health care benefits prescribed in subsection
4	(d)(2) to targeted medicare-eligible veterans.
5	"(5) Targeted medicare-eligible vet-
6	ERAN.—The term 'targeted medicare-eligible vet-
7	eran' means an individual who—
8	"(A) is a veteran (as defined in section
9	101 of title 38, United States Code) who is en-
10	rolled in the annual patient enrollment system
11	under paragraph (4), (5), (6), or (7) of section
12	1705(a) of title 38, United States Code;
13	"(B) has attained age 65;
14	"(C) is entitled to, or enrolled for, benefits
15	under part A; and
16	"(D) is enrolled for benefits under part B.
17	"(6) Trust funds.—The term 'trust funds'
18	means the Federal Hospital Insurance Trust Fund
19	established in section 1817 and the Federal Supple-
20	mentary Medical Insurance Trust Fund established
21	in section 1841.
22	"(7) Veterans affairs medical facility.—
23	The term 'Veterans Affairs medical facility' means a
24	medical facility as defined in section 8101 of title
25	38, United States Code.

1	"(b) Program.—
2	"(1) In general.—
3	"(A) Establishment.—The admin-
4	istering Secretaries shall establish a program
5	(under agreements entered into by the admin-
6	istering Secretaries) under which the Secretary
7	shall reimburse the Secretary of Veterans Af-
8	fairs, from the trust funds, for medicare health
9	care services furnished to targeted medicare-eli-
10	gible veterans.
11	"(B) AGREEMENT.—Any agreement en-
12	tered into under this paragraph shall include at
13	a minimum—
14	"(i) a detailed description of the
15	health care benefits to be provided to the
16	participants of the program;
17	"(ii) a description of the eligibility
18	rules for participation in the program, any
19	premiums established for a coordinated
20	care health plan, and any cost-sharing ar-
21	rangements;
22	"(iii) a description of how the pro-
23	gram will satisfy the requirements under
24	this title;

1	"(iv) a description of the sites selected
2	under paragraph (2) and which model such
3	site will operate under;
4	"(v) a description of how reimburse-
5	ment requirements under subsection (i),
6	maintenance of effort requirements under
7	subsection (j), and the annual reconcili-
8	ation under subsection (k) will be imple-
9	mented in the program;
10	"(vi) a statement that the Secretary
11	shall have access to all data of the Depart-
12	ment of Veterans Affairs that the Sec-
13	retary determines is necessary to conduct
14	independent estimates and audits of the
15	maintenance of effort requirement under
16	subsection (j), the annual reconciliation
17	under subsection (k), and related matters
18	required under the program;
19	"(vii) a statement that the Comp-
20	troller General of the United States shall
21	have access to all data of the Department
22	of Veterans Affairs that the Comptroller
23	General determines is necessary to carry
24	out the reporting requirements under sub-
25	sections (k) or (l);

1 "(viii) a description of any require	1
2 ment that the Secretary waives pursuan	2
3 to subsection $(c)(4)$ or $(d)(4)$; and	3
4 "(ix) a certification, provided after re-	4
5 view by the administering Secretaries, that	5
6 any facility or entity described in sub	6
section (a)(4) that is receiving payment	7
8 by reason of the program has sufficient—	8
9 "(I) resources and expertise t	9
provide, consistent with payment re	10
quirements under subsection (i), th	11
health care benefits required to b	12
provided to beneficiaries under th	13
program (as established under sub	14
sections (e)(3) and (d)(2)); and	15
16 "(II) information and billing sys	16
tems in place to ensure—	17
18 "(aa) accurate and timel	18
submission of claims for health	19
care benefits to the Secretary	20
21 and	21
"(bb) that providers of	22
health care services that are no	23
affiliated with the Department of	24
Veterans Affairs are reimburse	25

1	by the Secretary of Veterans Af-
2	fairs in a timely and accurate
3	manner.
4	"(C) SEPARATE AGREEMENTS FOR CO-
5	ORDINATED CARE AND FEE-FOR-SERVICE.—The
6	administering Secretaries shall enter into sepa-
7	rate agreements with regard to program sites
8	operating under a coordinated care health plan
9	model and a fee-for-service model, and shall in-
10	clude in each agreement only such information
11	that is applicable to that model.
12	"(2) Location of Program sites.—The pro-
13	gram shall be conducted at any program site that is
14	designated by the Secretary of Veterans Affairs.
15	"(3) Restrictions.—
16	"(A) Only 1 model at a site.—A pro-
17	gram site may not operate under both a coordi-
18	nated care health plan model and a fee-for-serv-
19	ice model.
20	"(B) Restriction on New or expanded
21	FACILITIES.—No new Veterans Affairs medical
22	facilities may be built or expanded with funds
23	from the program.
24	"(4) Commencement of Project.—The ad-
25	ministering Secretaries shall commence the dem-

- onstration project not later than 6 months after the date of enactment of the Veterans Health Care Reimbursement Act of 2002.
 - "(5) TERMINATION.—If determined appropriate, the Secretary of Veterans Affairs may terminate the program.
 - "(6) Report.—At least 30 days prior to the commencement of the program (for both the coordinated care health plan model and the fee-for-service model), the administering Secretaries shall submit a copy of any agreement entered into under paragraph (1) to the committees of jurisdiction of Congress.
 - "(c) Coordinated Care Health Plan Model.—
 - "(1) IN GENERAL.—The Secretary of Veterans Affairs shall establish and operate coordinated care health plans in order to provide the health care benefits prescribed in paragraph (3) to targeted medicare-eligible veterans enrolled in the program under this section consistent with the Medicare+Choice program under part C.
 - "(2) OPERATION BY OR THROUGH A PROGRAM SITE.—Any coordinated care health plan established in accordance with paragraph (1) shall be operated by or through a program site.
- 25 "(3) Health care benefits.—

1 "(A) IN GENERAL.—Subject to subpara2 graph (B), the Secretary of Veterans Affairs
3 shall prescribe the health care benefits to be
4 provided to a targeted medicare-eligible veteran
5 enrolled in a coordinated care health plan under
6 the program.

"(B) MINIMUM BENEFITS.—The benefits prescribed by the Secretary of Veterans Affairs pursuant to subparagraph (A) shall include at least all medicare health care services that are required to be provided by a Medicare+Choice organization under part C.

"(4) Medicare requirements.—

"(A) IN GENERAL.—

"(i) REQUIREMENTS.—Except as provided under clause (ii), a coordinated care health plan operating under the program shall meet all requirements applicable to a Medicare+Choice plan under part C and regulations pertaining thereto, and any other requirements for receiving payments under this title, except that the prohibition of payments to Federal providers of services under sections 1814(c) and 1835(d),

1	and paragraphs (2) and (3) of section
2	1862(a), shall not apply.
3	"(ii) Waiver.—Except with respect to
4	any requirement described in subparagraph
5	(B), the Secretary is authorized to waive
6	any requirement described in clause (i), or
7	approve equivalent or alternative ways of
8	meeting such a requirement, but only if
9	such waiver or approval—
10	"(I) reflects the unique status of
11	the Department of Veterans Affairs as
12	an agency of the Federal Government;
13	and
14	"(II) is necessary to carry out, or
15	improve the efficiency of, the pro-
16	gram.
17	"(B) Beneficiary protections and
18	OTHER MATTERS.—A coordinated care health
19	plan shall comply with the requirements of the
20	Medicare+Choice program under part C that
21	relate to beneficiary protections and other re-
22	lated matters, including such requirements re-
23	lating to the following areas:
24	"(i) Enrollment and disenrollment.
25	"(ii) Nondiscrimination.

1	"(iii) Information provided to bene-
2	ficiaries.
3	"(iv) Cost-sharing limitations.
4	"(v) Appeal and grievance procedures.
5	"(vi) Provider participation.
6	"(vii) Access to services.
7	"(viii) Quality assurance and external
8	review.
9	"(ix) Advance directives.
10	"(x) Other areas of beneficiary protec-
11	tions that the Secretary determines are ap-
12	plicable to a coordinated care health plan
13	operating under the program under this
14	section.
15	"(d) Fee-For-Service Model.—
16	"(1) IN GENERAL.—The Secretary of Veterans
17	Affairs shall establish and operate a program site in
18	order to provide, on a fee-for-service basis, the medi-
19	care health care services prescribed in paragraph (2)
20	to targeted medicare-eligible veterans under the pro-
21	gram in a manner consistent with this title.
22	"(2) Health care benefits.—The admin-
23	istering Secretaries shall prescribe the medicare
24	health care services available to a targeted medicare-

eligible veteran at a program site operating under a
 fee-for-service model.

"(3) Cost-sharing.—The Secretary of Veterans Affairs shall establish cost-sharing requirements for targeted medicare-eligible veterans that receive medicare health care services under a fee-for-service model at a program site. Such cost-sharing requirements shall be the same as those required under this title.

"(4) Medicare requirements.—

"(A) IN GENERAL.—Except as provided under subparagraph (B), any entity or health care provider that provides medicare health care services under the program on a fee-for-service basis shall meet all of the requirements under this title, except that the prohibition of payments to Federal providers of services under sections 1814(c) and 1835(d), and paragraphs (2) and (3) of section 1862(a), shall not apply.

"(B) Waiver.—The Secretary is authorized to waive any requirement described under subparagraph (A), or approve equivalent or alternative ways of meeting such a requirement, but only if such waiver or approval—

1	"(i) reflects the unique status of the
2	Department of Veterans Affairs as an
3	agency of the Federal Government; and
4	"(ii) is necessary to carry out, or im-
5	prove the efficiency of, the program.
6	"(5) Verification of eligibility.—
7	"(A) IN GENERAL.—The Secretary of Vet-
8	erans Affairs shall establish procedures for de-
9	termining whether an individual is eligible to re-
10	ceive medicare health care services on a fee-for-
11	service basis under the program.
12	"(B) Restriction.—No payments shall
13	be made under this section for any medicare
14	health care service provided to an individual on
15	a fee-for-service basis under the program unless
16	the individual has been determined to be eligible
17	for the service pursuant to the procedures es-
18	tablished under subparagraph (A).
19	"(e) Voluntary Participation.—Participation of
20	a targeted medicare-eligible veteran in the program shall
21	be voluntary, subject to the capacity of participating pro-
22	gram sites and any annual limitation on medicare pay-
23	ments specified by the administering Secretaries in sub-
24	section (i)(4), and shall be subject to such terms and con-
25	ditions as the administering Secretaries may establish.

- 1 "(f) Crediting of Payments.—A payment received
- 2 by the Secretary of Veterans Affairs under the program
- 3 shall be credited to the appropriation of the Department
- 4 of Veterans Affairs for Medical Care. Amounts credited
- 5 to that appropriation for services furnished by a program
- 6 site shall be credited to amounts in the appropriation that
- 7 are available for the Veterans Integrated Services Network
- 8 (VISN) in which the program site is located. Amounts so
- 9 credited for a Veterans Integrated Services Network shall
- 10 be available for the furnishing of health care and services
- 11 by any Veterans Affairs medical facility in the Veterans
- 12 Integrated Services Network. Amounts so credited shall
- 13 be available in accordance with the preceding sentence
- 14 without fiscal year limitation.
- 15 "(g) Waiver of Certain VA Requirements.—
- 16 Notwithstanding any other provision of law, the Secretary
- 17 of Veterans Affairs shall furnish medicare health care
- 18 services to targeted medicare-eligible veterans pursuant to
- 19 the program.
- 20 "(h) Inspector General.—Nothing in any agree-
- 21 ment entered into under subsection (b)(1) shall limit the
- 22 Inspector General of the Department of Health and
- 23 Human Services from investigating any matters regarding
- 24 the expenditure of funds under this title for the program,

- 1 including compliance with the provisions of this title and
- 2 all other relevant laws.
- 3 "(i) Payments Based on Regular Medicare
- 4 Payment Rates.—
- 5 "(1) Amount.—Subject to the succeeding pro-
- 6 visions of this subsection and subsection (k), the
- 7 Secretary shall reimburse the Secretary of Veterans
- 8 Affairs for health care benefits provided under the
- 9 program at the following rates:

zation

"(A) 10 COORDINATED CARE **HEALTH** 11 PLANS.—In the case of health care benefits pro-12 vided under the program to a targeted medi-13 care-eligible veteran enrolled in a coordinated 14 care health plan, at a rate equal to 95 percent 15 of the amount paid to a Medicare+Choice orga-16 nization under part C for an enrollee in a 17 Medicare+Choice plan offered by such organi-

risk

(as

1853(a)(1)(B).

"(B) FEE-FOR-SERVICE MODEL.—In the case of a medicare health care service prescribed in subsection (d)(2) that is provided at a program site operating under a fee-for-service model, at a rate equal to 95 percent of the amounts that otherwise would be payable under

adjusted

under

section

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1	this title on a noncapitated basis for such serv-
2	ice if the program site was not part of the pro-
3	gram under this section, was participating in
4	the medicare program, and imposed charges for
5	such service.
6	"(2) Exclusion of Certain Amounts.—In
7	computing the amount of payment under paragraph
8	(1), the following amounts shall be excluded:
9	"(A) DISPROPORTIONATE SHARE HOS-
10	PITAL ADJUSTMENT.—Any amount attributable
11	to an adjustment under section $1886(d)(5)(F)$.
12	"(B) DIRECT GRADUATE MEDICAL EDU-
13	CATION PAYMENTS.—Any amount attributable
14	to a payment under section 1886(h).
15	"(C) Indirect medical education ad-
16	JUSTMENT.—Any amount attributable to the
17	adjustment under section $1886(d)(5)(B)$.
18	"(D) PERCENTAGE OF CAPITAL PAY-
19	MENTS.—67 percent of any amounts attrib-
20	utable to payments for capital-related costs
21	under medicare payment policies under section
22	1886(g).
23	"(3) Periodic payments from medicare
24	TRUST FUNDS.—Payments under this subsection
25	shall be made—

1 "(A) on a periodic basis consistent with 2 the periodicity of payments under this title; and 3 "(B) in appropriate part, as determined by

the Secretary, from the trust funds.

"(4) Annual limit on medicare payments
to be determined by administering secretaries.—The aggregate amount that may be paid
to the Department of Veterans Affairs under this
subsection for enrollees in coordinated care health
plans for a year and for health care benefits provided on a fee-for-service basis at a program site in
that year shall be equal to an amount determined
appropriate by the administering Secretaries.

"(j) Maintenance of Effort.—

"(1) In General.—The Secretary may not reimburse the Secretary of Veterans Affairs, from the trust funds, for medicare health care services furnished under the program to targeted medicare-eligible veterans at a program site in a fiscal year until the expenditures during that year by the Department of Veterans Affairs for such services provided at that site to individuals that meet the definition of a targeted medicare-eligible veteran under subsection (a)(5) (without regard to subparagraph (D) of such subsection) exceeds such expenditures at the site for

1	such services provided to applicable veterans during
2	fiscal year 1998.
3	"(2) Applicable veteran defined.—For
4	purposes of paragraph (1), the term 'applicable vet-
5	eran' means an individual who—
6	"(A) is a veteran (as defined in section
7	101 of title 38, United States Code) who is eli-
8	gible for care and services under section
9	1710(a)(3) of title 38, United States Code;
10	"(B) has attained age 65; and
11	"(C) is entitled to, or enrolled for, benefits
12	under part A.
13	"(3) Rule of construction.—The criteria
14	for eligibility for health care benefits furnished to
15	veterans by the Secretary of Veterans Affairs is es-
16	tablished under chapter 17 of title 38, United States
17	Code, and nothing in this section shall be construed
18	to add additional criteria for such eligibility.
19	"(k) Annual Reconciliation To Assure No In-
20	CREASE IN COSTS TO MEDICARE PROGRAM.—
21	"(1) Monitoring effect of program on
22	COSTS TO MEDICARE PROGRAM.—
23	"(A) IN GENERAL.—The administering
24	Secretaries, in consultation with the Comp-
25	troller General of the United States, shall close-

ly monitor the expenditures made under the medicare program under this title for targeted medicare-eligible veterans at each program site during a fiscal year compared to the expenditures that would have been made for such veterans during that year if the program had not been conducted.

"(B) Annual reports by the comptroller general.—Not later than 6 months
after the end of each fiscal year in which the
program is operated, the Comptroller General
of the United States shall submit to the administering Secretaries and the appropriate committees of Congress a report on the extent, if
any, to which the costs of the Secretary under
the medicare program under this title for each
program site increased as a result of the program under this section during the fiscal year
to which the report applies.

"(2) REQUIRED RESPONSE IN CASE OF INCREASE IN COSTS.—

"(A) IN GENERAL.—If the administering Secretaries find, based on paragraph (1), that the expenditures under the medicare program under this title for each program site increased

1	(or are expected to increase) during a fiscal
2	year because of the program under this section,
3	the administering Secretaries shall take such
4	steps as may be needed—
5	"(i) to recoup for the medicare pro-
6	gram the amount of such increase in ex-
7	penditures; and
8	"(ii) to prevent any such increase in
9	any succeeding fiscal year.
10	"(B) Steps.—Such steps—
11	"(i) under subparagraph (A)(i), shall
12	include payment of an amount equal to the
13	amount of such increased expenditures by
14	the Secretary of Veterans Affairs from the
15	current appropriation for Medical Care of
16	the Department of Veterans Affairs to the
17	trust funds; and
18	"(ii) under subparagraph (A)(ii), shall
19	include suspending or terminating the pro-
20	gram (in whole or in part) or reducing the
21	amount of payment under subsection (i).
22	"(l) GAO EVALUATION AND ADDITIONAL RE-
23	PORTS.—
24	"(1) Evaluation.—

1	"(A) IN GENERAL.—The Comptroller Gen-
2	eral of the United States shall conduct an eval-
3	uation of the program, including—
4	"(i) an evaluation of program sites
5	operating under a coordinated care health
6	plan model and under a fee-for-service
7	model; and
8	"(ii) where appropriate, a comparison
9	of such models.
10	"(B) Contents.—Any evaluation con-
11	ducted under subparagraph (A) shall include an
12	assessment, based on the agreements entered
13	into under subsection $(b)(1)$, of the following:
14	"(i) Any savings or costs to the medi-
15	care program under this title resulting
16	from the program.
17	"(ii) Compliance of participating pro-
18	gram sites with applicable measures of
19	quality of care, compared to such compli-
20	ance by other entities that participate in
21	the medicare program and are not Vet-
22	erans Affairs medical facilities.
23	"(iii) Compliance by the Department
24	of Veterans Affairs with the requirements
25	under this title.

1	"(iv) The number of targeted medi-
2	care-eligible veterans opting to receive
3	health care benefits under the program in-
4	stead of receiving such benefits through
5	another health insurance plan (including
6	health care benefits under this title).
7	"(v) A comparison of the costs of par-
8	ticipation of the program sites in the pro-
9	gram with the reimbursements for health
10	care services provided by such sites.
11	"(vi) Any impact the program has on
12	the access to health care services, or the
13	quality of such services, for—
14	"(I) targeted medicare-eligible
15	veterans receiving health care benefits
16	under the program; and
17	"(II) veterans (including targeted
18	medicare-eligible veterans) that are
19	not receiving health care benefits
20	under the program.
21	"(vii) Any impact the program has on
22	private health care providers and on bene-
23	ficiaries under this title that are not receiv-
24	ing health care benefits under the pro-
25	gram.

1	"(viii) Any effect that the program
2	has on the enrollment in Medicare+Choice
3	plans offered by Medicare+Choice organi-
4	zations under part C in the established
5	program site areas.
6	"(ix) Any impact that the exclusion of
7	the amounts described in subsection (i)(2)
8	from the reimbursement amounts under
9	the program has on the Department of
10	Veterans Affairs or on targeted medicare-
11	eligible veterans.
12	"(x) A description of the difficulties
13	(if any) experienced by—
14	"(I) the Department of Veterans
15	Affairs in managing the program; or
16	"(II) the Department of Health
17	and Human Services in overseeing the
18	program.
19	"(xi) Any additional elements speci-
20	fied in the agreements entered into under
21	subsection $(b)(1)$.
22	"(xii) Any additional elements that
23	the Comptroller General of the United
24	States determines are appropriate to as-
25	sess regarding the program.

1	"(2) BIANNUAL REPORTS.—Not later than the
2	date that is the 2-year anniversary of the commence-
3	ment of the program and biannually thereafter (for
4	as long as the program is being conducted), the
5	Comptroller General of the United States shall sub-
6	mit reports on the evaluation conducted under sub-
7	paragraph (A) to the administering Secretaries and
8	to the committees of jurisdiction of Congress.
9	"(m) Reports by Administering Secretaries on
10	PROGRAM OPERATION AND CHANGES.—
11	"(1) Annual Report.—The administering
12	Secretaries shall submit to the committees of juris-
13	diction of Congress an annual report on the program
14	and its impact on costs and the provision of health
15	services under this title and title 38, United States
16	Code.
17	"(2) Report before making certain pro-
18	GRAM CHANGES.—
19	"(A) IN GENERAL.—The administering
20	Secretaries shall submit to the committees of
21	jurisdiction of Congress a report at least 60
22	days before—
23	"(i) adding or changing the designa-
24	tion of a site under subsection $(b)(2)$;

1	"(ii) waiving any requirement under
2	subsection (c)(4) or (d)(4) that was not de-
3	scribed in any agreement under subsection
4	(b)(1) or previous report under this sub-
5	section;
6	"(iii) making other significant
7	changes in the operation of the program;
8	or
9	"(iv) terminating the agreement under
10	subsection (b)(5).
11	"(B) Explanation.—Each report under
12	subparagraph (A) shall include justifications for
13	the changes or termination to which the report
14	refers.".
15	(b) Sense of Congress.—It is the sense of Con-
16	gress that the amount of funds appropriated for the De-
17	partment of Veterans Affairs for Medical Care in any fis-
18	cal year beginning after the date of enactment of this Act
19	should not be reduced because of the implementation of
20	the Medicare Reimbursement Program for Veterans under
21	section 1897 of the Social Security Act (as added by sub-
22	section (a)).

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