American Hospital Association Section for Small or Rural Hospitals

Comparison of AHA flagship provisions in the Medicare Rx Drug Benefit Bills H. R. 1 and S. 1 – August 5, 2003

Issue	H. R. 1	S. 1
Inpatient PPS Update	Provides an update of market basket minus 0.4 percentage points for three years from FY 2004 to FY 2006.	No provision (maintains full market-basket update).
Standardized Amount	Equalizes the standardized amount for rural and small urban hospitals immediately beginning in FY 2004.	Equalizes the standardized amount for rural and small urban hospitals, including those in Puerto Rico beginning FY 2004.
Wage Index/Labor Share	a. Lowers the labor-related share to 62% of the standardized amount for those hospitals that would benefit beginning in FY 2004. b. Provides a provision to update the hospital market basket, including the labor share, more frequently than once every 5 years.	a. Same as House, but beginning FY 2005. b. No provision

Comparison of CAH provisions in the Medicare Rx Drug Benefit Bills

Issue	H. R. 1	S. 1
Increase in Payment Amount	Provides CAHs Medicare inpatient and outpatient reimbursement to 102% of cost effective FY 2004.	No Provision
Coverage of Costs for ER on-call providers	Expands cost-based reimbursement to physician assistants, nurse practitioners, and clinical nurse specialists effective CY 2004.	Same as House, but beginning CY 2005.
Isolation Test for CAH Ambulance Services	Removes the isolation test for CAHs if the ambulance services are furnished by the first responder. Effective next cost reporting period.	Eliminates the isolation test and the fee schedule. Effective FY 2005.
Periodic Interim Payment	Reinstated effective to payments made on or after January 1, 2004.	Same as House, but effective January 1, 2005
Special Physician Payment Adjustment	Eliminates the requirement that physicians providing services in CAHs must accept assignment. Effective retroactive to 2001.	No provision
Flexibility in Bed Limitations for CAHs	Allows CAHs with strong seasonal census fluctuations (as determined by the Secretary) to increase total acute care beds by 5 from 15 to 20. The CAH may operate an additional 5 (not 10) swing beds, such that the total beds do not exceed 25. Applies for designations made before, on, or after January 1, 2004.	A CAH would be able to operate up to 25 swing beds or acute care beds subject to a total limit of 25 beds. Effective for new CAH designations made on or after October 1, 2004.
Period of Funding for Grant Program	Payment for grants for this program during fiscal years 2004 through 2008 shall be made from the Federal Hospital Insurance Trust Fund. In no case may the amount for a fiscal year exceed $25 million.	Grants under the Small Rural Hospital Improvement Program would be authorized at $40 million each year from the HI Trust fund from FY 2004-08. Grants would not exceed $50,000 per hospital per year. There are authorized to be appropriated from the Treasury $25 million from FY 04-08.
Exclusion of New CAHs from PPS Hospital Wage Index	No provision	Wage data from hospitals that have newly converted to CAHs would be excluded from the PPS wage index calculation. Effective starting for cost reporting periods on or after January 1, 2004.
Exclusion of Beds from Bed Count and Removing Barriers to DPUs for CAHs	No provision	The Secretary shall not take into account any bed of a distinct part psychiatric or rehab unit up to 25 when determining the number of beds of a facility when applying the limitations for certification as a CAH. Effective for CAH designations on or after October 1, 2003.
CAH Improvement Demonstration Program	No provision	Creates a cost-plus demo program for CAHs located in any of four areas of which two are NE and KS. Psych and rehab DPUs of up to 10 beds are excluded from the inpatient bed count. CAH-based SNF, psych and rehab services shall be paid reasonable cost. Payments for CAH owned or operated home health services may be either PPS or reasonable cost. Payment of a return on equity capital at a rate of equal to 150 percent for inpatient, outpatient, extended care, post-hospital extended care, home health, and ambulance services. Effective not later than January 1, 2005, but not before October 1, 2004. The program is budget neutral.