

108TH CONGRESS
1ST SESSION

S. 1220

To amend title XVIII of the Social Security Act to extend reasonable cost contracts under the medicare program, to expand the area in which plans offered under such contracts may operate, to apply certain provisions of the Medicare+Choice program to such plans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 10, 2003

Mr. ALLARD (for himself, Mr. WYDEN, Mr. SMITH, Mr. INOUE, Mr. AKAKA, Mr. COLEMAN, Mrs. HUTCHISON, and Mr. CAMPBELL) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to extend reasonable cost contracts under the medicare program, to expand the area in which plans offered under such contracts may operate, to apply certain provisions of the Medicare+Choice program to such plans, and for other purposes.

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 “Medicare Cost Con-
5 tract Extension and Refinement Act of 2003”.

1 **SEC. 2. EXTENSION OF REASONABLE COST CONTRACTS.**

2 (a) TEN-YEAR EXTENSION.—Section 1876(h)(5)(C)
 3 of the Social Security Act (42 U.S.C. 1395mm(h)(5)(C))
 4 is amended by striking “2004” and inserting “2014”.

5 (b) TEN-YEAR EXTENSION OF PERIOD DURING
 6 WHICH COST CONTRACTS MAY EXPAND SERVICE
 7 AREAS.—Section 1876(h)(5)(B)(i) of the Social Security
 8 Act (42 U.S.C. 1395mm(h)(5)(B)(i)) is amended by strik-
 9 ing “2003” and inserting “2013”.

10 **SEC. 3. APPLICATION OF CERTAIN MEDICARE+CHOICE RE-**
 11 **QUIREMENTS TO COST CONTRACTS EX-**
 12 **TENDED OR RENEWED AFTER 2003.**

13 Section 1876(h) of the Social Security Act (42 U.S.C.
 14 1395mm(h)), as amended by subsections (a) and (b), is
 15 amended—

16 (1) by redesignating paragraph (5) as para-
 17 graph (6); and

18 (2) by inserting after paragraph (4) the fol-
 19 lowing new paragraph:

20 “(5)(A) Any reasonable cost reimbursement contract
 21 with an eligible organization under this subsection that is
 22 extended or renewed on or after the date of enactment
 23 of the Medicare Cost Contract Extension and Refinement
 24 Act of 2003 or that is entered into pursuant to paragraph
 25 (6)(C) for plan years beginning on or after January 1,
 26 2004, shall provide that the provisions of the

1 Medicare+Choice program under part C described in sub-
2 paragraph (B) shall apply to such organization and such
3 contract in a substantially similar manner as such provi-
4 sions apply to Medicare+Choice organizations and
5 Medicare+Choice plans under such part.

6 “(B) The provisions described in this subparagraph
7 are as follows:

8 “(i) Section 1851(d) (relating to the provision
9 of information to promote informed choice).

10 “(ii) Section 1851(h) (relating to the approval
11 of marketing material and application forms).

12 “(iii) Section 1852(a)(3)(A) (regarding the au-
13 thority of organizations to include supplemental
14 health care benefits under the plan subject to the
15 approval of the Secretary).

16 “(iv) Paragraph (1) of section 1852(e) (relating
17 to the requirement of having an ongoing quality as-
18 surance program) and paragraph (2)(B) of such sec-
19 tion (relating to the required elements for such a
20 program).

21 “(v) Section 1852(e)(4) (relating to treatment
22 of accreditation).

23 “(vi) Section 1852(j)(4) (relating to limitations
24 on physician incentive plans).

1 “(vii) Section 1854(c) (relating to the require-
 2 ment of uniform premiums among individuals en-
 3 rolled in the plan).

4 “(viii) Section 1854(g) (relating to restrictions
 5 on imposition of premium taxes with respect to pay-
 6 ments to organizations).

7 “(ix) Section 1856(b)(3) (relating to relation to
 8 State laws).

9 “(x) Section 1857(i) (relating to
 10 Medicare+Choice program compatibility with em-
 11 ployer or union group health plans).

12 “(xi) The provisions of part C relating to
 13 timelines for contract renewal and beneficiary notifi-
 14 cation.”.

15 **SEC. 4. PERMITTING DEDICATED GROUP PRACTICE**
 16 **HEALTH MAINTENANCE ORGANIZATIONS TO**
 17 **PARTICIPATE IN THE MEDICARE COST CON-**
 18 **TRACT PROGRAM.**

19 Section 1876(h)(6) of the Social Security Act (42
 20 U.S.C. 1395mm(h)(6)), as redesignated and amended by
 21 section 2, is amended—

22 (1) in subparagraph (A), by striking “After the
 23 date of the enactment” and inserting “Except as
 24 provided in subparagraph (C), after the date of the
 25 enactment”;

1 (2) in subparagraph (B), by striking “subpara-
2 graph (C)” and inserting “subparagraph (D)”;

3 (3) by redesignating subparagraph (C) as sub-
4 paragraph (D); and

5 (4) by inserting after subparagraph (B), the
6 following new subparagraph:

7 “(C) Subject to paragraph (5) and subparagraph
8 (D), the Secretary shall approve an application to enter
9 into a reasonable cost contract under this section if—

10 “(i) the application is submitted to the Sec-
11 retary by a health maintenance organization (as de-
12 fined in section 1301(a) of the Public Health Service
13 Act) that, as of January 1, 2004, and except as pro-
14 vided in section 1301(b)(3)(B) of such Act, provides
15 at least 85 percent of the services of a physician
16 which are provided as basic health services through
17 a medical group (or groups), as defined in section
18 1302(4) of such Act; and

19 “(ii) the Secretary determines that the organi-
20 zation meets the requirements applicable to such or-
21 ganizations and contracts under this section.”.

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