

Sec. 1205. Realignment of the Medicare sequester for fiscal year 2023.

Sec. 1206. Payment for inpatient services in long-term care hospitals (LTCHs).

1 **SEC. 1002. FINDINGS; PURPOSE STATEMENT.**

2 In order to support the provision of quality care for
3 our nations seniors, Congress finds it appropriate to re-
4 form physician reimbursements under the Medicare pro-
5 gram. SGR reform legislation provides such an oppor-
6 tunity, but not until next year. In order to facilitate such
7 reform, Congress finds that the Centers for Medicare &
8 Medicaid Services should continue to focus its efforts on
9 the following areas:

10 (1) SIMPLIFY AND REDUCE ADMINISTRATIVE
11 BURDEN ON PHYSICIANS.—The application and as-
12 sessment of measures and other activities under
13 SGR reform should be facilitated by the Centers for
14 Medicare and Medicaid Services (CMS) in a way
15 that accounts for the administrative burden such
16 measurement places on physicians. Therefore, the
17 Congress encourages CMS to identify and imple-
18 ment, to the extent practicable, mechanisms to en-
19 sure that the application and assessment of meas-
20 ures be coordinated across programs.

21 (2) TIMELY FEEDBACK FOR PHYSICIANS.—In
22 order for measure and assessment programs to en-
23 courage the highest quality care for Medicare sen-
24 iors, the Congress finds it critical that CMS provide

1 physicians with feedback on performance in as close
2 to real time as possible. Such timely feedback will
3 ensure that physicians can excel under a system of
4 meaningful measurement.

5 (3) ENCOURAGE DEVELOPMENT OF NEW MOD-
6 ELS.—There is great need to test alternatives to
7 Fee-For-Service reimbursement in the Medicare pro-
8 gram. One option is the promotion and adoption of
9 new models of care for physicians. To date, there
10 has been significant development and testing of
11 models for primary care. Congress supports these ef-
12 forts and encourages them to continue in the future.
13 Congress also encourages the development and test-
14 ing of models of specialty care.

15 **TITLE I—MEDICARE EXTENDERS**

16 **SEC. 1101. PHYSICIAN PAYMENT UPDATE.**

17 Section 1848(d) of the Social Security Act (42 U.S.C.
18 10 1395w-4(d)) is amended by adding at the end the fol-
19 lowing new paragraph:

20 “(15) UPDATE FOR JANUARY THROUGH MARCH
21 OF 2014.—

22 “(A) IN GENERAL.—Subject to paragraphs
23 (7)(B), (8)(B), (9)(B), (10)(B), (11)(B),
24 (12)(B), (13)(B), and (14)(B), in lieu of the
25 update to the single conversion factor estab-

1 lished in paragraph (1)(C) that would otherwise
2 apply for 2014 for the period beginning on Jan-
3 uary 1, 2014, and ending on March 31, 2014,
4 the update to the single conversion factor shall
5 be 0.5 percent.

6 “(B) NO EFFECT ON COMPUTATION OF
7 CONVERSION FACTOR FOR REMAINING PORTION
8 OF 2014 AND SUBSEQUENT YEARS.—The con-
9 version factor under this subsection shall be
10 computed under paragraph (1)(A) for the pe-
11 riod beginning on April 1, 2014, and ending on
12 December 31, 2014, and for 2015 and subse-
13 quent years as if subparagraph (A) had never
14 applied.”.

15 **SEC. 1102. EXTENSION OF WORK GPCI FLOOR.**

16 Section 1848(e)(1)(E) of the Social Security Act (42
17 U.S.C. 1395w-4(e)(1)(E)) is amended by striking “Janu-
18 ary 1, 2014” and inserting “April 1, 2014”.

19 **SEC. 1103. EXTENSION OF THERAPY CAP EXCEPTIONS**
20 **PROCESS.**

21 Section 1833(g) of the Social Security Act (42 U.S.C.
22 1395l(g)) is amended—

23 (1) in paragraph (5)(A), in the first sentence,
24 by striking “December 31, 2013” and inserting
25 “March 31, 2014”; and

1 (2) in paragraph (6)(A)—

2 (A) by striking “December 31, 2013” and
3 inserting “March 31, 2014”; and

4 (B) by striking “or 2013” and inserting “,
5 2013, or the first three months of 2014”.

6 **SEC. 1104. EXTENSION OF AMBULANCE ADD-ONS.**

7 (a) GROUND AMBULANCE.—Section 1834(l)(13)(A)
8 of the Social Security Act (42 U.S.C. 1395m(l)(13)(A))
9 is amended—

10 (1) in the matter preceding clause (i), by strik-
11 ing “January 1, 2014” and inserting “April 1,
12 2014”; and

13 (2) in each of clauses (i) and (ii), by striking
14 “January 1, 2014” and inserting “April 1, 2014”
15 each place it appears.

16 (b) SUPER RURAL GROUND AMBULANCE.—Section
17 1834(l)(12)(A) of the Social Security Act (42 U.S.C.
18 1395m(l)(12)(A)) is amended by striking “January 1,
19 2014” and inserting “April 1, 2014”.

20 **SEC. 1105. MEDICARE INPATIENT HOSPITAL PAYMENT AD-
21 JUSTMENT FOR LOW-VOLUME HOSPITALS.**

22 Section 1886(d)(12) of the Social Security Act (42
23 U.S.C. 1395ww(d)(12)) is amended—

24 (1) in subparagraph (B), in the matter pre-
25 ceding clause (i), by striking “fiscal year 2014 and

1 subsequent fiscal years” and inserting “the portion
2 of fiscal year 2014 beginning on April 1, 2014, fiscal
3 year 2015, and subsequent fiscal years”;

4 (2) in subparagraph (C)(i)—

5 (A) by inserting “and the portion of fiscal
6 year 2014 before” after “and 2013,” each place
7 it appears; and

8 (B) by inserting “or portion of fiscal year”
9 after “during the fiscal year”; and

10 (3) in subparagraph (D)—

11 (A) by inserting “and the portion of fiscal
12 year 2014 before April 1, 2014,” after “and
13 2013,”; and

14 (B) by inserting “or the portion of fiscal
15 year” after “in the fiscal year”.

16 **SEC. 1106. MEDICARE-DEPENDENT HOSPITAL (MDH) PRO-**
17 **GRAM.**

18 (a) **IN GENERAL.**—Section 1886(d)(5)(G) of the So-
19 cial Security Act (42 U.S.C. 1395ww(d)(5)(G)) is amend-
20 ed—

21 (1) in clause (i), by striking “October 1, 2013”
22 and inserting “April 1, 2014”; and

23 (2) in clause (ii)(II), by striking “October 1,
24 2013” and inserting “April 1, 2014”.

25 (b) **CONFORMING AMENDMENTS.**—

1 (1) EXTENSION OF TARGET AMOUNT.—Section
2 1886(b)(3)(D) of the Social Security Act (42 U.S.C.
3 1395ww(b)(3)(D)) is amended—

4 (A) in the matter preceding clause (i), by
5 striking “October 1, 2013” and inserting “April
6 1, 2014”; and

7 (B) in clause (iv), by inserting “and the
8 portion of fiscal year 2014 before April 1,
9 2014” after “through fiscal year 2013”.

10 (2) PERMITTING HOSPITALS TO DECLINE RE-
11 CLASSIFICATION.—Section 13501(e)(2) of the Omni-
12 bus Budget Reconciliation Act of 1993 (42 U.S.C.
13 1395ww note) is amended by striking “through fis-
14 cal year 2013” and inserting “through the first 2
15 quarters of fiscal year 2014”.

16 **SEC. 1107. 1-YEAR EXTENSION OF AUTHORIZATION FOR**
17 **SPECIAL NEEDS PLANS.**

18 Section 1859(f)(1) of the Social Security Act (42
19 U.S.C. 1395w–28(f)(1)) is amended by striking “2015”
20 and inserting “2016”.

21 **SEC. 1108. 1-YEAR EXTENSION OF MEDICARE REASONABLE**
22 **COST CONTRACTS.**

23 Section 1876(h)(5)(C)(ii) of the Social Security Act
24 (42 U.S.C. 1395mm(h)(5)(C)(ii)) is amended, in the mat-

1 ter preceding subclause (I), by striking “January 1, 2014”
2 and inserting “January 1, 2015”.

3 **SEC. 1109. EXTENSION OF EXISTING FUNDING FOR CON-**
4 **TRACT WITH CONSENSUS-BASED ENTITY.**

5 Section 1890(d) of the Social Security Act (42 U.S.C.
6 1395aaa(d)) is amended by adding at the end the fol-
7 lowing new sentence: “Amounts transferred under the pre-
8 ceding sentence shall remain available until expended.”.

9 **SEC. 1110. EXTENSION OF FUNDING OUTREACH AND AS-**
10 **SISTANCE FOR LOW-INCOME PROGRAMS.**

11 (a) **ADDITIONAL FUNDING FOR STATE HEALTH IN-**
12 **SURANCE PROGRAMS.**—Subsection (a)(1)(B) of section
13 119 of the Medicare Improvements for Patients and Pro-
14 viders Act of 2008 (42 U.S.C. 1395b–3 note), as amended
15 by section 3306 of the Patient Protection and Affordable
16 Care Act Public Law 111–148) and section 610 of the
17 American Taxpayer Relief Act of 2012 (Public Law 112-
18 240), is amended—

19 (1) in clause (ii), by striking “and” at the end;

20 (2) in clause (iii), by striking the period at the
21 end and inserting “; and”; and

22 (3) by inserting after clause (iii) the following
23 new clause:

1 “(iv) for the portion of fiscal year
2 2014 before April 1, 2014, of
3 \$3,750,000.”.

4 (b) ADDITIONAL FUNDING FOR AREA AGENCIES ON
5 AGING.—Subsection (b)(1)(B) of such section 119, as so
6 amended, is amended—

7 (1) in clause (ii), by striking “and” at the end;

8 (2) in clause (iii), by striking the period at the
9 end and inserting “; and”; and

10 (3) by inserting after clause (iii) the following
11 new clause:

12 “(iv) for the portion of fiscal year
13 2014 before April 1, 2014, of
14 \$3,750,000.”.

15 (c) ADDITIONAL FUNDING FOR AGING AND DIS-
16 ABILITY RESOURCE CENTERS.—Subsection (c)(1)(B) of
17 such section 119, as so amended, is amended—

18 (1) in clause (ii), by striking “and” at the end;

19 (2) in clause (iii), by striking the period at the
20 end and inserting “; and”; and

21 (3) by inserting after clause (iii) the following
22 new clause:

23 “(iv) for the portion of fiscal year
24 2014 before April 1, 2014, of
25 \$2,500,000.”.

1 (d) ADDITIONAL FUNDING FOR CONTRACT WITH
2 THE NATIONAL CENTER FOR BENEFITS AND OUTREACH
3 ENROLLMENT.—Subsection (d)(2) of such section 119, as
4 so amended, is amended—

5 (1) in clause (ii), by striking “and” at the end;

6 (2) in clause (iii), by striking the period at the
7 end and inserting “; and”; and

8 (3) by inserting after clause (iii) the following
9 new clause:

10 “(iv) for the portion of fiscal year
11 2014 before April 1, 2014, of
12 \$2,500,000.”.

13 **TITLE II—OTHER HEALTH** 14 **PROVISIONS**

15 **SEC. 1201. EXTENSION OF THE QUALIFYING INDIVIDUAL** 16 **(QI) PROGRAM.**

17 (a) EXTENSION.—Section 1902(a)(10)(E)(iv) of the
18 Social Security Act (42 U.S.C. 1396a(a)(10)(E)(iv)) is
19 amended by striking “December 2013” and inserting
20 “March 2014”.

21 (b) EXTENDING TOTAL AMOUNT AVAILABLE FOR
22 ALLOCATION.—Section 1933(g) of the Social Security Act
23 (42 U.S.C. 1396u–3(g)) is amended—

24 (1) in paragraph (2)—

1 (A) in subparagraph (S), by striking
2 “and” after the semicolon;

3 (B) in subparagraph (T), by striking the
4 period at the end and inserting “; and”; and

5 (C) by adding at the end the following new
6 subparagraph:

7 “(U) for the period that begins on January
8 1, 2014, and ends on March 31, 2014, the total
9 allocation amount is \$200,000,000.”.

10 **SEC. 1202. TEMPORARY EXTENSION OF TRANSITIONAL**
11 **MEDICAL ASSISTANCE (TMA).**

12 Sections 1902(e)(1)(B) and 1925(f) of the Social Se-
13 curity Act (42 U.S.C. 1396a(e)(1)(B), 1396r-6(f)) are
14 each amended by striking “December 31, 2013” and in-
15 serting “March 31, 2014”.

16 **SEC. 1203. EXTENSION OF FUNDING FOR FAMILY-TO-FAM-**
17 **ILY HEALTH INFORMATION CENTERS.**

18 Section 501(c)(1)(A) of the Social Security Act (42
19 U.S.C. 701(c)(1)(A)) is amended—

20 (1) in clause (ii), by striking at the end “and”;

21 (2) in clause (iii), by striking the period at the
22 end and inserting “; and”; and

23 (3) by adding at the end the following new
24 clause:

1 “(iv) \$2,500,000 for the portion of
2 fiscal year 2014 before April 1, 2014.”.

3 **SEC. 1204. DELAY OF REDUCTIONS TO MEDICAID DSH AL-**
4 **LOTMENTS.**

5 (a) IN GENERAL.—Section 1923(f) of the Social Se-
6 curity Act (42 U.S.C. 1396r-4(f)) is amended—

7 (1) in paragraph (7)(A)—

8 (A) in clause (i), by striking “2014” and
9 inserting “2016”; and

10 (B) in clause (ii)—

11 (i) by striking subclauses (I) and (II);

12 (ii) by redesignating subclauses (III)
13 through (VII) as subclauses (I) through
14 (V), respectively; and

15 (iii) in subclause (I) (as redesignated
16 by clause (ii)), by striking “\$600,000,000”
17 and inserting “\$1,200,000,000”; and

18 (2) in paragraph (8)—

19 (A) by redesignating subparagraph (C) as
20 subparagraph (D);

21 (B) by inserting after subparagraph (B)
22 the following new subparagraph:

23 “(C) FISCAL YEAR 2023.—Only with re-
24 spect to fiscal year 2023, the DSH allotment
25 for a State, in lieu of the amount determined

1 under paragraph (3) for the State for that year,
2 shall be equal to the DSH allotment for the
3 State for fiscal year 2022, as determined under
4 subparagraph (B), increased, subject to sub-
5 paragraphs (B) and (C) of paragraph (3), and
6 paragraph (5), by the percentage change in the
7 consumer price index for all urban consumers
8 (all items; U.S. city average), for fiscal year
9 2022.”; and

10 (C) in subparagraph (D) (as redesignated
11 by subparagraph (A)), by striking “fiscal year
12 2022” and inserting “fiscal year 2023”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 subsection (a) shall be effective as of October 1, 2013.

15 **SEC. 1205. REALIGNMENT OF THE MEDICARE SEQUESTER**
16 **FOR FISCAL YEAR 2023.**

17 Paragraph (6) (relating to implementing direct
18 spending reductions, as redesignated by section
19 101(d)(2)(C), and as amended by section 101(c), of the
20 Bipartisan Budget Act of 2013) of section 251A of the
21 Balanced Budget and Emergency Deficit Control Act of
22 1985 (2 U.S.C. 901a) is amended by adding at the end
23 the following new subparagraph:

24 “(C) Notwithstanding the 2 percent limit speci-
25 fied in subparagraph (A) for payments for the Medi-

1 care programs specified in section 256(d), the se-
2 questration order of the President under such sub-
3 paragraph for fiscal year 2023 shall be applied to
4 such payments so that—

5 “(i) with respect to the first 6 months in
6 which such order is effective for such fiscal
7 year, the payment reduction shall be 2.90 per-
8 cent; and

9 “(ii) with respect to the second 6 months
10 in which such order is so effective for such fis-
11 cal year, the payment reduction shall be 1.11
12 percent.”.

13 **SEC. 1206. PAYMENT FOR INPATIENT SERVICES IN LONG-**
14 **TERM CARE HOSPITALS (LTCHS).**

15 (a) ESTABLISHMENT OF CRITERIA FOR APPLICATION
16 OF SITE NEUTRAL PAYMENT.—

17 (1) IN GENERAL.—Section 1886(m) of the So-
18 cial Security Act (42 U.S.C. 1395ww(m)) is amend-
19 ed by adding at the end the following:

20 “(6) APPLICATION OF SITE NEUTRAL IPSS PAY-
21 MENT RATE IN CERTAIN CASES.—

22 “(A) GENERAL APPLICATION OF SITE NEU-
23 TRAL IPSS PAYMENT AMOUNT FOR DISCHARGES
24 FAILING TO MEET APPLICABLE CRITERIA.—

1 “(i) IN GENERAL.—For a discharge in
2 cost reporting periods beginning on or
3 after October 1, 2015, except as provided
4 in clause (ii) and subparagraph (C), pay-
5 ment under this title to a long-term care
6 hospital for inpatient hospital services shall
7 be made at the applicable site neutral pay-
8 ment rate (as defined in subparagraph
9 (B)).

10 “(ii) EXCEPTION FOR CERTAIN DIS-
11 CHARGES MEETING CRITERIA.—Clause (i)
12 shall not apply (and payment shall be
13 made to a long-term care hospital without
14 regard to this paragraph) for a discharge
15 if—

16 “(I) the discharge meets the ICU
17 criterion under clause (iii) or the ven-
18 tilator criterion under clause (iv); and

19 “(II) the discharge does not have
20 a principal diagnosis relating to a psy-
21 chiatric diagnosis or to rehabilitation.

22 “(iii) INTENSIVE CARE UNIT (ICU)
23 CRITERION.—

24 “(I) IN GENERAL.—The criterion
25 specified in this clause (in this para-

1 graph referred to as the ‘ICU cri-
2 terion’), for a discharge from a long-
3 term care hospital, is that the stay in
4 the long-term care hospital ending
5 with such discharge was immediately
6 preceded by a discharge from a stay
7 in a subsection (d) hospital that in-
8 cluded at least 3 days in an intensive
9 care unit (ICU), as determined by the
10 Secretary.

11 “(II) DETERMINING ICU DAYS.—
12 In determining intensive care unit
13 days under subclause (I), the Sec-
14 retary shall use data from revenue
15 center codes 020x or 021x (or such
16 successor codes as the Secretary may
17 establish).

18 “(iv) VENTILATOR CRITERION.—The
19 criterion specified in this clause (in this
20 paragraph referred to as the ‘ventilator cri-
21 terion’), for a discharge from a long-term
22 care hospital, is that—

23 “(I) the stay in the long-term
24 care hospital ending with such dis-
25 charge was immediately preceded by a

1 discharge from a stay in a subsection
2 (d) hospital; and

3 “(II) the individual discharged
4 was assigned to a Medicare-Severity-
5 Long-Term-Care-Diagnosis-Related-
6 Group (MS-LTC-DRG) based on the
7 receipt of ventilator services of at
8 least 96 hours.

9 “(B) APPLICABLE SITE NEUTRAL PAY-
10 MENT RATE DEFINED.—

11 “(i) IN GENERAL.—In this paragraph,
12 the term ‘applicable site neutral payment
13 rate’ means—

14 “(I) for discharges in cost report-
15 ing periods beginning during fiscal
16 year 2016 or fiscal year 2017, the
17 blended payment rate specified in
18 clause (iii); and

19 “(II) for discharges in cost re-
20 porting periods beginning during fis-
21 cal year 2018 or a subsequent fiscal
22 year, the site neutral payment rate
23 (as defined in clause (ii)).

24 “(ii) SITE NEUTRAL PAYMENT RATE
25 DEFINED.—In this paragraph, the term

1 ‘site neutral payment rate’ means the
2 lower of—

3 “(I) the IPPS comparable per
4 diem amount determined under para-
5 graph (d)(4) of section 412.529 of
6 title 42, Code of Federal Regulations,
7 including any applicable outlier pay-
8 ments under section 412.525 of such
9 title; or

10 “(II) 100 percent of the esti-
11 mated cost for the services involved.

12 “(iii) BLENDED PAYMENT RATE.—
13 The blended payment rate specified in this
14 clause, for a long-term care hospital for in-
15 patient hospital services for a discharge, is
16 comprised of—

17 “(I) half of the site neutral pay-
18 ment rate (as defined in clause (ii))
19 for the discharge; and

20 “(II) half of the payment rate
21 that would otherwise be applicable to
22 such discharge without regard to this
23 paragraph, as determined by the Sec-
24 retary.

1 “(C) LIMITING PAYMENT FOR ALL HOS-
2 PITAL DISCHARGES TO SITE NEUTRAL PAYMENT
3 RATE FOR HOSPITALS FAILING TO MEET APPLI-
4 CABLE LTCH DISCHARGE THRESHOLDS.—

5 “(i) NOTICE OF LTCH DISCHARGE
6 PAYMENT PERCENTAGE.—For cost report-
7 ing periods beginning during or after fiscal
8 year 2016, the Secretary shall inform each
9 long-term care hospital of its LTCH dis-
10 charge payment percentage (as defined in
11 clause (iv)) for such period.

12 “(ii) LIMITATION.—For cost reporting
13 periods beginning during or after fiscal
14 year 2020, if the Secretary determines for
15 a long-term care hospital that its LTCH
16 discharge payment percentage for the pe-
17 riod is not at least 50 percent—

18 “(I) the Secretary shall inform
19 the hospital of such fact; and

20 “(II) subject to clause (iii), for
21 all discharges in the hospital in each
22 succeeding cost reporting period, the
23 payment amount under this sub-
24 section shall be the payment amount
25 that would apply under subsection (d)

1 for the discharge if the hospital were
2 a subsection (d) hospital.

3 “(iii) PROCESS FOR REINSTATE-
4 MENT.—The Secretary shall establish a
5 process whereby a long-term care hospital
6 may seek to and have the provisions of
7 subclause (II) of clause (ii) discontinued
8 with respect to that hospital.

9 “(iv) LTCH DISCHARGE PAYMENT
10 PERCENTAGE.—In this subparagraph, the
11 term ‘LTCH discharge payment percent-
12 age’ means, with respect to a long-term
13 care hospital for a cost reporting period
14 beginning during or after fiscal year 2020,
15 the ratio (expressed as a percentage) of—

16 “(I) the number of discharges for
17 such hospital and period for which
18 payment is not made at the site neu-
19 tral payment rate, to

20 “(II) the total number of dis-
21 charges for such hospital and period.

22 “(D) INCLUSION OF SUBSECTION (D)
23 PUERTO RICO HOSPITALS.—In this paragraph,
24 any reference in this paragraph to a subsection
25 (d) hospital shall be deemed to include a ref-

1 erence to a subsection (d) Puerto Rico hos-
2 pital.”.

3 (2) MEDPAC STUDY AND REPORT ON IMPACT
4 OF CHANGES.—

5 (A) STUDY.—The Medicare Payment As-
6 sessment Commission shall examine the effect
7 of applying section 1886(m)(6) of the Social Se-
8 curity Act, as added by the amendment made
9 by paragraph (1), on—

10 (i) the quality of patient care in long-
11 term care hospitals;

12 (ii) the use of hospice care and post-
13 acute care settings;

14 (iii) different types of long-term care
15 hospitals; and

16 (iv) the growth in Medicare spending
17 for services in such hospitals.

18 (B) REPORT.—Not later than June 30,
19 2019, the Commission shall submit to Congress
20 a report on such study. The Commission shall
21 include in such report such recommendations
22 for changes in the application of such section as
23 the Commission deems appropriate as well as
24 the impact of the application of such section on
25 the need to continue applying the 25 percent

1 rule described under sections 412.534 and
2 412.536 of title 42, Code of Federal Regula-
3 tions.

4 (3) CALCULATION OF LENGTH OF STAY EX-
5 CLUDING CASES PAID ON A SITE NEUTRAL BASIS.—

6 (A) IN GENERAL.—For discharges occur-
7 ring in cost reporting periods beginning on or
8 after October 1, 2015, subject to subparagraph
9 (B), in calculating the length of stay require-
10 ment applicable to a long-term care hospital or
11 satellite facility under section
12 1886(d)(1)(B)(iv)(I) of the Social Security Act
13 (42 U.S.C. 1395ww(d)(1)(B)(iv)(I)) and section
14 1861(ccc)(2) of such Act (42 U.S.C.
15 1395x(ccc)(2)), the Secretary of Health and
16 Human Services shall exclude the following:

17 (i) SITE NEUTRAL PAYMENT.—Any
18 patient for whom payment is made at the
19 site neutral payment rate (as defined in
20 section 1886(m)(6)(B)(ii)) of such Act, as
21 added by paragraph (1)).

22 (ii) MEDICARE ADVANTAGE.—Any pa-
23 tient for whom payment is made under a
24 Medicare Advantage plan under part C of
25 title XVIII of such Act.

1 (B) LIMITATION ON CONVERTING SUB-
2 SECTION (D) HOSPITALS.—Subparagraph (A)
3 shall not apply to a hospital that is classified as
4 of December 10, 2013, as a subsection (d) hos-
5 pital (as defined in section 1886(d)(1)(B) of the
6 Social Security Act, 42 U.S.C.
7 1395ww(d)(1)(B)) for purposes of determining
8 whether the requirements of section
9 1886(d)(1)(B)(iv)(I) or 1861(ccc)(2) of such
10 Act (42 U.S.C. 1395ww(d)(1)(B)(iv)(I),
11 1395x(ccc)(2)) are met.

12 (b) EXTENSION OF CERTAIN LTCH PAYMENT
13 RULES AND MORATORIUM ON THE ESTABLISHMENT OF
14 CERTAIN HOSPITALS AND FACILITIES.—

15 (1) EXTENSION OF CERTAIN PAYMENT
16 RULES.—

17 (A) PAYMENT FOR HOSPITALS-WITHIN-
18 HOSPITALS.—Paragraph (2)(C) of section
19 114(c) of the Medicare, Medicaid, and SCHIP
20 Extension Act of 2007 (42 U.S.C. 1395ww
21 note), as amended by sections 3106(a) and
22 10312(a) of Public Law 111–148, is amended
23 by striking “5-year period” and inserting “9-
24 year period”.

1 (B) 25 PERCENT PATIENT THRESHOLD
2 PAYMENT ADJUSTMENT; MAKING THE GRAND-
3 FATHERED EXEMPTION FOR LONG-TERM CARE
4 HOSPITALS PERMANENT.—Section 114(c)(1) of
5 the Medicare, Medicaid, and SCHIP Extension
6 Act of 2007 (42 U.S.C. 1395ww note), as
7 amended by sections 3106(a) and 10312(a) of
8 Public Law 111–148, is amended—

9 (i) in the matter preceding subpara-
10 graph (A), by striking “for a 5-year pe-
11 riod”; and

12 (ii) in subparagraph (A), by inserting
13 “for a 9-year period,” before “section
14 412.536”.

15 (C) REPORT ASSESSING CONTINUED SUS-
16 PENSION OF 25 PERCENT RULE.—Not later
17 than 1 year before the end of the 9-year period
18 referred to in section 114(c)(1) of the Medicare,
19 Medicaid, and SCHIP Extension Act of 2007
20 (42 U.S.C. 1395ww note), as amended by sub-
21 paragraph (B), the Secretary of Health and
22 Human Services shall submit to Congress a re-
23 port on the need for any further extensions (or
24 modifications of the extensions) of the 25 per-
25 cent rule described in sections 412.534 and

1 412.536 of title 42, Code of Federal Regula-
2 tions, particularly taking into account the appli-
3 cation of section 1886(m)(6) of the Social Secu-
4 rity Act, as added by subsection (a)(1).

5 (2) EXTENSION OF MORATORIUM ON ESTAB-
6 LISHMENT OF AND INCREASE IN BEDS FOR
7 LTCHS.—Section 114(d) of the Medicare, Medicaid,
8 and SCHIP Extension Act of 2007 (42 U.S.C.
9 1395ww note), as amended by sections 3106(b) and
10 10312(b) of Public Law 111–148, is amended—

11 (A) in paragraph (1), in the matter pre-
12 ceding subparagraph (A), by inserting after “5-
13 year period” the following: “(and for the period
14 beginning January 1, 2015, and ending Sep-
15 tember 30, 2017)”; and

16 (B) by adding at the end the following new
17 paragraph:

18 “(6) LIMITATION ON APPLICATION OF EXCEP-
19 TIONS.—Paragraphs (2) and (3) shall not apply dur-
20 ing the period beginning January 1, 2015, and end-
21 ing September 30, 2017.”.

22 (c) ADDITIONAL QUALITY MEASURE.—Section
23 1886(m)(5)(D) of the Social Security Act (42 U.S.C.
24 1395ww(m)(5)(D)) is amended by adding at the end the
25 following new clause:

1 “(iv) ADDITIONAL QUALITY MEAS-
2 URES.—Not later than October 1, 2015,
3 the Secretary shall establish a functional
4 status quality measure for change in mo-
5 bility among inpatients requiring ventilator
6 support.”.

7 (d) REVIEW OF TREATMENT OF CERTAIN LTCHs.—

8 (1) EVALUATION.—As part of the annual rule-
9 making for fiscal year 2015 or fiscal year 2016 to
10 carry out the payment rates under subsection (d) of
11 section 1886 of the Social Security Act (42 U.S.C.
12 1395ww), the Secretary shall evaluate both the pay-
13 ment rates and regulations governing hospitals
14 which are classified under subclause (II) of sub-
15 section (d)(1)(B)(iv) of such section.

16 (2) ADJUSTMENT AUTHORITY.—Based upon
17 such evaluation, the Secretary may adjust payment
18 rates under subsection (b)(3) of section 1886 of the
19 Social Security Act (42 U.S.C. 1395ww) for a hos-
20 pital so classified (such as payment based upon the
21 TEFRA-payment model) and may adjust the regula-
22 tions governing such hospitals, including applying
23 the regulations governing hospitals which are classi-

1 fied under clause (I) of subsection (d)(1)(B) of such
2 section.

