

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1279

To amend the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 to extend the Rural Community Hospital Demonstration Program.

---

## IN THE SENATE OF THE UNITED STATES

JUNE 17, 2009

Mr. NELSON of Nebraska (for himself, Mr. HATCH, Mr. BEGICH, Mr. THUNE, Mr. TESTER, Mr. JOHANNIS, Mr. DORGAN, and Ms. MURKOWSKI) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 to extend the Rural Community Hospital Demonstration Program.

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 “Rural Community Hos-  
5       pital Demonstration Extension Act of 2009”.

1 **SEC. 2. EXTENSION OF RURAL COMMUNITY HOSPITAL DEM-**  
2 **ONSTRATION PROGRAM.**

3 (a) 5-YEAR EXTENSION.—Section 410A of the Medi-  
4 care Prescription Drug, Improvement, and Modernization  
5 Act of 2003 (Public Law 108–173; 117 Stat. 2272) is  
6 amended by adding at the end the following new sub-  
7 section:

8 “(g) 5-YEAR EXTENSION OF DEMONSTRATION PRO-  
9 GRAM.—

10 “(1) IN GENERAL.—Subject to the succeeding  
11 provisions of this subsection, the Secretary shall con-  
12 duct the demonstration program under this section  
13 for an additional 5-year period (in this section re-  
14 ferred to as the ‘5-year extension period’) that be-  
15 gins on the date immediately following the last day  
16 of the initial 5-year period under subsection (a)(5).

17 “(2) EXPANSION OF DEMONSTRATION  
18 STATES.—Notwithstanding subsection (a)(2), during  
19 the 5-year extension period, the program shall be  
20 conducted in rural areas in any State.

21 “(3) INCREASE IN MAXIMUM NUMBER OF HOS-  
22 PITALS PARTICIPATING IN THE DEMONSTRATION  
23 PROGRAM.—Notwithstanding subsection (a)(4), dur-  
24 ing the 5-year extension period, not more than 30  
25 rural community hospitals may participate in the  
26 demonstration program under this section.

1           “(4) HOSPITALS IN DEMONSTRATION PROGRAM  
2           ON DATE OF ENACTMENT.—In the case of a rural  
3           community hospital that is participating in the dem-  
4           onstration program under this section as of the last  
5           day of the initial 5-year period, the Secretary—

6                   “(A) shall provide for the continued par-  
7                   ticipation of such rural community hospital in  
8                   the demonstration program during the 5-year  
9                   extension period unless the rural community  
10                  hospital makes an election, in such form and  
11                  manner as the Secretary may specify, to dis-  
12                  continue such participation; and

13                   “(B) in calculating the amount of payment  
14                   under subsection (b) to the rural community  
15                   hospital for covered inpatient hospital services  
16                   furnished by the hospital during such 5-year ex-  
17                   tension period, shall substitute, under para-  
18                   graph (1)(A) of such subsection—

19                           “(i) the reasonable costs of providing  
20                           such services for discharges occurring in  
21                           the first cost reporting period beginning on  
22                           or after the first day of the 5-year exten-  
23                           sion period, for

24                           “(ii) the reasonable costs of providing  
25                           such services for discharges occurring in

1           the first cost reporting period beginning on  
2           or after the implementation of the dem-  
3           onstration program.”.

4           (b) CONFORMING AMENDMENTS.—

5           (1) DURATION.—Subsection (a)(5) of section  
6           410A of the Medicare Prescription Drug, Improve-  
7           ment, and Modernization Act of 2003 (Public Law  
8           108–173; 117 Stat. 2272) is amended by inserting  
9           “(in this section referred to as the ‘initial 5-year pe-  
10          riod’) and, as provided in subsection (g), for the 5-  
11          year extension period” after “5-year period”.

12          (2) ADDITIONAL REPORT.—Subsection (e) of  
13          section 410A of the Medicare Prescription Drug,  
14          Improvement, and Modernization Act of 2003 (Pub-  
15          lic Law 108–173; 117 Stat. 2272) is amended to  
16          read as follows:

17          “(e) REPORTS.—

18                 “(1) REPORT ON INITIAL 5-YEAR PERIOD.—Not  
19                 later than 6 months after the last day of the initial  
20                 5-year period, the Secretary shall submit to Con-  
21                 gress a report on the conduct of the demonstration  
22                 program under this section during such period, to-  
23                 gether with recommendations for such legislation  
24                 and administrative action as the Secretary deter-  
25                 mines to be appropriate.

1           “(2) FINAL REPORT.—Not later than 6 months  
2 after the last day of the 5-year extension period, the  
3 Secretary shall submit to Congress a report on the  
4 demonstration program under this section, together  
5 with recommendations for such legislation and ad-  
6 ministrative action as the Secretary determines to be  
7 appropriate.”.

8 (c) TECHNICAL AMENDMENTS.—

9           (1) Subsection (b) of section 410A of the Medi-  
10 care Prescription Drug, Improvement, and Mod-  
11 ernization Act of 2003 (Public Law 108–173; 117  
12 Stat. 2272) is amended—

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

15           (B) in paragraph (2), by inserting “cost”  
16 before “reporting period” the first place such  
17 term appears in each of subparagraphs (A) and  
18 (B).

19           (2) Subsection (f)(1) of section 410A of the  
20 Medicare Prescription Drug, Improvement, and  
21 Modernization Act of 2003 (Public Law 108–173;  
22 117 Stat. 2272) is amended—

23           (A) in subparagraph (A)(ii), by striking  
24 “paragraph (2)” and inserting “subparagraph  
25 (B)”; and

1                   (B) in subparagraph (B), by striking  
2                   “paragraph (1)(B)” and inserting “subpara-  
3                   graph (A)(ii)”.

○