

115TH CONGRESS
1ST SESSION

H. R. 3920

To establish a Medicare demonstration program on the use of third-party interest-free payment arrangements to reduce Medicare hospital part A bad debt claims.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 3, 2017

Mrs. WALORSKI introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a Medicare demonstration program on the use of third-party interest-free payment arrangements to reduce Medicare hospital part A bad debt claims.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. MEDICARE DEMONSTRATION PROGRAM ON**
2 **THE USE OF THIRD-PARTY INTEREST-FREE**
3 **PAYMENT ARRANGEMENTS TO REDUCE**
4 **MEDICARE HOSPITAL PART A BAD DEBT**
5 **CLAIMS.**

6 (a) IN GENERAL.—The Secretary of Health and
7 Human Services (in this section referred to as the “Sec-
8 retary”) shall establish a 3-year demonstration program
9 (in this section referred to as the “demonstration pro-
10 gram”) in 5 States to determine the impact on patient
11 engagement and satisfaction, health outcomes, and claims
12 for Medicare hospital part A bad debt (as defined in sub-
13 section (d)(2)) of hospitals’ implementing third-party in-
14 terest-free payment arrangements (as defined in sub-
15 section (b)).

16 (b) THIRD-PARTY INTEREST-FREE PAYMENT AR-
17 RANGEMENT DEFINED.—In this section, the term “third-
18 party interest-free payment arrangement” means, with re-
19 spect to a hospital and individuals who are receiving inpa-
20 tient hospital services for which payment may be made
21 under part A of title XVIII of the Social Security Act,
22 an arrangement between the hospital, a third-party, and
23 such individuals under which—

24 (1) the hospital offers to all such individuals
25 the option of making payment of Medicare part A
26 cost-sharing under such an arrangement for such

1 services rather than through the routine billing proc-
2 ess for such cost-sharing;

3 (2) in the case of any such individual who
4 agrees to such offer, the hospital assigns to the third
5 party the rights of collection for such Medicare part
6 A cost-sharing from such individual and efforts for
7 such collection by the third party pursuant to this
8 section shall be treated as reasonable collection ef-
9 forts by the hospital for purposes of section
10 413.89(e) of title 42 of the Code of Federal Regula-
11 tions (or any successor regulation);

12 (3) in the case of any such individual who does
13 not agree to such offer, the hospital payment of
14 Medicare part A cost-sharing for such services shall
15 continue to be made through the routine billing
16 process for such cost-sharing (including with respect
17 to claims for Medicare hospital part A bad debt);
18 and

19 (4) the third party—

20 (A) participates in a level of financial en-
21 gagement and education with all such individ-
22 uals who agree to such offer to ensure such in-
23 dividuals are able to afford such cost-sharing
24 payments;

1 (B) in collecting the amounts so owed, per-
2 mits all such individuals who agree to such
3 offer to make payment over time through a
4 payment plan that does not charge interest with
5 respect to the balance of the amount so owed;
6 and

7 (C) pays the hospital the amount so col-
8 lected under the arrangement less a fee that
9 does not exceed 15 percent of the amount so
10 collected.

11 (c) PAYMENT INCENTIVE.—The demonstration pro-
12 gram shall provide that a hospital that participates in such
13 a third-party interest free payment arrangement under the
14 program and demonstrates improved patient engagement
15 and satisfaction, improved health outcomes, and a reduc-
16 tion in the number of claims for Medicare hospital part
17 A bad debt that are reported to the Secretary is paid an
18 amount equal to 10 percent of the original amount owed
19 in Medicare part A cost-sharing that is collected under the
20 arrangement. Such amount shall be paid from funds ap-
21 propriated (under subsection (f)(1) of section 1115A of
22 the Social Security Act (42 U.S.C. 1315a)) for activities
23 to carry out such section.

24 (d) REPORT TO CONGRESS.—After the completion of
25 the demonstration program, the Secretary shall submit a

1 report on the demonstration program to the Committee
 2 on Ways and Means of the House of Representatives and
 3 the Committee on Finance of the Senate. The report shall
 4 include an analysis of whether the demonstration program
 5 reduced the number and amount of Medicare hospital part
 6 A bad debt claims and if there were improved health out-
 7 comes for Medicare beneficiaries who did not forgo med-
 8 ical care due to their inability to pay for Medicare part
 9 A cost-sharing.

10 (e) OTHER DEFINITIONS.—In this section:

11 (1) MEDICARE PART A COST-SHARING.—The
 12 term “Medicare part A cost-sharing” means, with
 13 respect to a hospital, amounts owed to the hospital
 14 that are derived from deductibles and coinsurance
 15 imposed under part A of title XVIII of the Social
 16 Security Act (42 U.S.C. 1395c et seq.).

17 (2) MEDICARE HOSPITAL PART A BAD DEBT.—
 18 The term “Medicare hospital part A bad debt”
 19 means bad debt of a hospital that is attributable to
 20 the inability of the hospital to collect Medicare part
 21 A cost-sharing, taking into account collections made
 22 under third-party interest-free payment arrange-
 23 ments made under the demonstration program.

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