

110TH CONGRESS
2^D SESSION

H. R. 5721

To amend title XIX of the Social Security Act to provide for a DSH redistribution pool from unexpended Medicaid DSH allotments in order to increase Medicaid DSH allotments for low DSH States and to provide grants for health access networks serving the uninsured.

IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2008

Mr. SULLIVAN (for himself, Mr. BOREN, Mr. ROSS, Mr. LUCAS, Mr. COLE of Oklahoma, Mr. OBERSTAR, and Ms. FALLIN) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend title XIX of the Social Security Act to provide for a DSH redistribution pool from unexpended Medicaid DSH allotments in order to increase Medicaid DSH allotments for low DSH States and to provide grants for health access networks serving the uninsured.

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 “Strengthening the
5 Safety Net Act of 2008”.

1 **SEC. 2. APPLICATION OF UNEXPENDED MEDICAID DSH AL-**
2 **LOTMENTS FOR INCREASED ALLOTMENTS**
3 **FOR LOW DSH STATES AND FOR HEALTH**
4 **NETWORK ACCESS GRANTS.**

5 (a) ESTABLISHMENT OF DSH REDISTRIBUTION
6 POOL FROM UNEXPENDED MEDICAID DSH ALLOT-
7 MENTS.—Subsection (f) of section 1923 of the Social Se-
8 curity Act (42 U.S.C. 1396r-4) is amended—

9 (1) by redesignating paragraph (7) as para-
10 graph (8); and

11 (2) by inserting after paragraph (6) the fol-
12 lowing new paragraph:

13 “(7) DSH REDISTRIBUTION POOL FROM POR-
14 TION OF UNEXPENDED DSH ALLOTMENTS TO FUND
15 INCREASE IN ALLOTMENTS FOR LOW DSH STATES
16 AND HEALTH NETWORK ACCESS GRANTS.—

17 “(A) ESTABLISHMENT.—There is estab-
18 lished a DSH redistribution pool in the amount
19 provided under this paragraph. Such amount
20 shall be determined by the Secretary at the be-
21 ginning of each fiscal year and the Secretary
22 may adjust such amount in subsequent fiscal
23 years to take into account errors in estimates
24 made for previous fiscal years. The amount in
25 such pool shall be available for obligation and
26 expenditure without fiscal year limitation.

1 “(B) ADDITION OF UNEXPENDED DSH AL-
2 LOTMENTS.—At the beginning of each fiscal
3 year (beginning with fiscal year 2009), there
4 shall be added to the DSH redistribution pool
5 an amount equal to the amount by which—

6 “(i) the total of the DSH allotments
7 for all States for the third preceding fiscal
8 year; exceeded

9 “(ii) the total Federal financial par-
10 ticipation under this title attributable to
11 such allotments for such fiscal year.

12 “(C) REDUCTION FOR EXPENDITURES RE-
13 SULTING FROM INCREASED ALLOTMENTS FOR
14 LOW DSH STATES AND FOR HEALTH NETWORK
15 ACCESS GRANTS.—At the beginning of each fis-
16 cal year (beginning with fiscal year 2010), there
17 shall be subtracted from the DSH redistribu-
18 tion pool an amount equal to the sum of—

19 “(i) the aggregate increase in Federal
20 financial participation under this title at-
21 tributable to the amendments made by sec-
22 tion 2(b) of the Strengthening the Safety
23 Net Act of 2008 for the previous fiscal
24 year; and

1 “(ii) the amount obligated on grants
2 under subsection (k) for such previous fis-
3 cal year.”.

4 (b) INCREASE IN DSH ALLOTMENTS FOR LOW DSH
5 STATES; QUALIFICATION OF LOW DSH STATES BASED
6 ON FISCAL YEAR 2004 DATA.—Subsection (f)(5) of such
7 section is amended—

8 (1) in subparagraph (B)—

9 (A) by striking “and” at the end of clause
10 (ii);

11 (B) in clause (iii)—

12 (i) by striking “2009” and inserting
13 “2014”;

14 (ii) by inserting “, subject to subpara-
15 graph (D),” after “shall be”; and

16 (iii) by redesignating such clause as
17 clause (iv); and

18 (C) by inserting after clause (ii) the fol-
19 lowing new clause:

20 “(iii) each succeeding fiscal year be-
21 fore fiscal year 2014 shall be, subject to
22 subparagraph (D), the DSH allotment for
23 the State for the previous fiscal year in-
24 creased by 19.5 percent; and”;

1 (2) by adding at the end the following new sub-
2 paragraphs:

3 “(C) ADDITIONAL STATES COVERED FOR
4 FISCAL YEAR 2009 AND SUBSEQUENT YEARS.—

5 In the case of a State not described in subpara-
6 graph (B) in which the total expenditures under
7 the State plan (including Federal and State
8 shares) for disproportionate share hospital ad-
9 justments under this section for fiscal year
10 2004, as reported to the Administrator of the
11 Centers for Medicare & Medicaid Services as of
12 August 31, 2007, is greater than 0 but less
13 than 3 percent of the State’s total amount of
14 expenditures under the State plan for medical
15 assistance during the fiscal year, the DSH al-
16 lotment for the State with respect to—

17 “(i) fiscal year 2009 and any suc-
18 ceeding fiscal year before fiscal year 2014
19 shall be, subject to subparagraph (D), the
20 DSH allotment for the State for the pre-
21 vious fiscal year increased by 19.5 percent;
22 and

23 “(ii) any subsequent fiscal year shall
24 be, subject to subparagraph (D), the DSH
25 allotment for the State for the previous fis-

1 cal year subject to an increase for inflation
2 as provided in paragraph (3)(A).

3 “(D) LIMITATION ON INCREASES TO
4 AMOUNT AVAILABLE FROM DSH REDISTRIBU-
5 TION POOL.—If the Secretary estimates for a
6 fiscal year (beginning with fiscal year 2009)
7 that—

8 “(i) the amount of additional expendi-
9 tures in the fiscal year resulting from the
10 application of an increase in DSH allot-
11 ments under subparagraphs (B) and (C)
12 beginning with fiscal year 2009 of 19.5
13 percent (instead of the application of an
14 increase for inflation as provided in para-
15 graph (3)(A)), exceeds

16 “(ii) the amount available for obliga-
17 tion from the DSH redistribution pool
18 under paragraph (7) for the fiscal year,
19 the Secretary shall reduce the increase in the
20 DSH allotments otherwise provided under such
21 subparagraphs for the fiscal year in a pro-rata
22 manner so that the amount of additional ex-
23 penditures in the fiscal year resulting from the
24 application of such subparagraphs is equal to
25 the amount described in clause (ii) for the fiscal

1 year. A reduction in a DSH allotment for a
2 State under this subparagraph shall not affect
3 the computation of the DSH allotment for the
4 State under subparagraph (B) or (C) for the
5 subsequent fiscal year.”.

6 (c) DEMONSTRATION GRANTS TO HEALTH ACCESS
7 NETWORKS.—Such section is further amended by adding
8 at the end the following new subsection:

9 “(k) DEMONSTRATION GRANTS TO HEALTH ACCESS
10 NETWORKS.—

11 “(1) IN GENERAL.—From the amount of funds
12 made available under paragraph (6)(A) for a fiscal
13 year, the Secretary shall award demonstration
14 grants under this subsection to health access net-
15 works for such fiscal year for the purpose of improv-
16 ing access, quality, and continuity of care for unin-
17 sured individuals through better coordination of care
18 by the network.

19 “(2) HEALTH ACCESS NETWORK DEFINED.—

20 “(A) IN GENERAL.—In this subsection, the
21 term ‘health access network’ means an entity
22 representing a collection of safety net providers,
23 including hospitals, community health centers,
24 public health departments, physicians, safety
25 net health plans, federally qualified health cen-

1 ters, or other recognized safety net providers,
2 that—

3 “(i) is organized for the purpose of re-
4 structuring and improving the access, qual-
5 ity, and continuity of care to the uninsured
6 and underinsured; and

7 “(ii) offers patients access to all levels
8 of care, including primary, outpatient, spe-
9 cialty, certain ancillary services, and acute
10 inpatient care, within a community or
11 across a broad spectrum of providers
12 across a service region or State.

13 “(B) INCLUSION OF SECTION 330 NET-
14 WORKS AND PLANS.—Such term includes net-
15 works and plans that meet the requirements for
16 funding under section 330(e)(1)(C) of the Pub-
17 lic Health Service Act (42 U.S.C.
18 254b(e)(1)(C)).

19 “(C) INCLUSION OF INTEGRATED HEALTH
20 CARE SYSTEMS.—

21 “(i) IN GENERAL.—Such term also in-
22 cludes an integrated health care system
23 (including a pediatric system).

24 “(ii) DEFINITION.—For purposes of
25 this subparagraph, the term ‘integrated

1 health care system (including a pediatric
2 system)’ means a health care provider
3 that—

4 “(I) is organized to provide care
5 in a coordinated fashion; and

6 “(II) assures access to a full
7 range of primary, specialty, and hos-
8 pital care, to uninsured and under-in-
9 sured individuals, as appropriate.

10 “(3) APPLICATION AND PLAN REQUIREMENT.—

11 “(A) IN GENERAL.—In order to be eligible
12 for a grant under this subsection, a health ac-
13 cess network shall—

14 “(i) submit an application, in such
15 form and manner as the Secretary shall
16 specify;

17 “(ii) submit with such application a
18 plan that meets the requirements of sub-
19 paragraph (B);

20 “(iii) identify in such plan measurable
21 performance targets for at least 3 of the
22 goals described in subparagraph (B); and

23 “(iv) agree that a portion of the pay-
24 ment of grant funds for patient care serv-
25 ices after the first year for which such pay-

1 ment is made shall be contingent upon the
2 health access network demonstrating suc-
3 cess in achieving such targets.

4 “(B) PLAN REQUIREMENTS.—A health ac-
5 cess network that desires a grant under this
6 subsection shall submit a plan to the Secretary
7 that details how the network intends through
8 the grant—

9 “(i) to manage costs associated with
10 the provision of health care services to un-
11 insured and underinsured individuals
12 served by the network;

13 “(ii) to improve access to, and the
14 availability of, health care services provided
15 to uninsured and underinsured individuals
16 served by the network;

17 “(iii) to enhance the quality and co-
18 ordination of health care services provided
19 to uninsured and underinsured individuals
20 served by the network;

21 “(iv) to improve the health status of
22 uninsured and underinsured individuals
23 served by the network; and

1 “(v) to reduce health disparities in the
2 population of uninsured and underinsured
3 individuals served by the network.

4 Nothing in this paragraph shall be construed as
5 requiring a health access network operating in
6 a State to operate on a Statewide basis or oth-
7 erwise to serve all uninsured and underinsured
8 individuals in area served.

9 “(C) AUTHORITY TO LIMIT NUMBER OF
10 GRANTS.—In awarding grants under this sub-
11 section, the Secretary may limit the grants in
12 a manner so that each grantee is able to pro-
13 vide patient care services to the number of un-
14 insured individuals specified by each network in
15 its grant application.

16 “(4) USE OF FUNDS.—

17 “(A) IN GENERAL.—A health access net-
18 work that receives funds under a grant under
19 this subsection shall expend an amount equal to
20 at least 90 percent of such funds for the provi-
21 sion of (or payment for) direct patient care
22 services.

23 “(B) RULE OF CONSTRUCTION REGARDING
24 DIRECT PATIENT CARE SERVICES.—For pur-
25 poses of subparagraph (A), the term ‘direct pa-

1 tient care services’ means, with respect to a
2 health access network, services, such as spe-
3 cialty medical care and diagnostic services, that
4 are not available or are insufficiently available
5 through the network’s providers other than
6 under a grant under this subsection.

7 “(C) PREFERENCE FOR SERVICES
8 THROUGH SAFETY NET PROVIDERS.—In pur-
9 chasing direct patient care services for unin-
10 sured and underinsured individuals under a
11 grant under this subsection, health access net-
12 works shall, to the maximum extent feasible,
13 endeavor to purchase such services from safety
14 net providers.

15 “(5) SUPPLEMENT, NOT SUPPLANT.—Funds
16 paid to a health access network under a grant under
17 this subsection shall supplement and not supplant,
18 other Federal or State payments that are made to
19 the network to support the provision of health care
20 services to low-income or uninsured patients.

21 “(6) FUNDING.—

22 “(A) AVAILABILITY OF FUNDS FROM DSH
23 REDISTRIBUTION POOL.—To carry out this sub-
24 section there is hereby made available for each
25 fiscal year (beginning with fiscal year 2009 and

1 ending with fiscal year 2013) and appropriated
2 from the DSH redistribution pool established
3 under subsection (d)(7), an amount equal to—

4 “(i) the amount available for obliga-
5 tion from such pool in such fiscal year, re-
6 duced by

7 “(ii) the Secretary’s estimate of the
8 aggregate increase in Federal financial
9 participation under this title for the fiscal
10 year that will be attributable to the amend-
11 ments made by section 2(b) of the
12 Strengthening the Safety Net Act of 2008.

13 “(B) TREATMENT OF GRANT FUNDS.—
14 Payments to a health access network under a
15 grant under this subsection shall not be treated
16 as a disproportionate share hospital payment
17 adjustments under this section and shall not be
18 counted against the DSH allotment for any
19 State.

20 “(C) NO STATE MATCHING REQUIRED.—
21 Nothing in this subsection shall be construed as
22 requiring a State to provide for any State
23 matching funds to receive funds under this sub-
24 section.

1 “(D) AVAILABILITY.—The amount of any
2 grant to a health access network under this
3 subsection shall remain available for expendi-
4 ture under the grant through the end of the
5 third fiscal year after the fiscal year in which
6 the grant is made.”.

7 (d) CONFORMING DATE OF APPLICATION OF DSH
8 HOSPITAL REQUIREMENT TO AVAILABILITY OF FUNDING
9 FOR LOW DSH STATES.—Subsection (d)(2)(A)(ii) of such
10 section is amended by inserting before the period at the
11 end the following: (or, in the case of a low DSH State
12 described in subparagraph (B) or (C) of subsection (f)(5),
13 the date of the enactment of the Strengthening the Safety
14 Net Act of 2008).

15 (e) EFFECTIVE DATE.—The amendments made by
16 this section shall apply beginning with fiscal year 2009.

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