

“(C) TREATMENT OF NEW FORMULATIONS.—In the case of a drug that is a line extension of a single source drug or an innovator multiple source drug that is an oral solid dosage form, the rebate obligation with respect to such drug under this section shall be the amount computed under this section for such new drug or, if greater, the product of—

“(i) the average manufacturer price of the line extension of a single source drug or an innovator multiple source drug that is an oral solid dosage form;

“(ii) the highest additional rebate (calculated as a percentage of average manufacturer price) under this section for any strength of the original single source drug or innovator multiple source drug; and

“(iii) the total number of units of each dosage form and strength of the line extension product paid for under the State plan in the rebate period (as reported by the State).

In this subparagraph, the term ‘line extension’ means, with respect to a drug, a new formulation of the drug, such as an extended release formulation.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of the Patient Protection and Affordable Care Act.

Subtitle D—Reducing Fraud, Waste, and Abuse

SEC. 1301. COMMUNITY MENTAL HEALTH CENTERS.

(a) IN GENERAL.—Section 1861(ff)(3)(B) of the Social Security Act (42 U.S.C. 1395x(ff)(3)(B)) is amended—

- (1) in clause (ii), by striking “and” at the end;
- (2) by redesignating clause (iii) as clause (iv); and
- (3) by inserting after clause (ii) the following:

“(iii) provides at least 40 percent of its services to individuals who are not eligible for benefits under this title; and”.

(b) RESTRICTION.—Section 1861(ff)(3)(A) of such Act (42 U.S.C. 1395x(ff)(3)(A)) is amended by inserting “other than in an individual’s home or in an inpatient or residential setting” before the period.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to items and services furnished on or after the first day of the first calendar quarter that begins at least 12 months after the date of the enactment of this Act.

SEC. 1302. MEDICARE PREPAYMENT MEDICAL REVIEW LIMITATIONS.

Section 1874A(h) of the Social Security Act (42 U.S.C. 1395w-3a(h)) is repealed.

SEC. 1303. FUNDING TO FIGHT FRAUD, WASTE, AND ABUSE.

(a) FUNDING TO FIGHT FRAUD, WASTE, AND ABUSE.—

(1) IN GENERAL.—Section 1817(k) of the Social Security Act (42 U.S.C. 1395i(k)), as amended by section 6402(i) of the Patient Protection and Affordable Care Act, is further amended—

(A) by adding at the end the following new paragraph:

“(8) ADDITIONAL FUNDING.—

“(A) IN GENERAL.—In addition to the funds otherwise appropriated to the Account from the Trust Fund under paragraphs (3)(C) and (4)(A) and for purposes described in paragraphs (3)(C) and (4)(A), there are hereby appropriated to such Account from such Trust Fund the following additional amounts:

“(i) For fiscal year 2011, \$95,000,000.

“(ii) For fiscal year 2012, \$55,000,000.

“(iii) For each of fiscal years 2013 and 2014, \$30,000,000.

“(iv) For each of fiscal years 2015 and 2016, \$20,000,000.

“(B) ALLOCATION.—The funds appropriated under this paragraph shall be allocated in the same proportion as the total funding appropriated with respect to paragraphs (3)(A) and (4)(A) was allocated with respect to fiscal year 2010, and shall be available without further appropriation until expended.”; and

(B) in paragraph (4)(A), by inserting “for activities described in paragraph (3)(C) and” after “necessary”.

(b) MEDICAID INTEGRITY PROGRAM.—Section 1936(e)(1) of such Act (42 U.S.C. 1396–u6(e)(1)) is amended—

(1) in subparagraph (B), by striking at the end “and”;

(2) in subparagraph (C)—

(A) by striking “for each fiscal year thereafter” and inserting “for each of fiscal years 2009 and 2010”; and

(B) by striking the period and inserting “; and”; and

(3) by adding at the end the following new subparagraph:

“(D) for each fiscal year after fiscal year 2010, the amount appropriated under this paragraph for the previous fiscal year, increased by the percentage increase in the consumer price index for all urban consumers (all items; United States city average) over the previous year.”.

SEC. 1304. 90-DAY PERIOD OF ENHANCED OVERSIGHT FOR INITIAL CLAIMS OF DME SUPPLIERS.

Section 1866(j), as amended by section 6401 of the Patient Protection and Affordable Care Act, is further amended—

(1) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively; and

(2) by inserting after paragraph (3) the following new paragraph:

“(4) 90-DAY PERIOD OF ENHANCED OVERSIGHT FOR INITIAL CLAIMS OF DME SUPPLIERS.—For periods beginning after January 1, 2011, if the Secretary determines that there is a significant risk of fraudulent activity among suppliers of durable medical equipment, in the case of a supplier of durable medical equipment who is within a category or geographic area under title XVIII identified pursuant to such determination and who is initially enrolling under such title, the Secretary shall, notwithstanding sections 1816(c), 1842(c), and 1869(a)(2), withhold payment under such title with respect to durable medical equipment furnished by such supplier during the 90-day period beginning on the date of the first submission of a claim under such title for durable medical equipment furnished by such supplier.”.