106TH CONGRESS
1ST SESSION

S. 406

AN ACT

To amend the Indian Health Care Improvement Act to make permanent the demonstration program that allows for direct billing of medicare, medicaid, and other third party payors, and to expand the eligibility under such program to other tribes and tribal organizations.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Alaska Native and American Indian Direct Reimbursement Act of 1999''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) In 1988, Congress enacted section 405 of the Indian Health Care Improvement Act (25 U.S.C. 1645) that established a demonstration program to authorize 4 tribally-operated Indian Health Service hospitals or clinics to test methods for direct billing and receipt of payment for health services provided to patients eligible for reimbursement under the medicare or medicaid programs under titles XVIII and XIX of the Social Security Act (42 U.S.C. 1395 et seq.; 1396 et seq.), and other third-party payors.

(2) The 4 participants selected by the Indian Health Service for the demonstration program began the direct billing and collection program in fiscal year 1989 and unanimously expressed success and satisfaction with the program. Benefits of the program include dramatically increased collections for services provided under the medicare and medicaid programs, a significant reduction in the turn-around time between billing and receipt of payments for services provided to eligible patients, and increased efficiency of participants being able to track their own billings and collections.

(3) The success of the demonstration program confirms that the direct involvement of tribes and

tribal organizations in the direct billing of, and collection of payments from, the medicare and medicaid programs, and other third payor reimbursements, is more beneficial to Indian tribes than the current system of Indian Health Service-managed collections.

(4) Allowing tribes and tribal organizations to directly manage their medicare and medicaid billings and collections, rather than channeling all activities through the Indian Health Service, will enable the Indian Health Service to reduce its administrative costs, is consistent with the provisions of the Indian Self-Determination Act, and furthers the commitment of the Secretary to enable tribes and tribal organizations to manage and operate their health care programs.

(5) The demonstration program was originally to expire on September 30, 1996, but was extended by Congress, so that the current participants would not experience an interruption in the program while Congress awaited a recommendation from the Secretary of Health and Human Services on whether to make the program permanent.

(6) It would be beneficial to the Indian Health Service and to Indian tribes, tribal organizations,

and Alaska Native organizations to provide permanent status to the demonstration program and to extend participation in the program to other Indian tribes, tribal organizations, and Alaska Native health organizations who operate a facility of the Indian Health Service.

SEC. 3. DIRECT BILLING OF MEDICARE, MEDICAID, AND OTHER THIRD PARTY PAYORS.

(a) PERMANENT AUTHORIZATION.—Section 405 of the Indian Health Care Improvement Act (25 U.S.C. 1645) is amended to read as follows:

''(a) ESTABLISHMENT OF DIRECT BILLING PROGRAM.—

''(1) IN GENERAL.—The Secretary shall establish a program under which Indian tribes, tribal organizations, and Alaska Native health organizations that contract or compact for the operation of a hospital or clinic of the Service under the Indian Self-Determination and Education Assistance Act may elect to directly bill for, and receive payment for, health care services provided by such hospital or clinic for which payment is made under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) (in this section referred to as the 'medicare program'), under a State plan for medical assistance

approved under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) (in this section referred to as the 'medicaid program'), or from any other third party payor.

''(2) APPLICATION OF 100 PERCENT FMAP.—The third sentence of section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) shall apply for purposes of reimbursement under the medicaid program for health care services directly billed under the program established under this section.

''(b) DIRECT REIMBURSEMENT.—

''(1) USE OF FUNDS.—Each hospital or clinic participating in the program described in subsection (a) of this section shall be reimbursed directly under the medicare and medicaid programs for services furnished, without regard to the provisions of section 1880(c) of the Social Security Act (42 U.S.C. 1395qq(c)) and sections 402(a) and 813(b)(2)(A), but all funds so reimbursed shall first be used by the hospital or clinic for the purpose of making any improvements in the hospital or clinic that may be necessary to achieve or maintain compliance with the conditions and requirements applicable generally to facilities of such type under the medicare or medicaid programs. Any funds so reimbursed which are

in excess of the amount necessary to achieve or maintain such conditions shall be used—

"(A) solely for improving the health resources deficiency level of the Indian tribe; and

"(B) in accordance with the regulations of the Service applicable to funds provided by the Service under any contract entered into under the Indian Self-Determination Act (25 U.S.C. 450f et seq.).

"(2) AUDITS.—The amounts paid to the hospitals and clinics participating in the program established under this section shall be subject to all auditing requirements applicable to programs administered directly by the Service and to facilities participating in the medicare and medicaid programs.

"(3) SECRETARIAL OVERSIGHT.—The Secretary shall monitor the performance of hospitals and clinics participating in the program established under this section, and shall require such hospitals and clinics to submit reports on the program to the Secretary on an annual basis.

"(4) NO PAYMENTS FROM SPECIAL FUNDS.—Notwithstanding section 1880(c) of the Social Security Act (42 U.S.C. 1395qq(c)) or section 402(a), no payment may be made out of the special funds de-

scribed in such sections for the benefit of any hospital or clinic during the period that the hospital or clinic participates in the program established under this section.

''(c) REQUIREMENTS FOR PARTICIPATION.—

''(1) APPLICATION.—Except as provided in paragraph (2)(B), in order to be eligible for participation in the program established under this section, an Indian tribe, tribal organization, or Alaska Native health organization shall submit an application to the Secretary that establishes to the satisfaction of the Secretary that—

''(A) the Indian tribe, tribal organization, or Alaska Native health organization contracts or compacts for the operation of a facility of the Service;

''(B) the facility is eligible to participate in the medicare or medicaid programs under section 1880 or 1911 of the Social Security Act (42 U.S.C. 1395qq; 1396j);

''(C) the facility meets the requirements that apply to programs operated directly by the Service; and

''(D) the facility—

"(i) is accredited by an accrediting body as eligible for reimbursement under the medicare or medicaid programs; or

"(ii) has submitted a plan, which has been approved by the Secretary, for achieving such accreditation.

"(2) APPROVAL.—

"(A) IN GENERAL.—The Secretary shall review and approve a qualified application not later than 90 days after the date the application is submitted to the Secretary unless the Secretary determines that any of the criteria set forth in paragraph (1) are not met.

"(B) GRANDFATHER OF DEMONSTRATION PROGRAM PARTICIPANTS.—Any participant in the demonstration program authorized under this section as in effect on the day before the date of enactment of the Alaska Native and American Indian Direct Reimbursement Act of 1999 shall be deemed approved for participation in the program established under this section and shall not be required to submit an application in order to participate in the program.

"(C) DURATION.—An approval by the Secretary of a qualified application under subpara-

graph (A), or a deemed approval of a demonstration program under subparagraph (B), shall continue in effect as long as the approved applicant or the deemed approved demonstration program meets the requirements of this section.

''(d) EXAMINATION AND IMPLEMENTATION OF CHANGES.—

''(1) IN GENERAL.—The Secretary, acting through the Service, and with the assistance of the Administrator of the Health Care Financing Administration, shall examine on an ongoing basis and implement—

''(A) any administrative changes that may be necessary to facilitate direct billing and reimbursement under the program established under this section, including any agreements with States that may be necessary to provide for direct billing under the medicaid program; and

''(B) any changes that may be necessary to enable participants in the program established under this section to provide to the Service medical records information on patients served under the program that is consistent with the

medical records information system of the Service.

''(2) ACCOUNTING INFORMATION.—The accounting information that a participant in the program established under this section shall be required to report shall be the same as the information required to be reported by participants in the demonstration program authorized under this section as in effect on the day before the date of enactment of the Alaska Native and American Indian Direct Reimbursement Act of 1999. The Secretary may from time to time, after consultation with the program participants, change the accounting information submission requirements.

''(e) WITHDRAWAL FROM PROGRAM.—A participant in the program established under this section may withdraw from participation in the same manner and under the same conditions that a tribe or tribal organization may retrocede a contracted program to the Secretary under authority of the Indian Self-Determination Act (25 U.S.C. 450 et seq.). All cost accounting and billing authority under the program established under this section shall be returned to the Secretary upon the Secretary's acceptance of the withdrawal of participation in this program.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1880 of the Social Security Act (42 U.S.C. 1395qq) is amended by adding at the end the following:

''(e) For provisions relating to the authority of certain Indian tribes, tribal organizations, and Alaska Native health organizations to elect to directly bill for, and receive payment for, health care services provided by a hospital or clinic of such tribes or organizations and for which payment may be made under this title, see section 405 of the Indian Health Care Improvement Act (25 U.S.C. 1645).''.

(2) Section 1911 of the Social Security Act (42 U.S.C. 1396j) is amended by adding at the end the following:

''(d) For provisions relating to the authority of certain Indian tribes, tribal organizations, and Alaska Native health organizations to elect to directly bill for, and receive payment for, health care services provided by a hospital or clinic of such tribes or organizations and for which payment may be made under this title, see section 405 of the Indian Health Care Improvement Act (25 U.S.C. 1645).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2000.

SEC. 4. TECHNICAL AMENDMENT.

(a) IN GENERAL.—Effective November 9, 1998, section 405 of the Indian Health Care Improvement Act (25 U.S.C. 1645(e)) is reenacted as in effect on that date.

(b) REPORTS.—Effective November 10, 1998, section 405 of the Indian Health Care Improvement Act is amended by striking subsection (e).

Passed the Senate September 15, 1999.

Attest:

Secretary.

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