

107TH CONGRESS  
2D SESSION

# S. 2233

To amend title XVIII of the Social Security Act to establish a medicare subvention demonstration project for veterans.

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## IN THE SENATE OF THE UNITED STATES

APRIL 23, 2002

Mr. THOMAS (for himself, Mr. ROCKEFELLER, Mr. JEFFORDS, Mr. SPECTER, Mrs. CARNAHAN, Ms. SNOWE, and Mr. CLELAND) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XVIII of the Social Security Act to establish a medicare subvention demonstration project for veterans.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medicare Equity for  
5 Veterans Act of 2002”.

1 **SEC. 2. ESTABLISHMENT OF MEDICARE SUBVENTION DEM-**  
 2 **ONSTRATION PROJECT FOR VETERANS.**

3 Title XVIII of the Social Security Act (42 U.S.C.  
 4 1395 et seq.) is amended by adding at the end the fol-  
 5 lowing new section:

6 “MEDICARE SUBVENTION DEMONSTRATION PROJECT FOR  
 7 VETERANS

8 “SEC. 1897. (a) DEFINITIONS.—In this section:

9 “(1) ADMINISTERING SECRETARIES.—The term  
 10 ‘administering Secretaries’ means the Secretary and  
 11 the Secretary of Veterans Affairs acting jointly.

12 “(2) DEMONSTRATION PROJECT.—The term  
 13 ‘demonstration project’ means the demonstration  
 14 project carried out under this section.

15 “(3) DEMONSTRATION SITE.—

16 “(A) IN GENERAL.—Subject to subpara-  
 17 graph (B), the term ‘demonstration site’ means  
 18 a Veterans Affairs medical facility that pro-  
 19 vides, alone or in conjunction with other facili-  
 20 ties under the jurisdiction of the Secretary of  
 21 Veterans Affairs and affiliated public or private  
 22 entities—

23 “(i) in the case of a coordinated care  
 24 health plan, the health care benefits pre-  
 25 scribed in subsection (c)(3) to targeted  
 26 medicare-eligible veterans residing within

1 the service area (as prescribed under regu-  
2 lations for the Medicare+Choice program  
3 under part C); and

4 “(ii) in the case of health care bene-  
5 fits being provided on a preferred provider  
6 basis, the health care benefits described in  
7 subsection (d)(1) to targeted medicare-eli-  
8 gible veterans.

9 “(B) EXCLUSION.—The term ‘demonstra-  
10 tion site’ shall not include the entire catchment  
11 area of a Veterans Integrated Services Network  
12 (VISN).

13 “(4) MEDICARE HEALTH CARE SERVICES.—The  
14 term ‘medicare health care services’ means items or  
15 services covered under part A or part B.

16 “(5) TARGETED MEDICARE-ELIGIBLE VET-  
17 ERAN.—The term ‘targeted medicare-eligible vet-  
18 eran’ means an individual who—

19 “(A) is a veteran (as defined in section  
20 101 of title 38, United States Code) who is en-  
21 rolled in the annual patient enrollment system  
22 under section 1705(a)(7) of title 38, United  
23 States Code;

24 “(B) has attained age 65;

1           “(C) is entitled to, or enrolled for, benefits  
2           under part A;

3           “(D) is enrolled for benefits under part B;  
4           and

5           “(E) did not receive medical care from a  
6           Veterans Affairs medical facility based on the  
7           individual’s eligibility for care and services  
8           under section 1710(a)(3) of title 38, United  
9           States Code, during the period beginning on the  
10          date that the individual attained age 65 and  
11          ending on September 30, 1998.

12          “(6) TRUST FUNDS.—The term ‘trust funds’  
13          means the Federal Hospital Insurance Trust Fund  
14          established in section 1817 and the Federal Supple-  
15          mentary Medical Insurance Trust Fund established  
16          in section 1841.

17          “(7) VETERANS AFFAIRS MEDICAL FACILITY.—  
18          The term ‘Veterans Affairs medical facility’ means a  
19          medical facility as defined in section 8101 of title  
20          38, United States Code.

21          “(b) DEMONSTRATION PROJECT.—

22                  “(1) IN GENERAL.—

23                          “(A) ESTABLISHMENT.—The admin-  
24                          istering Secretaries are authorized to establish  
25                          a demonstration project (under agreements en-

1           tered into by the administering Secretaries)  
2           under which the Secretary shall reimburse the  
3           Secretary of Veterans Affairs, from the trust  
4           funds, for medicare health care services fur-  
5           nished to targeted medicare-eligible veterans.

6           “(B) SEPARATE AGREEMENTS FOR CO-  
7           ORDINATED CARE AND PREFERRED PROVIDER  
8           MODELS.—The administering Secretaries shall  
9           enter into separate agreements with regard to  
10          demonstration sites operating under a coordi-  
11          nated care health plan model and a preferred  
12          provider model, and shall include in each agree-  
13          ment only such information that is applicable to  
14          that model.

15          “(2) NUMBER OF DEMONSTRATION SITES.—

16                 “(A) IN GENERAL.—Subject to the suc-  
17                 ceeding provisions of this paragraph and sub-  
18                 section (k)(1)(B), the demonstration project  
19                 shall be conducted in not more than 10 dem-  
20                 onstration sites, designated jointly by the ad-  
21                 ministering Secretaries.

22                 “(B) AT LEAST 1 COORDINATED CARE AND  
23                 1 PREFERRED PROVIDER SITE.—The adminis-  
24                 trating Secretaries shall ensure that at least 1  
25                 of the demonstration sites is operated under a

1 coordinated care health plan model and at least  
2 1 demonstration site is operated under a pre-  
3 ferred provider model.

4 “(C) RESTRICTION.—A demonstration site  
5 may not operate under both a coordinated care  
6 health plan model and a preferred provider  
7 model.

8 “(D) DEMONSTRATION SITES IN RURAL  
9 AREAS.—At least 3 demonstration sites shall be  
10 sites that are located in geographically diverse  
11 rural areas.

12 “(3) RESTRICTION ON NEW OR EXPANDED FA-  
13 CILITIES.—No new Veterans Affairs medical facili-  
14 ties may be built or expanded with funds from the  
15 demonstration project.

16 “(4) COMMENCEMENT OF PROJECT.—The ad-  
17 ministering Secretaries shall commence the dem-  
18 onstration project not later than 6 months after the  
19 date of enactment of the Medicare Equity for Vet-  
20 erans Act of 2002.

21 “(5) DURATION.—Subject to subsection  
22 (k)(1)(A), the authority of the administering Secre-  
23 taries to conduct the demonstration project shall ter-  
24minate on the date that is 3 years after the date of  
25 the commencement of the demonstration project.

1 “(c) COORDINATED CARE HEALTH PLAN MODEL.—

2 “(1) IN GENERAL.—The Secretary of Veterans  
3 Affairs shall establish and operate coordinated care  
4 health plans in order to provide the health care ben-  
5 efits prescribed in paragraph (3) to targeted medi-  
6 care-eligible veterans participating in the demonstra-  
7 tion project consistent with part C.

8 “(2) OPERATION BY OR THROUGH A DEM-  
9 ONSTRATION SITE.—Any coordinated care health  
10 plan established in accordance with paragraph (1)  
11 shall be operated by or through a demonstration  
12 site.

13 “(3) HEALTH CARE BENEFITS.—

14 “(A) IN GENERAL.—Subject to subpara-  
15 graph (B), the Secretary of Veterans Affairs  
16 shall prescribe the health care benefits to be  
17 provided to a targeted medicare-eligible veteran  
18 enrolled in a coordinated care health plan under  
19 the demonstration project.

20 “(B) MINIMUM BENEFITS.—The benefits  
21 prescribed by the Secretary of Veterans Affairs  
22 pursuant to subparagraph (A) shall include at  
23 least all medicare health care services that are  
24 required to be provided by a Medicare+Choice  
25 organization under part C.

1           “(4) MEDICARE REQUIREMENTS.—

2                   “(A) IN GENERAL.—

3                           “(i) REQUIREMENTS.—Except as pro-  
4                           vided in clause (ii), a coordinated care  
5                           health plan operating under the dem-  
6                           onstration project shall meet all require-  
7                           ments applicable to a Medicare+Choice  
8                           plan under part C and regulations per-  
9                           taining thereto, and any other require-  
10                          ments for receiving payments under this  
11                          title, except that the prohibition of pay-  
12                          ments to Federal providers of services  
13                          under sections 1814(c) and 1835(d), and  
14                          paragraphs (2) and (3) of section 1862(a),  
15                          shall not apply.

16                           “(ii) WAIVER.—Except with respect to  
17                           any requirement described in subparagraph  
18                           (B), the Secretary is authorized to waive  
19                           any requirement described in clause (i), or  
20                           approve equivalent or alternative ways of  
21                           meeting such a requirement, but only if  
22                           such waiver or approval—

23                                   “(I) reflects the unique status of  
24                                   the Department of Veterans Affairs as



1 an agency of the Federal Government;  
2 and

3 “(II) is necessary to carry out, or  
4 improve the efficiency of, the dem-  
5 onstration project.

6 “(B) BENEFICIARY PROTECTIONS AND  
7 OTHER MATTERS.—A coordinated care health  
8 plan shall comply with the requirements of part  
9 C that relate to beneficiary protections and  
10 other related matters, including such require-  
11 ments relating to the following areas:

12 “(i) Enrollment and disenrollment.

13 “(ii) Nondiscrimination.

14 “(iii) Information provided to bene-  
15 ficiaries.

16 “(iv) Cost-sharing limitations.

17 “(v) Appeal and grievance procedures.

18 “(vi) Provider participation.

19 “(vii) Access to services.

20 “(viii) Quality assurance and external  
21 review.

22 “(ix) Advance directives.

23 “(x) Other areas of beneficiary protec-  
24 tions that the Secretary determines are ap-

1           plicable to a coordinated health care plan  
2           operating under the demonstration project.

3           “(d) PREFERRED PROVIDER MODEL.—

4           “(1) IN GENERAL.—The administering Secre-  
5           taries shall contract with a private entity to establish  
6           a preferred provider model under which—

7           “(A) targeted medicare-eligible veterans  
8           participating in the project shall receive medi-  
9           care health care services and additional health  
10          care services determined appropriate by the ad-  
11          ministering Secretaries; and

12          “(B) the Veterans Affairs medical facility  
13          participating at the demonstration site is the  
14          preferred provider under the plan.

15          “(2) COST-SHARING.—The administering Secre-  
16          taries shall establish cost-sharing requirements for  
17          targeted medicare-eligible veterans that receive medi-  
18          care health care services under a preferred provider  
19          model at the Veterans Affairs medical facility at the  
20          demonstration site. Such cost-sharing requirements  
21          may be different than the cost-sharing requirements  
22          required under this title.

23          “(3) MEDICARE REQUIREMENTS.—

24          “(A) IN GENERAL.—Except as provided in  
25          subparagraph (B), any entity or health care

1 provider that provides medicare health care  
2 services under the demonstration project on a  
3 preferred provider basis shall meet all of the re-  
4 quirements under this title, except that the pro-  
5 hibition of payments to Federal providers of  
6 services under sections 1814(c) and 1835(d),  
7 and paragraphs (2) and (3) of section 1862(a),  
8 shall not apply.

9 “(B) WAIVER.—The Secretary is author-  
10 ized to waive any requirement described under  
11 subparagraph (A), or approve equivalent or al-  
12 ternative ways of meeting such a requirement,  
13 but only if such waiver or approval—

14 “(i) reflects the unique status of the  
15 Department of Veterans Affairs as an  
16 agency of the Federal Government; and

17 “(ii) is necessary to carry out, or im-  
18 prove the efficiency of, the demonstration  
19 project.

20 “(4) VERIFICATION OF ELIGIBILITY.—

21 “(A) IN GENERAL.—The Secretary of Vet-  
22 erans Affairs shall establish procedures for de-  
23 termining whether an individual is eligible to re-  
24 ceive medicare health care services on a pre-

1           ferred provider basis under the demonstration  
2           project.

3           “(B) RESTRICTION.—No payments shall  
4           be made under this section for any medicare  
5           health care service provided to an individual on  
6           a preferred provider basis under the demonstra-  
7           tion project unless the individual has been de-  
8           termined to be eligible for the service pursuant  
9           to the procedures established under subpara-  
10          graph (A).

11          “(e) CREDITING OF PAYMENTS.—A payment received  
12         by the Secretary of Veterans Affairs under the demonstra-  
13         tion project shall be credited to the appropriation of the  
14         Department of Veterans Affairs for Medical Care.  
15         Amounts credited to that appropriation for services fur-  
16         nished by a demonstration site shall be credited to  
17         amounts in the appropriation that are available for the  
18         demonstration site. Amounts so credited shall be available  
19         without fiscal year limitation.

20          “(f) WAIVER OF CERTAIN VA REQUIREMENTS.—  
21         Notwithstanding any other provision of law, the Secretary  
22         of Veterans Affairs shall furnish medicare health care  
23         services to targeted medicare-eligible veterans pursuant to  
24         the demonstration project.

1       “(g) INSPECTOR GENERAL.—Nothing in any agree-  
2 ment entered into under subsection (b)(1) shall limit the  
3 Inspector General of the Department of Health and  
4 Human Services from investigating any matters regarding  
5 the expenditure of funds under this title for the dem-  
6 onstration project, including compliance with the provi-  
7 sions of this title and all other relevant laws.

8       “(h) INFORMATION PROVIDED TO SECRETARY TO  
9 ENSURE MAINTENANCE OF EFFORT.—Prior to the com-  
10 mencement of the demonstration project, the Secretary of  
11 Veterans Affairs shall provide the Secretary with a list of  
12 individuals who will not be eligible to receive benefits  
13 under the demonstration project because of the application  
14 of subsection (a)(5)(E).

15       “(i) PAYMENTS BASED ON REGULAR MEDICARE  
16 PAYMENT RATES.—

17               “(1) AMOUNT.—Subject to the succeeding pro-  
18 visions of this subsection, the Secretary shall reim-  
19 burse the Secretary of Veterans Affairs for health  
20 care benefits provided under the demonstration  
21 project at the following rates:

22                       “(A) COORDINATED CARE HEALTH  
23 PLANS.—In the case of health care benefits pro-  
24 vided under the demonstration project to a tar-  
25 getted medicare-eligible veteran enrolled in a co-

1           ordinated care health plan, at a rate equal to  
 2           100 percent of the amount paid to a  
 3           Medicare+Choice organization under part C for  
 4           an enrollee in a Medicare+Choice plan offered  
 5           by such organization (as risk adjusted under  
 6           section 1853(a)(1)(B)).

7           “(B) PREFERRED PROVIDER MODEL.—In  
 8           the case of a medicare health care service that  
 9           is provided at a demonstration site operating  
 10          under a preferred provider model, at a rate  
 11          equal to 95 percent of the amounts that other-  
 12          wise would be payable under this title on a  
 13          noncapitated basis for such service if the dem-  
 14          onstration site was not part of this demonstra-  
 15          tion project, was participating in the medicare  
 16          program, and imposed charges for such service.

17          “(2) EXCLUSION OF CERTAIN AMOUNTS.—In  
 18          computing the amount of payment under paragraph  
 19          (1), the following amounts shall be excluded:

20               “(A) DISPROPORTIONATE SHARE HOS-  
 21               PITAL ADJUSTMENT.—Any amount attributable  
 22               to an adjustment under section 1886(d)(5)(F).

23               “(B) DIRECT GRADUATE MEDICAL EDU-  
 24               CATION PAYMENTS.—Any amount attributable  
 25               to a payment under section 1886(h).

1           “(C) INDIRECT MEDICAL EDUCATION AD-  
2 JUSTMENT.—Any amount attributable to the  
3 adjustment under section 1886(d)(5)(B).

4           “(D) PERCENTAGE OF CAPITAL PAY-  
5 MENTS.—67 percent of any amounts attrib-  
6 utable to payments for capital-related costs  
7 under medicare payment policies under section  
8 1886(g).

9           “(3) PERIODIC PAYMENTS FROM MEDICARE  
10 TRUST FUNDS.—Payments under this subsection  
11 shall be made—

12           “(A) on a periodic basis consistent with  
13 the periodicity of payments under this title; and

14           “(B) in appropriate part, as determined by  
15 the Secretary, from the trust funds.

16           “(4) ANNUAL LIMIT ON MEDICARE PAY-  
17 MENTS.—

18           “(A) COORDINATED CARE HEALTH PLAN  
19 MODEL.—Subject to subparagraph (C), the ag-  
20 gregate amount that may be paid to the De-  
21 partment of Veterans Affairs under this sub-  
22 section for enrollees in coordinated care health  
23 plans for any of the 3 consecutive 12-month pe-  
24 riods (the first of which begins on the date of  
25 the commencement of the demonstration

1 project) shall be equal to an amount determined  
2 appropriate by the administering Secretaries.

3 “(B) PREFERRED PROVIDER MODEL.—  
4 Subject to subparagraph (C), the aggregate  
5 amount that may be paid to the Department of  
6 Veterans Affairs under this subsection for  
7 medicare health care services provided on a pre-  
8 ferred provider basis at a demonstration site for  
9 any of the 3 consecutive 12-month periods de-  
10 scribed in subparagraph (A) shall be equal to  
11 an amount determined appropriate by the ad-  
12 ministering Secretaries.

13 “(C) CAP.—The aggregate amount to be  
14 paid to the Department of Veterans Affairs  
15 under this section—

16 “(i) during the first 12-month period  
17 described in subparagraph (A) shall not  
18 exceed \$75,000,000;

19 “(ii) during the second 12-month pe-  
20 riod so described shall not exceed  
21 \$75,000,000; and

22 “(iii) during the third 12-month pe-  
23 riod so described shall not exceed  
24 \$75,000,000.

25 “(j) GAO EVALUATION AND REPORTS.—



1 “(1) EVALUATION.—

2 “(A) IN GENERAL.—The Comptroller Gen-  
3 eral of the United States shall conduct an eval-  
4 uation of the demonstration project,  
5 including—

6 “(i) an evaluation of demonstration  
7 sites operating under a coordinated care  
8 health plan model and under a preferred  
9 provider model; and

10 “(ii) where appropriate, a comparison  
11 of such models.

12 “(B) CONTENTS.—Any evaluation con-  
13 ducted under subparagraph (A) shall include an  
14 assessment, based on the agreements entered  
15 into under subsection (b)(1), of the following:

16 “(i) Any savings or costs to the medi-  
17 care program under this title resulting  
18 from the demonstration project.

19 “(ii) Compliance of participating dem-  
20 onstration sites with applicable measures  
21 of quality of care, compared to such com-  
22 pliance by other entities that participate in  
23 medicare and are not Veterans Affairs  
24 medical facilities.

1           “(iii) Compliance by the Department  
2 of Veterans Affairs with the requirements  
3 under this title.

4           “(iv) The number of targeted medi-  
5 care-eligible veterans opting to receive  
6 health care benefits under the demonstra-  
7 tion project instead of receiving such bene-  
8 fits through another health insurance plan  
9 (including health care benefits under this  
10 title).

11           “(v) A comparison of the costs of par-  
12 ticipation of the demonstration sites in the  
13 project with the reimbursements for health  
14 care services provided by such sites.

15           “(vi) Any impact the demonstration  
16 project has on the access to health care  
17 services, or the quality of such services,  
18 for—

19                   “(I) targeted medicare-eligible  
20 veterans receiving health care benefits  
21 under the demonstration project; and

22                   “(II) veterans (including targeted  
23 medicare-eligible veterans) that are  
24 not receiving health care benefits  
25 under the demonstration project.

1           “(vii) Any impact the demonstration  
2 project has on private health care providers  
3 and on beneficiaries under this title that  
4 are not receiving health care benefits under  
5 the demonstration project.

6           “(viii) Any effect that the demonstra-  
7 tion project has on the enrollment in  
8 Medicare+Choice plans offered by  
9 Medicare+Choice organizations under part  
10 C in the established demonstration site  
11 areas.

12           “(ix) Any impact that the exclusion of  
13 the amounts described in subsection (i)(2)  
14 from the reimbursement amounts under  
15 the demonstration has on the Department  
16 of Veterans Affairs or on targeted medi-  
17 care-eligible veterans.

18           “(x) A description of the difficulties  
19 (if any) experienced by—

20                   “(I) the Department of Veterans  
21 Affairs in managing the demonstra-  
22 tion project; or

23                   “(II) the Department of Health  
24 and Human Services in overseeing the  
25 demonstration project.

1           “(xi) The quality and precision of bill-  
2           ing procedures utilized by demonstration  
3           sites.

4           “(xii) The timeliness of billing at dem-  
5           onstration sites.

6           “(xiii) The timeliness of reimburse-  
7           ment by the Secretary under the dem-  
8           onstration project.

9           “(xiv) The satisfaction level of tar-  
10          geted medicare-eligible veterans partici-  
11          pating in the demonstration project.

12          “(xv) The quality of the care provided  
13          at demonstration sites.

14          “(xvi) The ability of targeted medi-  
15          care-eligible veterans participating in the  
16          demonstration project to access care, in-  
17          cluding documentation of mean and me-  
18          dium waiting periods.

19          “(xvii) Patient safety under the dem-  
20          onstration project.

21          “(xviii) The ability of a demonstration  
22          site to deliver totality of care in the local  
23          service area.

24          “(xix) The percent of targeted medi-  
25          care-eligible veterans participating in the

1 demonstration project that required refer-  
2 ral for health care services and the cost of  
3 such referrals relative to the cost of care  
4 delivered locally.

5 “(xx) The satisfaction of Veterans Af-  
6 fairs medical facilities participating in the  
7 demonstration project with the operation  
8 of the project.

9 “(xxi) The average pharmacy cost rel-  
10 ative to matched Veterans Affairs popu-  
11 lation.

12 “(xxii) The in-patient care cost com-  
13 pared to a Veterans Affairs medical facility  
14 not participating in the demonstration  
15 project.

16 “(xxiii) Regional variations in the op-  
17 eration of the demonstration project.

18 “(xxiv) Differences in demonstration  
19 sites located in rural areas and demonstra-  
20 tion sites located in urban areas.

21 “(xxv) The economic profile of tar-  
22 geted medicare-eligible veterans partici-  
23 pating in the demonstration.

1           “(xxvi) Any additional elements speci-  
2           fied in the agreements entered into under  
3           subsection (b)(1).

4           “(xxvii) Any additional elements that  
5           the Comptroller General of the United  
6           States determines are appropriate to as-  
7           sess regarding the demonstration project.

8           “(2) INITIAL REPORT.—

9           “(A) IN GENERAL.—During the 6-month  
10          period that begins on the 2-year anniversary of  
11          the commencement of the demonstration  
12          project, the Comptroller General of the United  
13          States shall submit a report to the admin-  
14          istering Secretaries and to the committees of  
15          jurisdiction of Congress on the evaluation con-  
16          ducted under paragraph (1), together with the  
17          recommendations described in subparagraph  
18          (B).

19          “(B) RECOMMENDATIONS.—The rec-  
20          ommendations described in this subparagraph  
21          are recommendations regarding—

22                 “(i) how best to replicate the dem-  
23                 onstration sites operating under a coordi-  
24                 nated care health plan model and under a

1 preferred provider model in various demo-  
2 graphic and geographic settings; and

3 “(ii) whether the administrating Sec-  
4 retaries should extend and expand the  
5 demonstration project, and if so, the con-  
6 figuration and timing for the expansion  
7 (broken down by demographic, geographic,  
8 and care delivery model factors).

9 “(3) SUBSEQUENT REPORTS IF PROJECT IS EX-  
10 TENDED.—

11 “(A) IN GENERAL.—If the administrating  
12 Secretaries extend the demonstration project  
13 pursuant to subsection (k)(1)(A), the Comp-  
14 troller General of the United States, on the 4-  
15 year, 6-year, and 8-year anniversary of the  
16 commencement of the demonstration project,  
17 shall submit a report to the administering Sec-  
18 retaries and to the committees of jurisdiction of  
19 Congress on the evaluation conducted under  
20 paragraph (1), together with the recommenda-  
21 tions described in paragraph (2)(B).

22 “(B) REPORTS NOT REQUIRED IF PROJECT  
23 TERMINATED.—No report shall be required  
24 under subparagraph (A) if the reporting date is

1           after the date that the demonstration project is  
2           terminated by the administering Secretaries.

3           “(k) CONTINUING AUTHORITY TO EXTEND AND EX-  
4 PAND THE DEMONSTRATION PROJECT.—

5           “(1) AUTHORITY.—If, after review of the oper-  
6           ation of the demonstration project and the evalua-  
7           tions and reports submitted by the Comptroller Gen-  
8           eral of the United States under subsection (j), the  
9           administering Secretaries determine appropriate,  
10          the administering Secretaries may modify the  
11          agreements entered into under subsection (b)(1) in  
12          the following manner:

13                 “(A) Notwithstanding subsection (b)(5),  
14                 the administering Secretaries may continue to  
15                 conduct the demonstration project beyond the  
16                 date described in such subsection.

17                 “(B)         Notwithstanding         subsection  
18                 (b)(2)(A), the demonstration project may be  
19                 conducted at any demonstration site designated  
20                 jointly by the administering Secretaries.

21                 “(C) Notwithstanding subsection (i)(4)(C),  
22                 the Administering Secretaries may establish a  
23                 cap for any 12-month period after the period  
24                 described in clause (iii) of such subsection that  
25                 is greater than the cap described in such clause.



1 “(2) ANNUAL REPORTS.—

2 “(A) IN GENERAL.—If the administrating  
3 Secretaries extend the demonstration project  
4 pursuant to paragraph (1)(A), the admin-  
5 istering Secretaries shall submit, for as long as  
6 the demonstration project is being conducted,  
7 annual reports to the committees of jurisdiction  
8 of Congress on the demonstration project.

9 “(B) REQUIRED ELEMENTS.—Each report  
10 submitted under subparagraph (A) shall include  
11 a detailed description of—

12 “(i) the administrating Secretaries  
13 plans for future expansion and extension of  
14 the demonstration project;

15 “(ii) justifications for such expansion  
16 and extension; and

17 “(iii) performance measures under the  
18 demonstration project.”.

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