

104TH CONGRESS
2D SESSION

H. R. 4068

To establish a demonstration project to provide that the Department of Veterans Affairs may receive Medicare reimbursement for health care services provided to certain Medicare-eligible veterans.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 12, 1996

Mr. STUMP (for himself, Mr. MONTGOMERY, Mr. SPENCE, Mr. EVANS, Mr. EVERETT, Mr. EDWARDS, Mr. BUYER, Mr. TEJEDA, and Mr. HEFLEY) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Commerce, and Veterans' Affairs, 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 demonstration project to provide that the Department of Veterans Affairs may receive Medicare reimbursement for health care services provided to certain Medicare-eligible veterans.

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 Medicare
5 Subvention Demonstration Project Act”.

1 **SEC. 2. ESTABLISHMENT OF VETERANS MEDICARE SUB-**
2 **VENTION DEMONSTRATION PROJECT.**

3 (a) DEFINITIONS.—For purposes of this section:

4 (1) MEDICARE-ELIGIBLE VETERAN.—The term
5 “medicare-eligible veteran” means a veteran who—

6 (A) is entitled to hospital insurance bene-
7 fits under part A of title XVIII of the Social
8 Security Act (42 U.S.C. 1395c et seq.); and

9 (B) is enrolled in the supplementary medi-
10 cal insurance program under part B of such
11 title (42 U.S.C. 1395j et seq.).

12 (2) VETERAN.—The term “veteran” has the
13 meaning given that term in section 101(2) of title
14 38, United States Code.

15 (3) VETERAN INTEGRATED SERVICE NET-
16 WORK.—The term “Veteran Integrated Service Net-
17 work” means a field component of the Veterans
18 Health Administration that—

19 (A) is based on a geographic area which
20 encompasses a population of veteran bene-
21 ficiaries and is defined on the basis of natural
22 patient referral patterns; and

23 (B) provides health care through strategic
24 alliances among Department of Veterans Af-
25 fairs medical centers, clinics, and other sites.

1 (4) SECRETARIES.—The term “Secretaries”
2 means the Secretary of Veterans Affairs and the
3 Secretary of Health and Human Services acting
4 jointly.

5 (b) ESTABLISHMENT OF DEMONSTRATION
6 PROJECT.—

7 (1) ESTABLISHMENT.—The Secretary of Veter-
8 ans Affairs and the Secretary of Health and Human
9 Services shall jointly establish a demonstration
10 project to provide the Department of Veterans Af-
11 fairs with reimbursement, in accordance with this
12 section, from the medicare program under title
13 XVIII of the Social Security Act (42 U.S.C. 1395 et
14 seq.) for health care services provided to medicare-
15 eligible veterans who participate in the demonstra-
16 tion project and receive the health care services
17 through a managed care plan established by the Sec-
18 retary of Veterans Affairs under subsection (f).

19 (2) LOCATION OF DEMONSTRATION PROJECT.—
20 The Secretaries shall conduct the demonstration
21 project in not more than three Veteran Integrated
22 Service Networks.

23 (3) DURATION.—The Secretaries shall conduct
24 the demonstration project during the three-year pe-
25 riod beginning on January 1, 1997.

1 (c) EXPANSION OF DEMONSTRATION PROJECT.—The
2 Secretaries shall include in the demonstration project a
3 provision for expanding the demonstration project to in-
4 corporate health care services provided to medicare-eligible
5 veterans under fee-for-service arrangements if the Sec-
6 retaries determine that such expansion of the demonstra-
7 tion project is feasible and advisable.

8 (d) PAYMENT TO DEPARTMENT OF VETERANS AF-
9 FAIRS.—

10 (1) PAYMENT REQUIRED.—The Secretary of
11 Health and Human Services shall make monthly
12 payments to the Department of Veterans Affairs
13 from the Federal Hospital Insurance Trust Fund
14 and the Federal Supplementary Medical Insurance
15 Trust Fund (allocated by the Secretary of Health
16 and Human Services between each Trust Fund
17 based on the relative weight that benefits from each
18 Trust Fund contribute to the required payment) in
19 an amount equal to one-twelfth of the amount deter-
20 mined under subsection (b) for each medicare-eli-
21 gible veteran enrolled during the year in a managed
22 care plan established by the Secretary of Veterans
23 Affairs under subsection (f), but only if such veter-
24 an's enrollment is in excess of the minimum enroll-

1 ment number determined under subsection (e)(1) for
2 the geographic region.

3 (2) AMOUNT DETERMINED.—The amount de-
4 termined under paragraph (1) is an amount equal to
5 93 percent of the average adjusted per capita cost
6 determined under section 1876(a)(4) of the Social
7 Security Act (42 U.S.C. 1395mm(a)(4)) for the
8 year.

9 (e) ESTABLISHMENT OF MINIMUM AND MAXIMUM
10 ENROLLMENT LEVELS.—

11 (1) MINIMUM.—Based on the best available
12 data, the Secretaries shall establish a minimum en-
13 rollment number of medicare-eligible veterans who
14 are required to enroll in a managed care plan estab-
15 lished by the Secretary of Veterans Affairs under
16 subsection (f) during a year for each Veteran Inte-
17 grated Service Network in which the demonstration
18 project is conducted before the Department of Veter-
19 ans Affairs may receive payment under subsection
20 (d).

21 (2) MAXIMUM.—The Secretaries shall establish
22 a maximum number of medicare-eligible veterans for
23 which payment may be made by the Secretary of
24 Health and Human Services under subsection (a).

1 (3) DETERMINATION OF BASELINE COSTS.—
2 Before the establishment of the demonstration
3 project, the Secretaries shall establish the minimum
4 and maximum enrollment numbers so that—

5 (A) the expenditures by the Department of
6 Veterans Affairs for such number of medicare-
7 eligible veterans is equivalent to the projected
8 expenditures that would have been made by the
9 Department for such veterans if the demonstra-
10 tion project had not been established; and

11 (B) the cost to the medicare program
12 under the demonstration project does not ex-
13 ceed the cost that the medicare program would
14 otherwise incur with respect to the medicare-eli-
15 gible veterans participating in the demonstra-
16 tion project in the absence of the project.

17 (f) ESTABLISHMENT OF MANAGED HEALTH-CARE
18 PLAN.—

19 (1) ESTABLISHMENT.—As part of the dem-
20 onstration project, the Secretary of Veterans Affairs
21 shall establish and operate a managed health-care
22 plan through which medicare-eligible veterans who
23 participate in the demonstration project shall receive
24 health care. The plan shall be operated by or
25 through a Department of Veterans Affairs health-

1 care facility or group of facilities and may include
2 the provision of health services through other public
3 or private entities under arrangements made be-
4 tween that Department facility or group of facilities
5 and the other public or private entity concerned. The
6 managed health care plan shall be established and
7 operated in conformance with standards prescribed
8 by the Secretary of Veterans Affairs after consulta-
9 tion with the Secretary of Health and Human Serv-
10 ices.

11 (2) ENROLLMENT FEE WAIVER.—The Secretary
12 of Veterans Affairs shall waive any enrollment fee
13 applicable to any medicare-eligible veteran enrolled
14 in the managed care plan under paragraph (1) for
15 whom reimbursement is provided under subsection
16 (e).

17 (3) TREATMENT OF PAYMENTS.—Payments re-
18 ceived under subsection (e) with respect to care or
19 services provided to a veteran enrolled in the health-
20 care plan under this subsection shall be credited to
21 the applicable Department of Veterans Affairs medi-
22 cal appropriation and shall be used to pay for the
23 costs of furnishing care and services under para-
24 graph (1).

1 (g) REPORTING REQUIREMENTS.—Not later than 15
2 months after the establishment of the demonstration
3 project, and then not later than 90 days after the end of
4 the demonstration project, the Secretaries shall submit to
5 Congress a report containing the following:

6 (1) The number of medicare-eligible veterans
7 opting to participate in the demonstration project es-
8 tablished under this section instead of receiving
9 health benefits through another health insurance
10 plan (including through the medicare program or
11 other health care options of the Veterans Health Ad-
12 ministration).

13 (2) An analysis of whether, and in what man-
14 ner, easier access to the Veterans Health Adminis-
15 tration affects the number of medicare-eligible veter-
16 ans receiving health benefits under the medicare
17 program.

18 (3) A list of the health insurance plans and pro-
19 grams that were the primary payers for medicare-eli-
20 gible veterans during the year prior to their partici-
21 pation in the demonstration project and the distribu-
22 tion of their previous enrollment in such plans and
23 programs.

24 (4) An identification of cost-shifting (if any)
25 among medical care programs as a result of the

1 demonstration project and a description of the na-
2 ture of any such cost-shifting.

3 (5) An analysis of how the demonstration
4 project affects the overall accessibility of the Veter-
5 ans Health Administration and the amount of space
6 available for point-of-service care and a description
7 of the unintended effects (if any) upon the normal
8 treatment priority system.

9 (6) A description of the difficulties (if any) ex-
10 perience by the Department of Veterans Affairs in
11 managing the demonstration project.

12 (7) A description of the effects of the dem-
13 onstration project on readiness and training of facili-
14 ties of the Veterans Health Administration and the
15 probable effects of the project on overall Veterans
16 Health Administration medical readiness and train-
17 ing.

18 (8) A description of the effects that the dem-
19 onstration project, if permanent, would be expected
20 to have on the overall budget of the Veterans Health
21 Administration and the budgets of individual treat-
22 ment facilities.

23 (9) An analysis of whether the demonstration
24 project affects the cost to the Department of Veter-

1 ans Affairs of prescription drugs or the accessibility,
2 availability, and cost of such drugs to veterans.

3 (h) REVIEW BY COMPTROLLER GENERAL.—Not later
4 than December 31 each year in which the demonstration
5 project is conducted, the Comptroller General shall deter-
6 mine and submit to the Secretaries and Congress a report
7 on the extent, if any, to which the costs of the Secretary
8 of Veterans Affairs under the demonstration project and
9 the costs of the Secretary of Health and Human Services
10 under the medicare program have increased as a result
11 of the project.

12 (i) DEMONSTRATION PROJECT ADJUSTMENTS FOL-
13 LOWING REVIEW.—Based on the review prepared under
14 subsection (h), the Secretaries shall modify the dem-
15 onstration project at the end of each year to correct for
16 any discrepancy between cost targets and actual spending
17 under the demonstration project. From funds available to
18 the Secretary of Veterans Affairs for the Veterans Health
19 Administration, the Secretary of Veterans Affairs shall re-
20 imburse the Secretary of Health and Human Services for
21 any excess costs incurred by the medicare program in vio-
22 lation of subsection (e)(3)(B).

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