

106TH CONGRESS
1ST SESSION

H. R. 2199

To amend title XVIII of the Social Security Act to promote the efficient use of capital by hospitals under the Medicare Program.

IN THE HOUSE OF REPRESENTATIVES

JUNE 14, 1999

Mr. STARK introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title XVIII of the Social Security Act to promote the efficient use of capital by hospitals under the Medicare Program.

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 Hospital
5 Capital Efficiency Promotion Act of 1999”.

6 **SEC. 2. REDUCTIONS IN MEDICARE CAPITAL PAYMENTS IN**
7 **CASE OF EXCESS BED SUPPLY.**

8 (a) IN GENERAL.—Notwithstanding any other provi-
9 sion of law, the Secretary of Health and Human Services
10 may, for cost reporting periods and discharges occurring

1 on or after October 1, 2004, reduce medicare capital pay-
2 ments for a hospital located in a hospital catchment area
3 if—

4 (1) the hospital bed ratio for the area for that
5 type of hospital is higher than the national average
6 hospital bed ratio for that type of hospital; and

7 (2) the average hospital occupancy rate for the
8 hospital is below the average hospital occupancy rate
9 for that type of hospital.

10 (b) LIMITATION ON AMOUNT OF REDUCTION.—The
11 reduction in payment under subsection (a) may not exceed
12 25 percent of the amount of the medicare capital pay-
13 ments.

14 (c) EXCEPTIONS.—The Secretary shall not make a
15 reduction under subsection (a) insofar as the Secretary de-
16 termines that such reduction would be inappropriate as—

17 (1) it would adversely effect an ongoing plan for
18 the hospital to reduce the number of inpatient hos-
19 pital beds, whether directly or through closure or
20 merger with another hospital;

21 (2) additional capacity is required to meet the
22 needs of an underserved population, such as a rural
23 area; or

1 (3) the hospital has been certified as a critical
2 access hospital under section 1820(e) of the Social
3 Security Act (42 U.S.C. 1395i-4(e)).

4 (d) DEFINITIONS.—For purposes of this section:

5 (1) PPS HOSPITAL; PPS-EXEMPT HOSPITAL.—

6 The term “PPS hospital” has the meaning given the
7 term “subsection (d) hospital” in section
8 1886(d)(1)(B) of the Social Security Act (42 U.S.C.
9 1395ww(d)(1)(B)), and the term “PPS-exempt hos-
10 pital” means a hospital other than a PPS hospital.

11 (2) TYPE OF HOSPITAL.—The term “type of
12 hospital” means PPS hospitals and each type of hos-
13 pital described in a clause of section 1886(d)(1)(B)
14 of the Social Security Act (42 U.S.C.
15 1395ww(d)(1)(B)).

16 (3) HOSPITAL CATCHMENT AREA.—The term
17 “hospital catchment area” means a standard metro-
18 politan statistical area or such area as the Secretary
19 determines appropriate.

20 (4) HOSPITAL BED RATIO.—

21 (A) IN GENERAL.—The term “hospital bed
22 ratio” means, for an area and a type of hospital
23 and as determined by the Secretary, the ratio
24 of—

1 (i) the number of licensed inpatient
2 hospital beds for that type of hospital in
3 the area, to

4 (ii) the population of the area.

5 (B) CASE MIX ADJUSTMENT AUTHORITY.—

6 In determining a hospital bed ratio, the Sec-
7 retary may provide for such adjustment as may
8 be appropriate to take into account differences
9 in the case mix of the population served by the
10 hospital.

11 (5) HOSPITAL OCCUPANCY RATE.—The term
12 “hospital occupancy rate” means, for a hospital and
13 period and as determined by the Secretary, the aver-
14 age number of inpatient beds in the hospital which
15 are occupied on any day in that period, divided by
16 the average total number of licensed inpatient beds
17 in the hospital on any day in that period.

18 (6) MEDICARE CAPITAL PAYMENTS.—The term
19 “medicare capital payments” means payments to a
20 hospital under section 1886 of the Social Security
21 Act (42 U.S.C. 1395ww) for capital-related costs,
22 and includes payments under section 1886(g) of
23 such Act, but does not include payments for a re-
24 turn on equity capital.

1 (7) SECRETARY.—The term “Secretary” means
2 the Secretary of Health and Human Services.

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