CERTAIN DISCHARGE TO POST ACUTE CARE
Section 10507 of the House bill and Section 546 of the Senate amendment

CURRENT LAW

PPS hospitals that move patients to PPS-exempt hospitals and distinct-part hospital units, or skilled nursing facilities are currently considered to have "discharged" the patient and receive a full DRG payment. Under current law, a "transfer" is defined as moving a patient from one PPS hospital to another PPS hospital. In a transfer case, payment to the first PPS hospital is made on a per diem basis, and the second PPS hospital is paid the full DRG payment.

HOUSE BILL

Defines a "transfer case" to include an individual discharged from a PPS hospital who is: (1) admitted as an inpatient to a hospital or distinct-part hospital unit that is not a PPS hospital for further inpatient hospital services, (2) is admitted to a skilled nursing facility or other extended care facility for extended care services; or (3) receives home health service from a home health agency if such service is directly related to the condition or diagnosis for which the individual received inpatient hospital services, and if such services were provided within an appropriate time and in a manner that would have been authorized to include in the proposed rule and final rule for FY 2001 or a subsequent fiscal year, a description of additional post-discharge services is made in a qualified discharge and diagnosis-related groups specified by the Secretary in addition to the 10 diagnosis-related groups originally selected under this transfer policy.

The Conferees are concerned that Medicare may in some cases be overpaying hospitals for patients who are transferred to a post acute care setting after a very short acute care hospital stay. The Conferees believe that Medicare's payment system should continue to provide hospitals with strong incentives to treat patients in the most effective and efficient manner, while at the same time, adjust PPS payments in a manner that accounts for reduced hospital lengths of stay because of a discharge to another setting.

The Conferees expect that the application of the Transfer policy to high volume, high post-acute use hospitals will provide extensive data to examine hospital behavioral effects under the new transfer policy.

THE CRA SUNSHINE ACT OF 1999

HON. BILL MCCOLLUM
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES

Mr. MCCOLLUM. Mr. Speaker, I am pleased to introduce the CRA Sunshine Act of 1999. This is a modest effort to reform the Community Reinvestment Act (CRA) and bring more openness to it.

CRA groups have reported over $9 billion in cash payments received or pledged by banks as a result of CRA activities. A total of $694 million in CRA commitments have been made or pledged due to CRA. While these pledges are made and collected as a direct result of federal legislation, the details of these payments are often unknown because many agreements include confidentiality clauses. Congress never intended that CRA dollars be used for anything other than investing in low and moderate income areas. There is concern that some CRA dollars are being used by CRA activists to pay for consulting fees, hiring contracts, administrative fees, and nonloan activities. By shining light on the details of agreements made pursuant to CRA, this Act would remove the mystery from deals between banks and CRA organizations while ensuring that CRA truly benefits those that it was designed to benefit.

I encourage my colleagues to join me in supporting this important legislation.

INTRODUCTION OF THE BANKING PRIVACY ACT

HON. JAY INSLEE
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES

Mr. INSLEE. Mr. Speaker, I rise today, with many of my colleagues, to introduce the Banking Privacy Act. We recognize the threat to consumer privacy and want to return control over an individual's personal financial information back to the consumer.

My constituents are shocked when I tell them that their banking transaction experiences are not private. With certain exceptions, financial institutions may legally share all of the information about you and your bank account activity with third parties or anyone else, for that matter. This shared information includes the amount of each check that you write, to whom each check is written, the date of each check, the amount and date of any deposits into your account, and any "outside information" available, such as information submitted on your initial application for an account. Under existing law, financial institutions are not obligated to honor your request to restrict the dissemination of this personal information. Becoming interested in banking privacy laws after reading a letter from a constituent who was upset about his bank's plans to share his private financial records. I was shocked to learn of the stunning absence of statutory protections of consumer privacy. Suppose banks, insurance companies, and securities firms become affiliated, something that will occur more frequently in the future. Will a bank tip off affiliated stock brokers every time their consumers have a sudden increase in their bank account balance, causing the consumer to be subjected to more telemarketing calls? Will banks "profile" their customers after reviewing their financial information, then have affiliates telemarket products to those customers? Will life insurance companies affiliated with banks review personal checking records for indications of risky behavior, then increase rates based on that information? Under current law, there is nothing to prevent these types of situations.

As Congress moves to modernize the financial services industry and allow the lines between banks, securities firms, and insurance companies to blur, financial institutions have a new profit incentive by sharing customers' personal financial information. Customers who prefer to keep their financial information private have no recourse.

The Banking Privacy Act is a first step to return control over an individual's personal financial information back to that consumers. The Act applies to federally insured depository institutions, their affiliates and financial institutions covered under the Bank Holding Company Act.

Currently, under the Fair Credit Reporting Act, banks must disclose to their customers their privacy policies to customers and make allowances to opt-out of certain types of information sharing practices. Specifically excluded from this law is customer "transaction and experience" information. Transaction and experience information is information about a checking or savings account, information contained on an account application, or even purchasing patterns deducted through a customer's checking account. "Account profile" information and experience information may be shared with affiliated companies or even sold to third parties for marketing purposes. There is no law to prevent such activity from taking place.

May 25, 1999