

105TH CONGRESS  
1ST SESSION

# H. R. 1248

To amend title XVIII of the Social Security Act to permit classification of certain hospitals as rural referral centers, to permit reclassification of certain hospitals for disproportionate share payments, and to permit sole community hospitals to rebase Medicare payments based upon fiscal year 1994 and 1995 costs.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 1997

Mr. NEY (for himself, Mr. WICKER, Mr. HOSTETTLER, Mr. NORWOOD, Mr. DICKEY, Mr. RAHALL, Mr. MCHUGH, Mr. STUPAK, Mr. ROEMER, Mr. WISE, Mr. SOLOMON, Mr. THOMPSON, Mr. FALEOMAVAEGA, Mr. CLYBURN, Mr. SPRATT, Mr. BARRETT of Nebraska, Mr. INGLIS of South Carolina, and Mr. ENGLISH of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend title XVIII of the Social Security Act to permit classification of certain hospitals as rural referral centers, to permit reclassification of certain hospitals for disproportionate share payments, and to permit sole community hospitals to rebase Medicare payments based upon fiscal year 1994 and 1995 costs.

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. SHORT TITLE.**

2 This Act may be cited as the “Rural Health Care  
3 Protection Act of 1997”.

4 **SEC. 2. CLASSIFICATION AS RURAL REFERRAL CENTERS.**

5 (a) PROHIBITING DENIAL OF REQUEST FOR RECLAS-  
6 SIFICATION ON BASIS OF COMPARABILITY OF WAGES.—

7 (1) IN GENERAL.—Section 1886(d)(10)(D) of  
8 the Social Security Act (42 U.S.C.  
9 1395ww(d)(10)(D)) is amended—

10 (A) by redesignating clause (iii) as clause  
11 (iv); and

12 (B) by inserting after clause (ii) the follow-  
13 ing new clause:

14 “(iii) Under the guidelines published by the Secretary  
15 under clause (i), in the case of a hospital which has ever  
16 been classified by the Secretary as a rural referral center  
17 under paragraph (5)(C), the Board may not reject the ap-  
18 plication of the hospital under this paragraph on the basis  
19 of any comparison between the average hourly wage of the  
20 hospital and the average hourly wage of hospitals in the  
21 area in which it is located.”.

22 (2) EFFECTIVE DATE.—Notwithstanding sec-  
23 tion 1886(d)(10)(C)(ii) of the Social Security Act, a  
24 hospital may submit an application to the Medicare  
25 Geographic Classification Review Board during the  
26 60-day period beginning on the date of the enact-

1       ment of this Act requesting a change in its classi-  
2       fication for purposes of determining the area wage  
3       index applicable to the hospital under section  
4       1886(d)(3)(D) of such Act for fiscal year 1998 if the  
5       hospital would be eligible for such a change in its  
6       classification under the standards described in sec-  
7       tion 1886(d)(10)(D) (as amended by paragraph (1))  
8       but for its failure to meet the deadline for applica-  
9       tions under section 1886(d)(10)(C)(ii).

10           (3) REFERENCE TO BUDGET NEUTRALITY PRO-  
11       VISION.—For a requirement that the Secretary of  
12       Health and Human Services make a proportional  
13       adjustment in the Medicare standardized payment  
14       amounts for inpatient hospital services to assure  
15       that geographic reclassifications of hospitals result-  
16       ing from this subsection do not result in an increase  
17       in aggregate payments under section 1886 of the So-  
18       cial Security Act, see subsection (d)(8)(D) of such  
19       section.

20           (b) CONTINUING TREATMENT OF PREVIOUSLY DES-  
21       IGNATED CENTERS.—

22           (1) IN GENERAL.—Any hospital classified as a  
23       rural referral center by the Secretary of Health and  
24       Human Services under section 1886(d)(5)(C) of the  
25       Social Security Act for fiscal year 1991 shall be clas-

1 sified as such a rural referral center for fiscal year  
2 1998 and each subsequent fiscal year.

3 (2) BUDGET NEUTRALITY.—The provisions of  
4 section 1886(d)(8)(D) of the Social Security Act  
5 shall apply to reclassifications made pursuant to  
6 paragraph (1) in the same manner as such provi-  
7 sions apply to a reclassification under section  
8 1886(d)(10) of such Act.

9 **SEC. 3. HOSPITAL GEOGRAPHIC RECLASSIFICATION PER-**  
10 **MITTED FOR PURPOSES OF DISPROPORTION-**  
11 **ATE SHARE PAYMENT ADJUSTMENTS.**

12 (a) IN GENERAL.—Section 1886(d)(10)(C)(i) of the  
13 Social Security Act (42 U.S.C. 1395ww(d)(10)(C)(i)) is  
14 amended—

15 (1) by striking “or” at the end of subclause (I);

16 (2) by striking the period at the end of sub-  
17 clause (II) and inserting “, or”;

18 (3) by inserting after subclause (II) the follow-  
19 ing:

20 “(III) eligibility for and amount of additional  
21 payment amounts under paragraph (5)(F).”; and

22 (4) by adding at the end the following:

23 “Any application approved for purposes of subclause (I)  
24 for a fiscal year is deemed to be approved for purposes  
25 of subclause (III) for that fiscal year.”.

1           (b) EFFECTIVE DATE.—Notwithstanding section  
2 1886(d)(10)(C)(ii) of the Social Security Act, a hospital  
3 may submit an application to the Medicare Geographic  
4 Classification Review Board during the 60-day period be-  
5 ginning on the date of the enactment of this Act request-  
6 ing a change in its classification for purposes of determin-  
7 ing the disproportionate share hospital payment applicable  
8 to the hospital under section 1886(d)(5)(F) of such Act  
9 for fiscal year 1998 if the hospital would be eligible for  
10 such a change in its classification under the guidelines de-  
11 scribed in subsection (c) of this section but for its failure  
12 to meet the deadline for applications under section  
13 1886(d)(10)(C)(ii).

14           (c) APPLICABLE GUIDELINES.—Such Board shall  
15 apply the guidelines established for reclassification under  
16 subclause (I) of section 1886(d)(10)(C)(i) of such Act to  
17 reclassification under subclause (III) of such section until  
18 the Secretary of Health and Human Services promulgates  
19 separate guidelines for reclassification under such sub-  
20 clause (III).

21           (d) REFERENCE TO BUDGET NEUTRALITY PROVI-  
22 SION.—For a requirement that the Secretary of Health  
23 and Human Services make a proportional adjustment in  
24 the medicare standardized payment amounts for inpatient  
25 hospital services to assure that geographic reclassifications

1 of hospitals resulting from this section do not result in  
2 an increase in aggregate payments under section 1886 of  
3 the Social Security Act, see subsection (d)(8)(D) of such  
4 section.

5 **SEC. 4. PERMITTING REBASING OF PAYMENT FOR SOLE**  
6 **COMMUNITY HOSPITALS USING FISCAL**  
7 **YEARS 1994 AND 1995 COSTS.**

8 Section 1886(b)(3) of the Social Security Act (42  
9 U.S.C. 1395ww(b)(3)) is amended—

10 (1) in subparagraph (C), by inserting “subject  
11 to subparagraph (F),” after “subsection  
12 (d)(5)(D)(iii),”; and

13 (2) by adding at the end the following new sub-  
14 paragraph:

15 “(F) In applying subparagraph (C) with respect to  
16 discharges occurring in fiscal year 1998 and each subse-  
17 quent fiscal year, in no case shall the target amount for  
18 a hospital for fiscal year 1998 be less than the average  
19 of—

20 “(i) the allowable operating costs of inpatient  
21 hospital services recognized under this title for the  
22 hospital’s 12-month cost reporting period (if any)  
23 beginning during fiscal year 1994 increased (in a  
24 compounded manner) by the applicable percentage

1 increase under subparagraph (B)(iv) for each of fis-  
2 cal years 1995, 1996, 1997, and 1998, and

3 “(ii) the allowable operating costs of inpatient  
4 hospital services recognized under this title for the  
5 hospital’s 12-month cost reporting period (if any)  
6 beginning during fiscal year 1995 increased (in a  
7 compounded manner) by the applicable percentage  
8 increase under subparagraph (B)(iv) for each of fis-  
9 cal years 1996, 1997, and 1998.”.

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