To amend title XI of the Social Security Act to expand the use of global payments to hospitals in rural areas.

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 “Rural Hospital Sustainability Act”.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Approximately 10,000,000 individuals age 65 and older live in rural America today. In fact, 1
out of every 4 older adults lives in a small town or other rural area.

(2) Residents of rural areas are more likely to be poorer, sicker, and have lower incomes compared to their urban counterparts.

(3) According to the Office of Rural Health Policy, from 2005 to 2009, people living in rural areas had an average life expectancy of 76.8 years, a full two years less than their urban counterparts who had an average life expectancy of 78.8 years.

(4) Many rural hospitals are located in areas where a majority of the population is age 65 and older and has Medicare coverage.

(5) Certain State-based demonstrations to improve payment models for rural hospitals show promise in improving healthcare, reducing costs, and integrating services for patients.

(6) Experts and organizations suggest that transitioning rural hospitals to global payment systems would benefit patients, providers, and rural communities.

SEC. 3. EXPANDING THE USE OF GLOBAL PAYMENTS TO HOSPITALS IN RURAL AREAS.

Section 1115A(b)(2) of the Social Security Act (42 U.S.C. 1315a(b)(2)) is amended—
(1) in subparagraph (B), by adding at the end the following new clause:

“(xxviii) National testing of a model for global payments to hospitals in rural areas as described in subparagraph (D).”;

and

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

“(D) National testing of model for global payments to hospitals in rural areas.—In the case where the Secretary selects the model described in clause (ii) of this subparagraph for testing pursuant to clause (xxviii) of subparagraph (B), the following shall apply:

“(i) National testing.—

“(I) In general.—Subject to subclause (II), the Secretary shall allow each State to develop and submit to the Secretary an application to begin testing such model in accordance with this clause within 1 year of the date on which the model is selected for such testing.

“(II) State designation of entities.—A State may designate an
entity or organization for purposes of
developing and submitting an applica-
tion under subclause (I) with respect
to the State, which may include the
implementation of such model in the
State. In the case where a State
makes such a designation, with re-
spect to any activities covered by the
designation, the entity or organization
so designated shall be subject to any
requirements applicable to the imple-
menting State under this subpara-
graph in the same manner as such re-
quirements are applicable to the im-
plementing State.

“(III) NO EFFECT ON ONGOING
MODELS OR DEMONSTRATION
PROJECTS.—Nothing in this subpara-
graph shall effect the testing of any
model under this subsection or any
demonstration project under this Act
that is implemented prior to the date
of the enactment of this subpara-
graph.
“(ii) Model described.—The model described in this clause seeks to increase rural Americans’ access to quality care in order to improve health, while also reducing the growth of hospital expenditures across payers, including Medicare, and increasing the financial viability of rural hospitals to ensure continued access to care. Under this model, participating rural hospitals would—

“(I) be paid based on all-payer global budget, a fixed amount that is set in advance for inpatient and outpatient hospital-based services and paid monthly by Medicare fee-for-service, State Medicaid plans, and all other participating payers;

“(II) deliberately redesign the delivery of care to improve quality of care and meet the needs of their local communities;

“(III) receive an upfront, fixed payment for infrastructure redesign, in an amount to be recovered over a
period of time as set forth by the Secretary;

“(IV) receive annual global budget payment adjustments based on an amount determined in conjunction with the Secretary; and

“(V) partner with non-hospital providers such as physicians, behavioral health providers, schools, and community based organizations to create a comprehensive care delivery system.

“(iii) DEFINITIONS.—In this subparagraph:

“(I) IMPLEMENTING STATE.—
The term ‘implementing State’ means a State whose application to begin testing such model is approved by the Secretary under clause (i).

“(II) RURAL HOSPITAL.—The term ‘rural hospital’ means the following:

“(aa) A critical access hospital (as defined in section 1861(mm)(1)).
“(bb) A sole community hospital (as defined in section 1886(d)(5)(D)(iii)).

“(cc) A medicare-dependent, small rural hospital (as defined in section 1886(d)(5)(G)(iv)).

“(dd) Any other hospital that is located in a rural area (as defined in section 1886(d)(2)(D)) or is treated as being located in a rural area pursuant to section 1886(d)(8)(E).

“(iv) REQUIREMENTS FOR PARTICIPATING HOSPITALS.—

“(I) IN GENERAL.—In order to participate in the model in an implementing State, a rural hospital must—

“(aa) subject to subclause (II), conduct a community health needs assessment survey to determine the condition and health needs in their community, including those needs with respect to mental or behavioral health; and
“(bb) following such assessment survey, submit and, subject to clause (vi), receive approval of a Rural Hospital Transformation Plan (as described in clause (v)) from the implementing State and the Secretary.

“(II) EXCEPTION.—A rural hospital meets the requirement described in subclause (I)(aa) if the rural hospital has conducted a community health needs assessment survey during the preceding year for any purpose.

“(v) RURAL HOSPITAL TRANSFORMATION PLAN DESCRIBED.—A Rural Hospital Transformation Plan described in this clause, with respect to a rural hospital, shall include the following information:

“(I) Results of the community health needs assessment survey under clause (iv)(I)(aa) and an explanation of how the Transformation Plan suits the needs of the community.
“(II) The population of individuals who will be served by the rural hospital under the model.

“(III) The types of services that will be included in the global payment under the model.

“(IV) How the rural hospital intends to improve quality and health outcomes under the model, including which population health outcomes the hospital will assess on an annual basis.

“(V) How the rural hospital will achieve patient engagement and involvement in the model.

“(VI) How the rural hospital will identify, partner with, and pay other entities participating in the model.

“(VII) How private payers will be included in the model.

“(VIII) Plans to account for any market share changes under the model.
“(IX) How access to preventive care will be increased under the model.

“(X) How the rural hospital will sustain the changes made under the model.

“(XI) How savings under the model will accrue to the Medicare program under title XVIII.

“(XII) Any other information required by the implementing State or the Secretary.

“(vi) OPPORTUNITY FOR PUBLIC COMMENT.—In order for the Secretary or an implementing State to approve a Rural Hospital Transformation Plan under clause (iv), the Secretary in consultation with the implementing State, shall—

“(I) provide the public with a meaningful opportunity, as determined by the Secretary, to provide comments on the plan; and

“(II) make a summary of comments provided available to the public
on the Internet website of the Centers for Medicare & Medicaid Services.

“(vii) TECHNICAL ASSISTANCE.—The Secretary shall designate an entity to provide technical assistance to participating rural hospitals as they redesign the care they deliver under the model.

“(viii) ACCOUNTING FOR UNCERTAINTY.—In order for implementing States and participating rural hospitals to receive unanticipated additional resources needed to implement the model, the Secretary shall establish procedures for implementing States and participating rural hospitals to submit to the Secretary a request for additional resources, should variations in services outside of normally planned volume occur or should new technologies be developed, or in such other circumstances as the Secretary determines appropriate.

“(ix) MONITORING OUTCOMES.—The Secretary, in conjunction with implementing States and participating rural hospitals, shall develop a plan to—
“(I) identify, using a participating rural hospital’s approved Rural Hospital Transformation Plan described in clause (v), the relevant local population of patients attributable to the hospital, the data points the hospital may need to guide care redesign for that population, and how the hospital may use such data;

“(II) annually monitor outcomes under the model, which may include financial, quality, access, and utilization outcomes;

“(III) annually monitor the specific population health outcomes listed in the approved Rural Hospital Transformation Plan of each participating rural hospital pursuant to clause (v)(IV); and

“(IV) any other outcomes as determined by the Secretary.

“(x) RISK MITIGATION.—As part of the model, the Secretary, in conjunction with implementing States and participating rural hospitals, shall develop appropriate
mechanisms to mitigate risks, including
the use of reinsurance.

“(xi) Reporting requirements.—

“(I) Report to secretary.—
An implementing State, as a condition
of implementing the model, shall part-
ner with an independent entity to re-
port to the Secretary on the ability of
a participating rural hospital to carry
out the Rural Hospital Trans-
formation Plan described in clause
(v).

“(II) Report to Congress.—
Not less frequently than every 5 years
(for the duration of the implementa-
tion of the model under this subpara-
graph), the Secretary shall submit to
Congress a report on the implementa-
tion of the model under this subpara-
graph. The report shall include best
practices for future implementation
efforts and any other information the
Secretary determines appropriate, in-
cluding the information reported
under subclause (I), together with re-
ommendations for such legislation and administrative action as the Secretary determines appropriate.

“(xii) FUNDING.—The Secretary shall allocate funds made available under subsection (f)(1) to design, implement, evaluate, and report on the model described in clause (ii) in accordance with this subparagraph.”.