

107TH CONGRESS
1ST SESSION

S. 575

Entitled the “Hospital Length of Stay Act of 2001”.

IN THE SENATE OF THE UNITED STATES

MARCH 20, 2001

Mrs. FEINSTEIN (for herself, and Ms. SNOWE) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

Entitled the “Hospital Length of Stay Act of 2001”.

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 2001”.

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

1 (42 U.S.C. 300gg-4 et seq.) is amended by
2 adding at the end the following new section:

3 **“SEC. 2707. STANDARDS RELATING TO COVERAGE OF HOS-**
4 **PITAL LENGTHS OF STAY.**

5 “(a) REQUIREMENT.—A group health plan and a
6 health insurance issuer offering group health insurance
7 coverage in connection with a group health plan (including
8 a self-insured issuer) that provides coverage for inpatient
9 hospital services—

10 “(1) shall provide coverage for the length of an
11 inpatient hospital stay as determined by the attend-
12 ing physician (or other attending health care pro-
13 vider to the extent permitted under State law) in
14 consultation with the patient to be medically appro-
15 priate; and

16 “(2) may not require that a provider obtain au-
17 thorization from the plan or the issuer for pre-
18 scribing any length of stay required under para-
19 graph (1).

20 “(b) PROHIBITIONS.—A group health plan and a
21 health insurance issuer offering group health insurance
22 coverage in connection with a group health plan (including
23 a self-insured issuer) may not—

24 “(1) deny to an individual eligibility, or contin-
25 ued eligibility, to enroll or to renew coverage under

1 the terms of the plan, solely for the purpose of
2 avoiding the requirements of this section;

3 “(2) provide monetary payments or rebates to
4 an individual to encourage the individual to accept
5 less than the minimum protections available under
6 this section;

7 “(3) penalize or otherwise reduce or limit the
8 reimbursement of an attending provider because
9 such provider provided care to an individual partici-
10 pant or beneficiary in accordance with this section;

11 “(4) provide incentives (monetary or otherwise)
12 to an attending provider to induce such provider to
13 provide care to an individual participant or bene-
14 ficiary in a manner inconsistent with this section; or

15 “(5) subject to subsection (c)(4), restrict bene-
16 fits for any portion of a period within a hospital
17 length of stay required under subsection (a) in a
18 manner which is less favorable than the benefits pro-
19 vided for any preceding portion of such stay.

20 “(c) RULES OF CONSTRUCTION.—

21 “(1) NO REQUIREMENT TO STAY.—Nothing in
22 this section shall be construed to require an indi-
23 vidual who is a participant or beneficiary to stay in
24 the hospital for a fixed period of time for any proce-
25 dure.

1 “(2) NO EFFECT ON REQUIREMENTS FOR MIN-
2 IMUM HOSPITAL STAY FOLLOWING BIRTH.—Nothing
3 in this section shall be construed as modifying the
4 requirements of section 2704.

5 “(3) NONAPPLICABILITY.—This section shall
6 not apply with respect to any group health plan, or
7 any group health insurance coverage offered by a
8 health insurance issuer (including a self-insured
9 issuer), which does not provide benefits for hospital
10 lengths of stay.

11 “(4) COST-SHARING.—Nothing in this section
12 shall be construed as preventing a group health
13 plan, or a health insurance issuer offering group
14 health insurance coverage in connection with a group
15 health plan (including a self-insured issuer), from
16 imposing deductibles, coinsurance, or other cost-
17 sharing in relation to benefits for hospital lengths of
18 stay under the plan, health insurance coverage of-
19 fered in connection with a group health plan, or the
20 supplemental policy, except that such coinsurance or
21 other cost-sharing for any portion of a period within
22 a hospital length of stay required under subsection
23 (a) may not be greater than such coinsurance or
24 cost-sharing for any preceding portion of such stay.

1 “(d) NOTICE.—A group health plan under this part
2 shall comply with the notice requirement under section
3 714(d) of the Employee Retirement Income Security Act
4 of 1974 with respect to the requirements of this section
5 as if such section applied to such plan.

6 “(e) LEVEL AND TYPE OF REIMBURSEMENTS.—
7 Nothing in this section shall be construed to prevent a
8 group health plan or a health insurance issuer offering
9 group health insurance coverage in connection with a
10 group health plan (including a self-insured issuer) from
11 negotiating the level and type of reimbursement with a
12 provider for care provided in accordance with this section.

13 “(f) PREEMPTION; EXCEPTION FOR HEALTH INSUR-
14 ANCE COVERAGE IN CERTAIN STATES.—

15 “(1) IN GENERAL.—The requirements of this
16 section shall not apply with respect to health insur-
17 ance coverage if there is a State law (as defined in
18 section 2723(d)(1)) for a State that regulates such
19 coverage and provides greater protections to patients
20 than those provided under this section.

21 “(2) CONSTRUCTION.—Section 2723(a)(1) shall
22 not be construed as superseding a State law de-
23 scribed in paragraph (1).”.

24 (B) CONFORMING AMENDMENT.—Section
25 2723(c) of the Public Health Service Act (42

1 U.S.C. 300gg-23(c)) is amended by striking
2 “section 2704” and inserting “sections 2704
3 and 2707”.

4 (2) ERISA AMENDMENTS.—

5 (A) IN GENERAL.—Subpart B of part 7 of
6 subtitle B of title I of the Employee Retirement
7 Income Security Act of 1974 (29 U.S.C. 1185
8 et seq.) is amended by adding at the end the
9 following new section:

10 **“SEC. 714. STANDARDS RELATING TO COVERAGE OF HOS-**

11 **PITAL LENGTHS OF STAY.**

12 “(a) REQUIREMENT.—A group health plan and a
13 health insurance issuer offering group health insurance
14 coverage in connection with a group health plan (including
15 a self-insured issuer), that provides coverage for inpatient
16 hospital services—

17 “(1) shall provide coverage for the length of an
18 inpatient hospital stay as determined by the attend-
19 ing physician (or other attending health care pro-
20 vider to the extent permitted under State law) in
21 consultation with the patient to be medically appro-
22 priate; and

23 “(2) may not require that a provider obtain au-
24 thorization from the plan or the issuer for pre-

1 scribing any length of stay required under para-
2 graph (1).

3 “(b) PROHIBITIONS.—A group health plan and a
4 health insurance issuer offering group health insurance
5 coverage in connection with a group health plan (including
6 a self-insured issuer), may not—

7 “(1) deny to an individual eligibility, or contin-
8 ued eligibility, to enroll or to renew coverage under
9 the terms of the plan, solely for the purpose of
10 avoiding the requirements of this section;

11 “(2) provide monetary payments or rebates to
12 an individual to encourage the individual to accept
13 less than the minimum protections available under
14 this section;

15 “(3) penalize or otherwise reduce or limit the
16 reimbursement of an attending provider because
17 such provider provided care to an individual partici-
18 pant or beneficiary in accordance with this section;

19 “(4) provide incentives (monetary or otherwise)
20 to an attending provider to induce such provider to
21 provide care to an individual participant or bene-
22 ficiary in a manner inconsistent with this section; or

23 “(5) subject to subsection (c)(4), restrict bene-
24 fits for any portion of a period within a hospital
25 length of stay required under subsection (a) in a

1 manner which is less favorable than the benefits pro-
2 vided for any preceding portion of such stay.

3 “(c) RULES OF CONSTRUCTION.—

4 “(1) NO REQUIREMENT TO STAY.—Nothing in
5 this section shall be construed to require an indi-
6 vidual who is a participant or beneficiary to stay in
7 the hospital for a fixed period of time for any proce-
8 dure.

9 “(2) NO EFFECT ON REQUIREMENTS FOR MIN-
10 IMUM HOSPITAL STAY FOLLOWING BIRTH.—Nothing
11 in this section shall be construed as modifying the
12 requirements of section 711.

13 “(3) NONAPPLICABILITY.—This section shall
14 not apply with respect to any group health plan or
15 any group health insurance coverage offered by a
16 health insurance issuer (including a self-insured
17 issuer), which does not provide benefits for hospital
18 lengths of stay.

19 “(4) COST-SHARING.—Nothing in this section
20 shall be construed as preventing a group health plan
21 or a health insurance issuer offering group health
22 insurance coverage in connection with a group health
23 plan (including a self-insured issuer), from imposing
24 deductibles, coinsurance, or other cost-sharing in re-
25 lation to benefits for hospital lengths of stay under

1 the plan or health insurance coverage offered in con-
2 nection with a group health plan, except that such
3 coinsurance or other cost-sharing for any portion of
4 a period within a hospital length of stay required
5 under subsection (a) may not be greater than such
6 coinsurance or cost-sharing for any preceding por-
7 tion of such stay.

8 “(d) NOTICE UNDER GROUP HEALTH PLAN.—The
9 imposition of the requirements of this section shall be
10 treated as a material modification in the terms of the plan
11 described in section 102(a), for purposes of assuring no-
12 tice of such requirements under the plan; except that the
13 summary description required to be provided under the
14 last sentence of section 104(b)(1) with respect to such
15 modification shall be provided by not later than 60 days
16 after the first day of the first plan year in which such
17 requirements apply.

18 “(e) LEVEL AND TYPE OF REIMBURSEMENTS.—
19 Nothing in this section shall be construed to prevent a
20 group health plan or a health insurance issuer offering
21 group health insurance coverage in connection with a
22 group health plan (including a self-insured issuer), from
23 negotiating the level and type of reimbursement with a
24 provider for care provided in accordance with this section.

1 “(f) PREEMPTION; EXCEPTION FOR HEALTH INSUR-
2 ANCE COVERAGE IN CERTAIN STATES.—

3 “(1) IN GENERAL.—The requirements of this
4 section shall not apply with respect to health insur-
5 ance coverage if there is a State law (as defined in
6 section 731(d)(1)) for a State that regulates such
7 coverage and provides greater protections to patients
8 than those provided under this section.

9 “(2) CONSTRUCTION.—Section 731(a)(1) shall
10 not be construed as superseding a State law de-
11 scribed in paragraph (1).”.

12 (B) CONFORMING AMENDMENTS.—

13 (i) Section 731(c) of the Employee
14 Retirement Income Security Act of 1974
15 (29 U.S.C. 1191(c)) is amended by strik-
16 ing “section 711” and inserting “sections
17 711 and 714”.

18 (ii) Section 732(a) of the Employee
19 Retirement Income Security Act of 1974
20 (29 U.S.C. 1191a(a)) is amended by strik-
21 ing “section 711” and inserting “sections
22 711 and 714”.

23 (iii) The table of contents in section 1
24 of the Employee Retirement Income Secu-
25 rity Act of 1974 is amended by inserting

“Sec. 714. Standards relating to coverage of hospital lengths of stay.”.

3 (b) INDIVIDUAL MARKET.—Subpart 3 of part B of
4 title XXVII of the Public Health Service Act (42 U.S.C.
5 300gg–51 et seq.) is amended by adding at the end the
6 following new section:

9 “The provisions of section 2707 shall apply to health
10 insurance coverage offered by a health insurance issuer
11 in the individual market in the same manner as they apply
12 to health insurance coverage offered by a health insurance
13 issuer in connection with a group health plan in the small
14 or large group market.”.

15 (c) EFFECTIVE DATES.—

16 (1) GROUP HEALTH PLANS.—Subject to para-
17 graph (3), the amendments made by subsection (a)
18 shall apply with respect to group health plans for
19 plan years beginning on or after January 1, 2002.

1 (3) COLLECTIVE BARGAINING AGREEMENTS.—

2 In the case of a group health plan maintained pur-
3 suant to 1 or more collective bargaining agreements
4 between employee representatives and 1 or more em-
5 ployers ratified before the date of enactment of this
6 Act, the amendments made by subsection (a) shall
7 not apply to plan years beginning before the later
8 of—

14 (B) January 1, 2002.

15 For purposes of subparagraph (A), any plan amend-
16 ment made pursuant to a collective bargaining
17 agreement relating to the plan which amends the
18 plan solely to conform to any requirement added by
19 subsection (a) shall not be treated as a termination
20 of such collective bargaining agreement.

21 SEC. 3. APPLICATION TO MEDICARE AND MEDICAID BENE-
22 FICIARIES

23 (a) MEDICABE —

4 "STANDARDS RELATING TO COVERAGE OF HOSPITAL

5 LENGTHS OF STAY

6 “SEC. 1897. (a) APPLICATION TO MEDICARE.—Not-
7 withstanding the limitation on benefits described in sec-
8 tion 1812, or any other limitation on benefits imposed
9 under this title, the provisions of section 2707 of the Pub-
10 lic Health Service Act shall apply to the provision of items
11 and services under this title.

12 “(b) MEDICARE+CHOICE AND ELIGIBLE ORGANIZA-
13 TIONS.—The Secretary may not enter into a contract with
14 a Medicare+Choice organization under part C, or with an
15 eligible organization with a risk-sharing contract under
16 section 1876, unless the organization meets the require-
17 ments of section 2707 of the Public Health Service Act
18 with respect to individuals enrolled with the organiza-
19 tion.”.

20 (2) MEDICARE SUPPLEMENTAL POLICIES.—

21 (A) IN GENERAL.—Section 1882(c) of the
22 Social Security Act (42 U.S.C. 1395ss(c)) is
23 amended—

24 (i) in paragraph (4), by striking
25 “and” at the end;

1 (ii) in paragraph (5), by striking the
2 period and inserting “, and”; and

3 (iii) by adding at the end the fol-
4 lowing:

5 “(6) meets the requirements of section 2707 of
6 the Public Health Service Act with respect to indi-
7 viduals enrolled under the policy.”.

8 (B) CONFORMING AMENDMENT.—Section
9 1882(b)(1)(B) of the Social Security Act (42
10 U.S.C. 1395ss(b)(1)(B)) is amended by striking
11 “(5)” and inserting “(6)”.

12 (3) COST SHARING.—Nothing in this subsection
13 or section 2707(c) of the Public Health Service Act
14 shall be construed as authorizing the imposition of
15 cost sharing with respect to the coverage or benefits
16 required to be provided under the amendments to
17 the Social Security Act made by paragraphs (1) and
18 (2) that is inconsistent with the cost sharing that is
19 otherwise permitted under title XVIII of the Social
20 Security Act.

21 (b) MEDICAID.—Title XIX of the Social Security Act
22 (42 U.S.C. 1396 et seq.) is amended by redesignating sec-
23 tion 1935 as section 1936 and by inserting after section
24 1934 the following:

1 “STANDARDS RELATING TO COVERAGE OF HOSPITAL
2 LENGTHS OF STAY

3 “SEC. 1935. (a) IN GENERAL.—A State plan may
4 not be approved under this title unless the plan requires
5 each health insurance issuer or other entity with a con-
6 tract with such plan to provide coverage or benefits to in-
7 dividuals eligible for medical assistance under the plan, in-
8 cluding a managed care entity, as defined in section
9 1932(a)(1)(B), to comply with the provisions of section
10 2707 of the Public Health Service Act with respect to such
11 coverage or benefits.

12 “(b) COST SHARING.—Nothing in this section or sec-
13 tion 2707(c) of the Public Health Service Act shall be con-
14 strued as authorizing a health insurance issuer or entity
15 to impose cost sharing with respect to the coverage or ben-
16 efits required to be provided under section 2707 of the
17 Public Health Service Act that is inconsistent with the
18 cost sharing that is otherwise permitted under this title.

19 “(c) WAIVERS PROHIBITED.—The requirement of
20 subsection (a) may not be waived under section 1115 or
21 section 1915(b) of the Social Security Act.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section apply to contract years under titles XVIII and
24 XIX of the Social Security Act beginning on or after Jan-
25 uary 1, 2002.

1 (d) MEDIGAP TRANSITION PROVISIONS.—

(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

1 the modifications shall be considered to be the appli-
2 cable NAIC model regulation (including the revised
3 NAIC model regulation and the 1991 NAIC Model
4 Regulation) for the purposes of such section.

5 (3) SECRETARY STANDARDS.—If the NAIC
6 does not make the modifications described in para-
7 graph (2) within the period specified in such para-
8 graph, the Secretary of Health and Human Services
9 shall make the modifications described in such para-
10 graph and such revised regulation incorporating the
11 modifications shall be considered to be the appro-
12 priate regulation for the purposes of such section.

13 (4) DATE SPECIFIED.—

14 (A) IN GENERAL.—Subject to subparagraph
15 (B), the date specified in this paragraph
16 for a State is the earlier of—

17 (i) the date the State changes its stat-
18 utes or regulations to conform its regu-
19 latory program to the changes made by
20 this section, or

21 (ii) 1 year after the date the NAIC or
22 the Secretary first makes the modifications
23 under paragraph (2) or (3), respectively.

4 (i) requiring State legislation (other
5 than legislation appropriating funds) to
6 conform its regulatory program to the
7 changes made in this section, but

8 (ii) having a legislature which is not
9 scheduled to meet in 2002 in a legislative
10 session in which such legislation may be
11 considered,

12 the date specified in this paragraph is the first
13 day of the first calendar quarter beginning after
14 the close of the first legislative session of the
15 State legislature that begins on or after July 1,
16 2002. For purposes of the previous sentence, in
17 the case of a State that has a 2-year legislative
18 session, each year of such session shall be
19 deemed to be a separate regular session of the
20 State legislature.

21 SEC. 4. APPLICATION TO OTHER HEALTH CARE COVERAGE.

22 (a) FEHBP.—Chapter 89 of title 5, United States
23 Code, is amended by adding at the end the following:

1 **“§ 8915. Standards relating to coverage of hospital**2 **lengths of stay**

3 “(a) The provisions of section 2707 of the Public
4 Health Service Act shall apply to the provision of items
5 and services under this chapter.

6 “(b) Nothing in this section or section 2707(c) of the
7 Public Health Service Act shall be construed as author-
8 izing a health insurance issuer or entity to impose cost
9 sharing with respect to the coverage or benefits required
10 to be provided under section 2707 of the Public Health
11 Service Act that is inconsistent with the cost sharing that
12 is otherwise permitted under this chapter.”.

13 (b) MEDICAL CARE FOR MEMBERS AND CERTAIN
14 FORMER MEMBERS OF THE UNIFORMED SERVICES AND
15 THEIR DEPENDENTS.—Chapter 55 of title 10, United
16 States Code, is amended by adding at the end the fol-
17 lowing:

18 **“§ 1118. Standards relating to coverage of hospital**
19 **lengths of stay**

20 “(a) APPLICATION OF STANDARDS.—The provisions
21 of section 2707 of the Public Health Service Act shall
22 apply to the provision of items and services under this
23 chapter.

24 “(b) COST-SHARING.—Nothing in this section or sec-
25 tion 2707(c) of the Public Health Service Act shall be con-
26 strued as authorizing the imposition of cost sharing with

1 respect to the coverage or benefits required to be provided
2 under section 2707 of the Public Health Service Act that
3 is inconsistent with the cost sharing that is otherwise per-
4 mitted under this chapter.”.

5 (c) VETERANS.—Subchapter II of chapter 17 of title
6 38, United States Code, is amended by adding at the end
7 the following:

8 **§ 1720F. Standards relating to coverage of hospital
9 lengths of stay**

10 “(a) The provisions of section 2707 of the Public
11 Health Service Act shall apply to the provision of items
12 and services under this chapter.

13 “(b) Nothing in this section or section 2707(c) of the
14 Public Health Service Act shall be construed as author-
15 izing the imposition of cost sharing with respect to the
16 coverage or benefits required to be provided under section
17 2706 of the Public Health Service Act that is inconsistent
18 with the cost sharing that is otherwise permitted under
19 this chapter.”.

20 (d) STATE CHILDREN’S HEALTH INSURANCE PRO-
21 GRAM.—Section 2109 of the Social Security Act (42
22 U.S.C. 1397ii) is amended by adding at the end the fol-
23 lowing:

24 “(b) APPLICATION OF STANDARDS RELATING TO
25 COVERAGE OF HOSPITAL LENGTHS OF STAY.—

1 “(1) IN GENERAL.—The provisions of section
2 2707 of the Public Health Service Act shall apply to
3 the provision of items and services under this title.

4 “(2) COST-SHARING.—Nothing in this section
5 or section 2707(c) of the Public Health Service Act
6 shall be construed as authorizing a health insurance
7 issuer or entity to impose cost sharing with respect
8 to the coverage or benefits required to be provided
9 under section 2707 of the Public Health Service Act
10 that is inconsistent with the cost sharing that is oth-
11 erwise permitted under this title.”.

12 (e) INDIAN HEALTH SERVICE AND HEALTH CARE
13 PROVIDED BY TRIBAL ORGANIZATIONS.—Title VIII of the
14 Indian Health Care Improvement Act (25 U.S.C. 1671 et
15 seq.) is amended by adding at the end the following:

16 "STANDARDS RELATING TO COVERAGE OF HOSPITAL
17 LENGTHS OF STAY

18 "SEC. 826. (a) The provisions of section 2707 of the
19 Public Health Service Act shall apply to the provision of
20 items and services under this Act by the Service or a tribal
21 organization.

22 "(b) Nothing in this section or section 2707(c) of the
23 Public Health Service Act shall be construed as author-
24 izing the imposition of cost sharing with respect to the
25 coverage or benefits required to be provided under section
26 2707 of the Public Health Service Act that is inconsistent

1 with the cost sharing that is otherwise permitted under
2 this Act.”.

3 (f) HEALTH CARE PROVIDED TO PEACE CORPS VOL-
4 UNTEERS.—Section 5(e) of the Peace Corps Act (22
5 U.S.C. 2504(e)) is amended by adding at the end the fol-
6 lowing: “The provisions of section 2707 of the Public
7 Health Service Act shall apply to the provision of items
8 and services under this section. Nothing in this section
9 or section 2707(c) of the Public Health Service Act shall
10 be construed as authorizing the imposition of cost sharing
11 with respect to the coverage or benefits required to be pro-
12 vided under section 2707 of the Public Health Service Act
13 that is inconsistent with the cost sharing that is otherwise
14 permitted under this section.”.

○