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PART III—MISCELLANEOUS MEDICARE AND MEDICAID AMENDMENTS

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*

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1. SPELL OF ILLNESS

PRESENT LAW	H.R. 12080
Each individual is eligible for 90 days of hospital care (subject to a deductible of $40 and $10 a day copay from the 61st day through the 90th day) and 100 days of extended care (subject to a copay of $10 a day from the 21st through the 100th day). A spell of illness under the law begins when a person is hospitalized and starts over again only after he has been out of a medical institution for a period of 60 consecutive days.	Extends hospital days from 90 to 120 with $20 copay from the 91st day through the 120th day.

Suggestion

In lieu of the House provision, and in addition to present law, each individual would have a lifetime reserve of 60 days of hospital care in addition to the days under the present provisions. A $10 co-pay for each day would be applicable to such days.

Cost:

About 0.01 percent of payroll (0.01 percent of payroll is equivalent to about $35 million in 1968).

(Committee report would indicate that the Secretary would establish appropriate regulations on the medical necessity of such covered days.)

2. LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL ASSISTANCE

PRESENT LAW	H.R. 12080
No limitation on the levels of income which a State can set for determining eligibility. Federal matching ranges from 50 to 83 percent depending upon per capita income of State.	States would be limited in setting income levels for eligibility for which Federal matching funds would be available. The family income level could not be higher than either (1) 133⅓ percent of the highest amount ordinarily paid to a family of the same size without income or resources under the program of aid to families with dependent children, or (2) 133⅓ percent of the State per capita income for a family of 4 (with comparable amounts for families of different sizes). The 133⅓ proportions would go into effect on July 1, 1968, except that for States which had a title XIX program approved before July 26, 1967, for the period from July 1, 1968, to Jan. 1, 1969, the proportions would be 150 rather than 133⅓ percent and for that period from Jan. 1, 1969, to Jan. 1, 1970, the proportions would be 140 percent.

Suggestion

In lieu of House provision provide—

(A) Beginning July 1, 1968, no Federal participation in the cost of medical assistance to persons whose income exceeds 150 percent of the highest cash assistance standard; and

(B) Beginning July 1, 1969, Federal participation will be at the rate of—

(1) the Federal medical assistance percentage for cash assistance recipients; and

(2) the square of the Federal medical assistance percentage for the medically needy (subject to the limitation in (A) above).

Thus, beginning in July 1969 the Federal matching percentage would range from 25 to 67 percent for the medically needy. The present range of 50 to 83 percent would remain for cash assistance recipients.

The Chief Actuary estimates that in the long-term the reduction in title XIX costs would be approximately the same under both the staff-HEW suggestion and the House bill.

Estimated reductions in title 19 costs

[In millions]

Fiscal year	House bill	Staff suggestion
1969	$336	$45
1970	692	702
1971	1,058	998
1972	1,434	1,294

3(A). PAYMENT FOR SERVICES IN NONPARTICIPATING HOSPITALS

PRESENT LAW	H.R. 12080
Payments can be made only to participating hospitals, or, in an emergency case, to a nonparticipating hospital if the hospital agrees to accept the reasonable costs as full payment for the services rendered.	No provision.

Suggestion

(1) Provide for direct reimbursement to an individual who was furnished hospital services during the period July 1, 1966, to December 31, 1967, in a nonparticipating hospital. Payment would be limited to 80 percent of the hospital ancillary charges and 60 percent of the room and board charges, for up to 20 days in each spell of illness (subject to the $40 deductible).

(2) Effective with January 1, 1968, cover emergency care on the same basis as in (1) above as an additional alternative to emergency coverage under present law.

(3) For purposes of both (1) and (2) define the term "hospital" to include a hospital which has full-time nursing services, is licensed as a hospital, and is primarily engaged in providing medical care under the supervision of a medical physician.

3(B). SERVICES IN AREAS CONTIGUOUS TO THE UNTIED STATES

PRESENT LAW	H.R. 12080
Pays for emergency hospital care outside the United States only if emergency arose within the United States and the hospital is the nearest one to handle the emergency.	No provision.

Suggestion

Pay for emergency or nonemergency care in a hospital located within 50 miles of the U.S. border on the same basis as in 3 (A) above, if the hospital is the nearest appropriate one to the patient's residence. The hospital must meet conditions comparable to those required of hospitals under the program in the United States.

4. ENROLLMENT PROCEDURES UNDER PART B

PRESENT LAW	H.R. 13026—ENACTED SEPT. 27, 1967
Provides for a general enrollment period beginning Oct. 1 and ending Dec. 31 of each odd-numbered year. Secretary must announce premium rate by October of each such year. Premium rate change is effective the following January. Enrollments during the period are effective on the following July. Individuals whose premiums are collected from the monthly benefit check cannot terminate their coverage except during a general enrollment period. An individual who enrolls more than 12 months after he could first enroll has his premium rate increased by 10 percent for each such 12 months. No one can enroll if he has delayed more than 3 years.	The general enrollment period scheduled to begin Oct. 1, 1967, and to end Dec. 31, 1967, is preserved but extended through Mar. 31, 1968, and the current $3 per month premium rate will apply through March 1968. The new supplementary medical insurance premium rate will be announced prior to January 1, 1968, and will be effective for supplementary medical insurance purposes (including State agreements under section 1843) for the period beginning Apr. 1, 1968, and ending Dec. 31, 1969 (the date on which the next general enrollment period would end). People who disenroll prior to Jan. 1, 1968, will have their enrollment period terminated on Dec. 31, 1967, thus preserving the right of people who wish to terminate their enrollment at that time to do so. Persons who disenroll in the period January–March 1968 will have their enrollment period terminated on Mar. 31. People who enroll (or reenroll) at any time during the general enrollment period (other than those who are enrolling at age 65 and whose enrollment and coverage are therefore not dependent upon, or related to a general enrollment period) will have their supplementary medical insurance coverage period begin July 1, 1968, as under present law. If a person disenrolls and then changes his mind either within the October–December period or within the January–March period, his coverage will not be affected (although of course if he disenrolls in the October–December period and changes his mind in the January–March period, he will have to reenroll and his coverage, which terminated Dec. 31, will not resume until July 1, 1968).

Suggestion

Provide that there shall be an annual general enrollment period during January–March each year (beginning Jan. 1, 1969), with the Secretary announcing the new premium amount in December and effective the following July. A person enrolling during the general enrollment period will get coverage beginning in July. An individual will be able to terminate coverage at the end of the calendar quarter following his notice of termination. In lieu of the provisions for increasing the premium by 10 percent for each 12 months of delayed enrollment, a 1-time penalty of 2 months' premium for a delay of 12 to 24 months would be imposed; 3 months' premium for a delay from 24 to 36 months.

If the 3-year period during which an individual can enroll ends during a general enrollment period (January through March) his eligibility period would be extended to the end of that enrollment period.