US New Mexico Federal Credit Union

New IRA Options - What's best for you?

The Taxpayer Relief Act of 1997 which took effect January 1, 1998 created two new IRAs - the Roth IRA and the Education IRA. Each has advantages and disadvantages to traditional IRAs depending on your personal situation.

What Is The New Roth IRA?
Unlike traditional IRAs, contributions to a Roth IRA are non-deductible. Up to $2,000 can be contributed annually after tax for singles with adjusted gross incomes (AGIs) up to $95,000 and is not available after $110,000. For couples, up to $4,000 can be put away annually, after tax with AGIs up to $150,000 and is not available after $160,000.

Advantages of the Roth IRA

Although you can't deduct contributions to a Roth IRA, you can benefit from its many other valuable tax advantages.

• **Tax-free earnings growth**. Like a Traditional IRA, you won't pay taxes on any earnings while they remain in a Roth IRA.

• **Tax-free and penalty-free withdrawals**. Since Roth IRA annual contributions are after-tax and come out first when you take a distribution, you may withdraw these contributions any time - tax and penalty free, provided your aggregate distributions from all of your Roth Contributory IRAs do not exceed your aggregate annual Roth IRA contributions. Unlike a Traditional or Rollover IRA, you won't owe any taxes on earnings you withdraw from a Roth IRA - as long as the account has met the five year aging requirements and you're over age 59 1/2.

• **Tax-free and penalty-free withdrawals for first time home purchase**. As long as the Roth IRA has met the five year aging requirements, you can take tax-free and penalty-free withdrawals prior to age 59 1/2 to apply toward buying a home. The withdrawals must be used for qualified first home expenses, and there is a lifetime limit of $10,000 on withdrawals for this purpose.

• **Penalty-free withdrawals for higher education**. You can also withdraw from your Roth IRA prior to age 59 1/2 to pay for eligible higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse -- without being subject to the 10% penalty. Withdrawals of this type are, however, subject to income taxes.

• **No restrictions on retirement distributions**. The new Roth IRA does not require minimum distributions beginning at age 70 1/2, giving you additional time to take advantage of tax-free earnings. In fact, you are never required to withdraw your money at any age, so you can pass your Roth IRA assets on to your beneficiaries if you wish.

Education IRAs

The Education IRA allows you to invest up to $500 per child in addition to contributions made to the Roth IRA. The $500 goes into an education account, naming the child under

INCREASED INCOME LIMITS FOR ROTH IRA CONVERSIONS

Background

The Republicans are proposing to finance the Home Health Care bill over the first five years by allowing higher income taxpayers to convert balances in deductible and nondeductible IRAs into a Roth IRA. The Republican proposal would phase in an increase in the income limits for such conversions from $100,000 to $150,000 for joint returns. The provision raises revenue in the first five years because high income taxpayers are willing to pay tax on their existing IRAs in exchange for tax-free treatment of future withdrawals.

This provision is strongly opposed by Treasury, OMB, NEC, and DPC.

Talking Points

Short Term Gains Are Quickly Exceeded by Long Term Financial Loss. Although the new financing provision provides immediate revenue gains in the first five years, it will eventually lead to a financial loss of $10.7 billion.

Only the Wealthy Benefit. This proposal allows wealthier taxpayers to use their Roth IRA to shelter more income from taxes than they could in their existing IRA, creating a tax shelter for the wealthy while providing very little benefit for the rest of the population. Only the wealthiest 5% of taxpayers will benefit from an increase in the conversion income requirements.

Poor Pension Policy. By increasing the income limits for IRA conversion, lower income taxpayers are forced to pay taxes during their retirement that they would previously have been exempt from paying. The special benefits that the Roth IRA provides to retirees would be limited to only those taxpayers wealthy enough to convert their accounts.

Violates the Original BBA Roth IRA Agreement. This issue was heavily negotiated during the 1997 budget process. To reopen it now sets a likely and unstoppable precent for future modificantions to the BBA Roth IRA agreement.

IRA WITHDRAWALS

THE BENEFICIARY'S OPTIONS

Initially, it is important to realize that IRA accounts are similar to life insurance policies in that you do get to designate a beneficiary to receive the money upon your death. If you fail to name a beneficiary, or if the beneficiary you have named fails to survive you and you haven't named a contingent beneficiary, then the terms of the IRA account will dictate the recipient of the money. As such, you should review your beneficiary designations from time to time to make sure they meet with your current objectives.

The rules with respect to inherited IRAs are some of the most complicated in the tax code. One simple rule, however, is that the full amount of any IRA distribution to a beneficiary will be subject to federal income tax, just as it would have been had the original owner received the distribution. This, of course, assumes that all of the contributions to the IRA were deductible contributions. The complicated part is "When must the beneficiary draw the money from the IRA?"

When an IRA owner is required to take money from an IRA, and then dies, the beneficiary must take the money from the IRA at least as quickly as the IRA owner was taking it before his death. This is the case where the IRA owner dies after reaching the required beginning date. (RBD). The RBD is April 1st of the year following the year in which you reach age 70 ½. There is one major exception to this rule. It applies where the IRA owner's beneficiary is a surviving spouse. In that case, the spouse can elect to treat the IRA as his or her own, which means the surviving spouse doesn't have to start distributions until he or she reaches age 70 1/2.

Where the IRA owner dies before reaching the RBD (before April 1 of the year following age 70 ½), he would not have been required to take any money from his IRA before his death. In this case, the entire interest in the IRA must be distributed within 5 years of the date of his death. If there is a substantial sum in the IRA, this 5 year rule will cause the moneys to be taxed over a fairly short time span. Fortunately, there are exceptions to this 5 year rule.

The first exception applies if you have designated a beneficiary. Under this exception, the beneficiary appointed by you must commence distributions by the end of the year following the year of your death and can take the money over his or her life expectancy. As such, a named beneficiary has the option to withdraw the money over his or her life expectancy.

The second exception applies if your spouse is designated as the beneficiary. In this case, the surviving spouse can take withdrawals over his or her life expectancy, and the withdrawals must start no later than the date on which the deceased IRA owner would have been age 70 1/2. Therefore, if your wife is the beneficiary, she may be able to wait to begin withdrawals, whereas a children or any other beneficiary would have to begin taking moneys within one year after your death.

Another option is available if your wife is named as your IRA beneficiary. That is, your wife can elect to treat the IRA as being her own. In essence, this amounts to an IRA rollover. A surviving spouse is the only beneficiary who has this rollover option.

As you can see, the tax rules in this area are quite complex. Moreover, this is only a general explanation of the federal income tax rules and doesn't consider the possible inheritance or estate taxes on IRAs. As such, as is the case with most tax and legal matters, individual facts or circumstances may alter the application of the above rules or may involve other legal and tax considerations not mentioned here. In situations like these, you should seek professional advice tailored to your individual circumstances.

Another article on IRA Withdrawals | An article on IRA Rollovers


Back to the Home Page

Background

The Republicans are proposing to finance the Home Health Care bill over the first five years by allowing higher income taxpayers to convert balances in deductible and nondeductible IRAs into a Roth IRA. Roth IRAs have significant financial benefits that traditional IRAs do not. In a traditional IRA, contributors have to pay taxes on withdrawals from the account during retirement and they are required to start withdrawing money after the age of 70½. In a Roth IRA, investments grow tax-deferred, withdrawals are tax-free after 5 years, and there is no requirement to withdraw funds after a certain age.

The Republican proposal would phase in an increase in the income limits for such conversions from $100,000 to $150,000 for joint returns. The provision raises revenue in the first five years because high income taxpayers are willing to pay tax on their existing IRAs in exchange for tax-free treatment of future withdrawals.

Analysis

This proposal should be strongly opposed, as it benefits only wealthier taxpayers, loses revenue in the out-years, and sets a likely and unstoppable precedent for future modifications to the BBA Roth IRA agreement.

Short Term Gains Are Quickly Exceeded by Long Term Financial Loss. Although the new financing provision provides immediate revenue gains in the first five years because of a one-time _____, it will eventually lead to a financial loss of $10.7 billion.

I don't know what "acceleration in budget window" means

Only the Wealthy Benefit. By increasing the income limits for converting a traditional IRA to a Roth IRA, lower income taxpayers are forced to pay taxes during their retirement that they would previously have been exempt from paying. Only the wealthiest 5% of taxpayers will benefit from the increase in the conversion income requirements proposed by the Republicans.

Tax Shelter For the Wealthy.

In addition, because the minimum distribution requirements that apply to the traditional IRA don't apply to the Roth IRA, contributors don't have to start withdrawing money at any given age. This means that wealthier taxpayers will be able to use their Roth IRA to shelter much more income from taxes than they could in their existing IRA, creating a tax shelter for the wealthy while providing very little benefit for the rest of the population.

Poor Pension Policy. Roth IRAs are tax free, allowing contributors to withdraw retirement funds early, allowing other taxable assets to continue to grow tax-free, and essentially providing the taxpayer with a financial bonus from those assets. However, middle-class taxpayers under the age of 59½ are required to pay a 10% penalty on funds withdrawn from a standard IRA unless the money is used for special purposes, such as education and medical expenses. Under the Republican proposal, the special benefits that the Roth IRA provides to retirees are limited to only those taxpayers wealthy enough to convert their accounts.

Poor Precedent. ——————

October 6, 1998

home health fix

RD#2 Box 337A1
Smithfield, PA 15478

Dear Chris Jennings, White House Health Policy Aide:

I am contacting you to ensure your awareness of the unintended but devastating consequences the Interim Payment System has had on the Home Health Care industry, it's employees, and most important the homebound, frail and elderly Medicare beneficiaries to whom we provide health care.

I realize that there are currently several factions in congress working for home health payment reform. Please represent us conscientiously. The reform must include the following:

Revise the per-beneficiary reimbursement limits,
Increase the per visit reimbursement limits,
Eliminate the 15% cut scheduled for October 1999
(This alone will force most home care agencies to close their doors forever. Thousands will lose jobs and thousands will lose access to care at home. Sadly the rural elderly, as a group, will lose the most. At Albert Gallatin Home Care we serve about 1400 patients in a rural setting in southwestern Pennsylvania and north central West Virginia.),
Provide retroactive relief,
Eliminate proration of payments between agencies,
Retain Periodic Interim Payment until after PPS implementation.

THE NEED FOR HOME HEALTH IPS RELIEF IS AN EMERGENCY SITUATION.

Sincerely,

Bonnie Campbell

Bonnie Campbell, RN

HOMECARE

Facsimile Cover Letter

Date: October 16, 1998

Please deliver the following pages to:

Name: Chris Jennings

Firm: White House

Phone #:

Telecopy #: 456 ~~5500~~ 5557

From: Val J. Halamandaris

Number of Pages (including cover): 2

Comments:

If you have any questions, please call

Phone: 202/547-7424

Fax: 202/547-9559

NAHC 17th Annual Meeting and HOMECAREExpo
October 3–7, 1998
Atlanta, Georgia

For registration information, visit NAHC's web site at http://www.nahc.org

1999 NAHC Meeting Schedule

National Policy Conference/Legal Symposium/IS Expo
March 15-18, 1999
Washington, DC

New Business Development/Home Care Aide Conference/Expo
April 17-21, 1999
Crystal City, VA

Clinical/IS/Documentation/Outcomes Conference/Expo
May 10-12, 1999
Dallas, TX

Executive/Management/Leadership Conference
June 2-4, 1999
Newport, RI

Financial Management Conference/Expo
July 7-9, 1999
Hilton Head Island, SC

18th Annual Meeting and HOMECAREExpo
October 9-13, 1999
San Diego, CA

For more information, contact the NAHC Meetings Department at 202/547-7424 or NAHC's FAX-ON-DEMAND at 202/547-3633. For membership information, call 202/547-7424, fax 202/547-3540.

NATIONAL ASSOCIATION FOR HOME CARE
228 Seventh Street, SE, Washington, DC 20003 • 202/547-7424 • 202/547-3540 fax

Revised

October 16, 1998

The Honorable William Roth, Chairman
Finance Committee
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Roth:

The National Association for Home Care (NAHC) is deeply grateful to the leadership in both parties in both the House and the Senate for their efforts to construct an interim solution to the significant and widespread problems created by the Medicare home health payment changes enacted under the Balanced Budget Act of 1997. We know that many members and their staffs have worked tirelessly to try to develop a workable solution that would provide relief to the thousands of home health agencies currently struggling under the payment reductions.

The reform proposals developed by both the Senate and the House, and the final compromise package, as we understand it, are modest in terms of the relief they might provide. Nevertheless, we believe they represent a step in the right direction and would help lay the groundwork for future action. The home care community would far prefer to see some action to reform the home health interim payment system (IPS) in this legislative session than to see no action; home care providers nationwide are in desperate need of both financial relief and the psychological benefit of knowing that their voices have not fallen on deaf ears.

However, we have deep concerns over the financing mechanism that has been developed to fund the compromise package of home health reforms that has been worked out over the last few days. While providing very modest relief, the changes are financed in large part by new cuts in the Medicare home health benefit -- a high price for the offered relief.

It is our sincere hope that the Leadership will find alternative funding sources and reduce the financing burden on home care providers. We look forward to working with you toward this goal. We pray that the compromise plan can be enacted this year.

Many thanks for your efforts on behalf of home care patients.

Sincerely,

Val J. Halamandaris
President

VJH/tmf/jh

Mary Suther
Chairman of the Board
Val J. Halamandaris
President

HOMECARE

NATIONAL ASSOCIATION FOR HOME CARE
228 Seventh Street, SE, Washington, DC 20003 • 202/547-7424 • 202/547-3540 fax

Honorable Frank E. Moss
Senior Counsel
Stanley M. Brand
General Counsel

Facsimile Cover Letter

Date: October 16, 1998

Please deliver the following pages to:

Name: Chris Jennings

Firm: White House

Phone #:

Telecopy #: 456-5500 5557

From: Val J. Halamandaris

Number of Pages (including cover): 2

Comments:

If you have any questions, please call

Phone: 202/547-7424

Fax: 202/547-9559

NAHC 17th Annual Meeting and HOMECAREExpo
October 3–7, 1998
Atlanta, Georgia

For registration information, visit NAHC's web site at http://www.nahc.org

1999 NAHC Meeting Schedule

National Policy Conference/Legal Symposium/IS Expo
March 15-18, 1999
Washington, DC

New Business Development/Home Care Aide Conference/Expo
April 17-21, 1999
Crystal City, VA

Clinical/IS/Documentation/Outcomes Conference/Expo
May 10-12, 1999
Dallas, TX

Executive/Management/Leadership Conference
June 2-4, 1999
Newport, RI

Financial Management Conference/Expo
July 7-9, 1999
Hilton Head Island, SC

18th Annual Meeting and HOMECAREExpo
October 9-13, 1999
San Diego, CA

For more information, contact the NAHC Meetings Department at 202/547-7050 or NAHC's FAX-ON-DEMAND at 202/547-6638. For membership information, call 202/547-7424, fax 202/547-3540.

HOMECARE

NATIONAL ASSOCIATION FOR HOME CARE
228 Seventh Street, SE, Washington, DC 20003 • 202/547-7424 • 202/547-3540 Fax

October 16, 1998

A HOME CARE FIX IS WITHIN SIGHT

The House and Senate have put forward a proposal to reform the interim payment system (IPS) for home care. This proposal, while very modest, is an important step forward in addressing the devastating problems caused by IPS.

The home health marketbasket funding is the most troubling aspect of the proposal. The White House has proposed an additional funding source to be used in this bill. We strongly urge Congress to use this new funding to buy-down the home health marketbasket hit.

Office of Legislation

HCFA
MEDICARE • MEDICAID
Health Care Financing Administration

Number of Pages: Cover + 2 Date: 10/20

To:	From:
Chris Jennings	Maria Martino for Jennifer Bulger
Fax: 456-5557	Fax:
Phone:	Phone: 690-5705

REMARKS: Sen. Resolution language on SWF FAS.

HEALTH CARE FINANCING ADMINISTRATION
200 Independence Ave., SW
Room 341-H, Humphrey Building
Washington, DC 20201

O:\GOE\GOE98.319 S.L.C.

105TH CONGRESS
2D SESSION

S. RES. _____

IN THE SENATE OF THE UNITED STATES

Mr. HATCH _____
_____) submitted the following resolution; which was
_____

RESOLUTION

To express the sense of the Senate regarding the authority of the Secretary of Health and Human Services to make adjustments to payments made to skilled nursing facilities under the medicare program.

Resolved,

SECTION 1. SENSE OF THE SENATE REGARDING AUTHORITY OF SECRETARY, COLLECTION OF DATA, AND REPORT TO CONGRESS.

(a) AUTHORITY.—It is the sense of the Senate that the Secretary of Health and Human Services, in making payments under the prospective payment system for skilled nursing facilities pursuant to section 1888(e) of the

Social Security Act (42 U.S.C. 1395yy(e)), has the authority under section 1888(e)(4)(G)(i) of such Act to provide for an appropriate adjustment to account for case mix which reflects a patient's medical needs requiring the provision of non-therapy ancillary services (such as respiratory therapy, pharmacy, laboratory, X-ray, and parenteral and enteral services, and covered durable medical supplies).

(b) DATA.—It is the sense of the Senate that the Secretary of Health and Human Services should gather sufficient data on the provision of non-therapy ancillary services by skilled nursing facilities that are paid under the prospective payment system pursuant to section 1888(e) of the Social Security Act in order to develop the appropriate adjustment for case mix under section 1888(e)(4)(G)(i) of such Act.

(c) REPORT TO CONGRESS.—It is the sense of the Senate that the Secretary of Health and Human Services should periodically report to Congress on the development of the appropriate adjustment for case mix under section 1888(e)(4)(G)(i) of the Social Security Act which reflects a patient's medical needs requiring the provision of non-therapy ancillary services.

SCOTT HARSHBARGER
ATTORNEY GENERAL
(617) 727-2200

The Commonwealth of Massachusetts
Office of the Attorney General
One Ashburton Place
Boston, MA 02108-1698

FACSIMILE COVER SHEET

TO: Chris Jennings - Deputy Assistant to the President for Health Policy

ORGANIZATION: _____

TELEPHONE #: _____

FACSIMILE #: _____

FROM: Scott Harshbarger, Massachusetts Attorney General
(Pamela Dashiell, Assistant Attorney General)

BUREAU/DIV.: _____

TELEPHONE #: (617) 727-2200, x. 2915

FACSIMILE #: (617) 727-5762

TOTAL NO. OF PAGES SENT
(including this cover page): 2

DATE: 10/20/98

TIME: _____

COMMENTS: _____

IF THERE ARE PROBLEMS RECEIVING THIS TRANSMITTAL,
PLEASE CONTACT SENDER

**** CONFIDENTIALITY NOTE****

SCOTT HARSHBARGER
ATTORNEY GENERAL
(617) 727-2200

The Commonwealth of Massachusetts
Office of the Attorney General
One Ashburton Place
Boston, MA 02108-1698

October 20, 1998

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20502

Re: Support for the Reforms made to the Home Health Interim Payment System in the Balanced Budget Act of 1997

Dear Mr. President:

I am writing to express my support for the agreement reached by Congress on Medicare's home health interim payment system. As you may recall, in June, I wrote to you on behalf of eighteen other state attorneys general. At that time we indicated our support of legislation introduced by Senators Edward Kennedy and James Jeffords and Congressmen James McGovern and Merrill Cook. That legislation, among other things, delayed the implementation of the per beneficiary limits under the interim payment system for one year. This provision was necessary because the anticipated reduction in funding was forcing many home health care agencies to decrease staff and reduce the frequency of in-home patient visits. This left the elderly and disabled at risk for illness or premature institutionalization.

While that legislation was not enacted, I believe that the current agreement will help to address one of our most pressing concerns by including the one year delay in implementation. The Congressional action on this issue will go a long way to ensure that home health care agencies will continue to deliver quality care to those elderly and disabled individuals who choose to remain in their homes. I, respectfully, urge you to sign this legislation.

Sincerely,

Scott Harshbarger

FAX TRANSMISSION

416 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225 - 6101
FAX: (202) 225 - 5759

34 MECHANIC STREET
WORCESTER, MA 01608
(508) 831-7356
FAX: (508) 754 - 0982

1 PARK STREET
ATTLEBORO, MA 02703
(508) 431 - 8025
FAX: (508) 431 - 8017

218 SOUTH MAIN STREET, ROOM 204
FALL RIVER, MA 02721
(508) 677 -0140
FAX: (508) 677 - 0992

30%

still determining degree to problem - admin $ fee

advocates cmte of jurisdiction supportive re

James P. McGovern

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

WWW.HOUSE.GOV/MCGOVERN/
THIRD DISTRICT- MASSACHUSETTS

Looking into it, app; talk to HCFA; MC interacto

case mix research!! indicates diagnosis & advice to proceed w/o us.

To:	Devorah Adler	Date:	May 24, 1999
Fax #:	456-5557	Pages:	ten, including this cover sheet.
From:	Congressman Jim McGovern		

money 05-0

COMMENTS:

cmt jurisdiction Coburn Barton McIntosh

Thank you for working on this legislation. This is the final version of the bill, unless you see some glaring concern wit the language. There are five original cosponsors with a sixth on the way. The confirmed cosponsors are Reps. McGovern, Coburn, Weygand, Hilleary and Hooley. Also attached is the draft dear colleague. Please call me to confir your support for this bill. Again, we will need letters of support for this legislation. Please contact Michael Mershon, Press Secretary for Rep. McGovern, to coordinate media strategy. Again, thank you for your help drafting this legislation. I will be in touch as we work to enact this bill into law.

Keith

HCFA worked diligently with us on this. We are dropping the bill tomorrow. I hope we can receive positive reactions from the White House. HCFA told us this bill can mechanically be implemented, so we need to work on political support. Thanks for your help so far.

Keith

McIntosh
Weygand
Nkmpt
Joe Barton

DRAFT

Dear Colleague:

Many of us have been hearing from home health care agencies and the Medicare beneficiaries they serve about the crisis in home health care. While not included in the interim payment system (IPS), the BBA permitted HCFA, when the PPS is eventually implemented, to include an additional payment to home health care agencies for outliers because of unusual variation in the type or amount of medically necessary care. Unfortunately, a PPS is not immediately ready to be implemented and home health care agencies and their patients are living under the IPS much longer than originally intended.

For this reason, we have been working together to craft bipartisan legislation to provide supplemental payments to home health care agencies to assist their treatment of outliers during the extremely difficult time of IPS. Our legislation, which we introduced yesterday, would allocate money to home health care agencies who treat the costliest patients based on certain, specific diagnosis. Our legislation authorizes these crucial payments for three years or until the PPS is implemented, whichever occurs first. Our legislation is supported by, among other organizations, the National Association for Home Care, the Visiting Nurses Association of America, the Home Care Association of America and the Home Health Services and Staffing Association.

If you have been hearing from home health care agencies in your districts about their lack of ability to treat the most chronic and expensive home health care patients due to the financial pressures of IPS, please join us in cosponsoring this much needed legislation. Should you have any questions, please do not hesitate to contact Keith Stern (McGovern) at 5-6101, Roland Foster (Coburn) at 5-2701, Christopher Labonte (Weygand) at 5-2735 or Joby Fortson (Hilleary) at 5-6831.

Sincerely,

F:\M6\MCGOVE\MCGOVE.05E H.L.C.

DRAFT

106TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mr. MCGOVERN introduced the following bill; which was referred to the Committee on _____

A BILL

To direct the Secretary of Health and Human Services to make additional payments under the medicare program to certain home health agencies with high-cost patients, to provide for an interest-free grace period for the repayment of overpayments made by the Secretary to home health agencies, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Home Health Access Preservation Act of 1999".

SEC. 2. ADDITIONAL PAYMENTS TO AGENCIES FOR MOST EXPENSIVE CASES.

DRAFT

(a) PAYMENTS FOR OUTLIERS.—

(1) IN GENERAL.—Subject to paragraph (2), from amounts appropriated pursuant to subsection (e), the Secretary of Health and Human Services shall pay an additional amount to home health agencies furnishing qualified home health services during a cost reporting period beginning on or after October 1, 1997, under the medicare program (under title XVIII of the Social Security Act).

(2) LIMITATION OF PAYMENTS.—No payment shall be made under this section to a home health agency that, as of the date of the enactment of this Act, has ceased furnishing home health services for which payment may be made under the medicare program (under such title).

(b) DESCRIPTION OF QUALIFIED SERVICES.—For purposes of additional payment amounts under this section by the Secretary to home health agencies, qualified home health services are home health services furnished under the medicare program for the treatment of conditions within a diagnosis described in subsection (c).

(c) DESCRIPTION OF DIAGNOSIS.—A diagnosis described in this subsection is one of the following diagnoses

as classified in St. Anthony's ICD–9–CM Code Book for Physician Payment:

(1) diabetes mellitus (ICD–9–CM code 250).

(2) essential hypertension (ICD–9–CM code 401).

(3) other forms of chronic ischemic heart disease (ICD–9–CM code 414).

(4) heart failure (ICD–9–CM code 428).

(5) acute, but ill-defined cerebrovascular disease (ICD–9–CM code 436).

(6) pneumonia, organism unspecified (ICD–9–CM code 486).

(7) chronic airway obstruction, not elsewhere classified (ICD–9–CM code 496).

(8) chronic ulcer of skin (ICD–9–CM code 707).

(9) symptoms involving urinary system (ICD–9–CM code 788).

(10) fracture of neck of femur (ICD–9–CM code 820).

(d) DETERMINATION OF AGENCY-SPECIFIC PAYMENT AMOUNT.—

(1) CERTIFICATION OF QUANTITY OF QUALIFIED HOME HEALTH SERVICES FURNISHED.—

(A) IN GENERAL.—With respect to a fiscal year, a home health agency may submit to the Secretary a certification of the number of patients to whom the agency furnished qualified home health services during the agency's cost reporting period beginning in that fiscal year.

DRAFT

(B) DEADLINE FOR SUBMISSION.—

(i) IN GENERAL.—Such certification shall be submitted to the Secretary during the 30-day period beginning on the date the agency submits to the Secretary a cost report for the cost reporting period beginning in such fiscal year.

(ii) TRANSITION RULE.—In the case of an agency with a cost reporting period beginning on or after October 1, 1997, that ends before the date of the enactment of this Act, with respect to such cost reporting period, the 30-day period under clause (i) begins 60 days after the date of the enactment of this Act.

(2) DETERMINATION OF AGGREGATE QUALIFIED HOME HEALTH SERVICES FURNISHED.—From data contained in certifications submitted under paragraph (1) with respect to cost reporting periods

beginning in fiscal years 1998, 1999, and 2000, the Secretary shall determine, with respect to a fiscal year, the number of patients who have received qualified home health services furnished by agencies submitting such certifications for that fiscal year. The Secretary shall make such determination by not later than 120 days after all cost reports for that fiscal year have been received.

DRAFT

(3) AGENCY-SPECIFIC PERCENTAGE OF AGGREGATE AMOUNT.—For each home health agency submitting a certification under paragraph (1) for a fiscal year described in paragraph (2), the Secretary shall determine an agency-specific percentage by dividing the number of patients certified by the home health agency for that fiscal year by the national total specified in paragraph (2) for that fiscal year.

(4) PAYMENT AMOUNT.—The Secretary shall pay for a fiscal year described in paragraph (2) to a home health agency making the certification under paragraph (1) an amount equal to the product of the percentage determined under paragraph (3) and the amount appropriated for such fiscal year under subsection (c).

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated from the Federal Hospital

DRAFT

Insurance Trust Fund (established under section 1817 of the Social Security Act (42 U.S.C. 1395i)) for making additional payments to home health agencies under this section, $250,000,000 in each of the fiscal years 2000 through 2002.

(f) TERMINATION.—The Secretary shall not make additional payments under this section for cost reporting periods, or portions of cost reporting periods, beginning on or after the date of the implementation of the prospective payment system for home health services under section 1895 of the Social Security Act (42 U.S.C. 1395fff).

(g) LIMITATION ON JUDICIAL REVIEW.—There shall be no administrative or judicial review under section 1869 of the Social Security Act (42 U.S.C. 1395ff), section 1878 of such Act (42 U.S.C. 1395oo), or otherwise of any action of the Secretary with respect to the determination of an additional payment amount under this section.

SEC. 3. OVERPAYMENTS.

(a) 36-MONTH REPAYMENT PERIOD.—In the case of an overpayment by the Secretary of Health and Human Services to a home health agency for home health services furnished during a cost reporting period beginning on or after October 1, 1997, as a result of payment limitations provided for under clause (v), (vi), or (viii) of section 1861(v)(1)(L) of the Social Security Act (42 U.S.C.

DRAFT

1395x(v)(1)(L)), the home health agency may elect to repay the amount of such overpayment over a 36-month period beginning on the date of notification of such overpayment.

(b) INTEREST ON OVERPAYMENT AMOUNTS.—

(1) 36-MONTH GRACE PERIOD.—

(A) IN GENERAL.—In the case of an agency that makes an election under subsection (a), no interest shall accrue on the outstanding balance of the amount of overpayment during such 36-month period.

(B) OVERDUE BALANCES.—In the case of such an agency, interest shall accrue on any outstanding balance of the amount of overpayment after termination of such 36-month period. Interest shall accrue under this subparagraph at the rate of interest charged by banks for loans to their most favored commercial customers, as published in the Wall Street Journal on the Friday immediately following the date of the enactment of this Act.

(2) OTHER AGENCIES.—In the case of an agency described in subsection (a) that does not make an election under subsection (a), interest shall accrue on the outstanding balance of the amount of over-

payment at the rate described in the second sentence of paragraph (1)(B).

DRAFT

(c) TERMINATION.—No election under subsection (a) may be made for cost reporting periods, or portions of cost reporting periods, beginning on or after the date of the implementation of the prospective payment system for home health services under section 1895 of the Social Security Act (42 U.S.C. 1395fff).

(d) EFFECTIVE DATE.—The provisions of subsection (a) shall take effect as if included in the enactment of the Balanced Budget Act of 1997.

SEC. 4. UPDATE ON IMPLEMENTATION OF PROSPECTIVE PAYMENT SYSTEM FOR HOME HEALTH AGENCIES.

Not later than 90 days after the date of enactment of this Act, and every 90 days thereafter until the prospective payment system for home health agencies (established by section 1895 of the Social Security Act (42 U.S.C. 1395fff)) is implemented, the Secretary of Health and Human Services shall meet with the staff of the appropriate committees of Congress to provide an informal update regarding the progress of the Secretary in implementing such payment system.