

HCFA LEGISLATIVE SUMMARY

March 11, 1983

- o P.L. 97-414, The Orphan Drug Act, enacted January 4, 1983, facilitates the development of drugs for rare diseases and conditions. The law also amends the Public Health Service Act to authorize grants and loans to encourage the establishment and initial operation of home health programs in areas in which such services are not otherwise available. Grants and contracts are also authorized for training of paraprofessional personnel to provide home health services. P.L. 97-414 also requires the Secretary of HHS to report the results of studies currently evaluating home- and community-based services, to compile and analyze the results of significant studies carried out by nongovernmental entities, and to conduct several studies and demonstrations in the area of home health services.

P.L. 97-414 - "The Orphan Drug Act"

The Orphan Drug Act, H.R. 5238, is a new law that facilitates the development of drugs for rare diseases and conditions. It also has a number of provisions that affect home health services. They are as follows:

Section 6(b) - Reports to Congress

Current Law: None

New Law: This provision requires a report to Congress on the results of studies currently evaluating home- and community-based services and any recommendations for legislative changes which might improve the provision of such services.

Due Date: Prior to January 1, 1985.

Section 6(c) - Reports to Congress

Current Law: None

New Law: This provision requires the Secretary to compile and analyze the results of significant studies of any public or private entity on alternative reimbursement methodologies for home health services and make recommendations as to how such methodologies might be applied to Federally funded programs.

Due Date: Within six months after enactment.

Section 6(d) - Reports to Congress

Current Law: None

New Law: This provision requires an investigation of the methods to stem fraud and abuse in the Medicare and Medicaid home health programs and requires a report to Congress on the results of the investigation.

Due Date: Within 18 months after date of enactment.

Section 6(e) - Demonstrations

Current Law: None

New Law: This provision requires demonstrations to test: (1) methods for identifying patients at risk of institutionalization who could be treated more cost-effectively in a home health program, including hospitalized Medicare patients who are candidates for early discharge due to availability

of home health services, and persons in the community who could avoid institutionalization if they had access to home health services; and (2) alternative reimbursement methodologies for home health agencies to determine the most cost-effective and efficient way of providing home health services, including fee schedules, prospective reimbursement, and capitation payments.

Due Date: The demonstration projects are to commence no later than January 1, 1984. A report on the findings of the above demonstrations is due to Congress no later than January 1, 1985.