

107TH CONGRESS
1ST SESSION

S. 1756

To amend title XVIII to establish a comprehensive centers for medical excellence demonstration program.

IN THE SENATE OF THE UNITED STATES

DECEMBER 3, 2001

Mr. JEFFORDS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII to establish a comprehensive centers for medical excellence demonstration program.

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 “Medical Excellence
5 Demonstration Program Act of 2001”.

6 **SEC. 2. COMPREHENSIVE CENTERS FOR MEDICAL EXCEL-**
7 **LENCE DEMONSTRATION PROGRAM.**

8 (a) PROGRAM AUTHORIZED.—Title XVIII of the So-
9 cial Security Act (42 U.S.C. 1395 et seq.) is amended—

1 (1) by redesignating section 1866B as section
2 1866C; and

3 (2) by inserting after section 1866A the fol-
4 lowing new section:

5 “COMPREHENSIVE CENTERS FOR MEDICAL EXCELLENCE
6 DEMONSTRATION PROGRAM

7 “SEC. 1866B. (a) DEMONSTRATION PROGRAM AU-
8 THORIZED.—

9 “(1) IN GENERAL.—The Secretary shall estab-
10 lish a demonstration program under which the Sec-
11 retary conducts population-based demonstration
12 projects to test the use of providing incentives to
13 comprehensive centers for medical excellence that—

14 “(A) eliminate underuse of effective care
15 by beneficiaries;

16 “(B) ensure the safety of care provided to
17 such individuals;

18 “(C) reduce scientific uncertainty in the
19 delivery of care through outcomes measurement
20 and research;

21 “(D) encourage shared decision-making
22 for—

23 “(i) specific treatments, the use of
24 which should depend on patient pref-
25 erences (such as discretionary surgery);
26 and

1 “(ii) the management of chronic dis-
2 ease and end-of-life care;

3 “(E) encourage resource allocation deci-
4 sions based on efficient practice benchmarks;

5 “(F) promote the conservative delivery of
6 care when more intensive care is wasteful if not
7 harmful; and

8 “(G) reward such centers for improving
9 the quality of care and achieving efficient allo-
10 cation of resources.

11 “(2) ADMINISTRATION BY CONTRACT.—Except
12 as otherwise specifically provided, the Secretary may
13 administer the demonstration program under this
14 section in accordance with section 1866C.

15 “(3) WAIVER AUTHORITY.—The Secretary may
16 waive such requirements of this title and title XI as
17 may be necessary for the purpose of carrying out the
18 demonstration program under this section.

19 “(4) DEFINITIONS.—In this section:

20 “(A) BENEFICIARY.—The term ‘bene-
21 ficiary’ means a beneficiary under this title that
22 is enrolled in the original medicare fee-for-serv-
23 ice program under parts A and B and not
24 under the Medicare+Choice program under
25 part C.

1 “(B) COMPREHENSIVE CENTER FOR MED-
2 ICAL EXCELLENCE.—The term ‘comprehensive
3 center for medical excellence’ means a health
4 care group (as defined in subparagraph (C)) or
5 an organization representing regional coalitions
6 of health care groups.

7 “(C) HEALTH CARE GROUP.—

8 “(i) IN GENERAL.—The term ‘health
9 care group’ means—

10 “(I) a group of physicians (as de-
11 fined in subparagraph (D)) organized
12 at least in part for the purpose of pro-
13 viding physicians’ services under this
14 title; or

15 “(II) an integrated delivery sys-
16 tem that delivers care through coordi-
17 nated hospitals, clinics, and employed
18 and contracted physicians.

19 “(ii) INCLUSION.—As the Secretary
20 finds appropriate, a health care group may
21 include a hospital or any other individual
22 or entity furnishing items or services for
23 which payment may be made under this
24 title that is affiliated with the health care
25 group under an arrangement structured so

1 that such individual or entity participates
2 in a demonstration project under this sec-
3 tion.

4 “(D) PHYSICIAN.—Except as the Secretary
5 may otherwise provide, the term ‘physician’
6 means any individual who furnishes services
7 which may be paid for as physicians’ services
8 under this title.

9 “(b) PLANNING AND IMPLEMENTATION OF DEM-
10 ONSTRATION PROGRAM.—

11 “(1) PLANNING PHASE.—

12 “(A) SELECTION OF 4 SITES.—The Sec-
13 retary shall select 4 comprehensive centers for
14 medical excellence to participate in the planning
15 phase of the demonstration program described
16 in subparagraph (B).

17 “(B) OPERATION.—During the 18-month
18 period beginning after the selection of the cen-
19 ters under subparagraph (A), the Secretary, in
20 consultation with the National Steering Com-
21 mittee for Comprehensive Centers for Medical
22 Excellence Demonstration Program (established
23 under subsection (g)) and the Center for the
24 Evaluative Clinical Sciences at Dartmouth Col-
25 lege, shall work with the 4 centers selected

1 under subparagraph (A) with regard to the fol-
2 lowing:

3 “(i) Subject to subsection (c), the es-
4 tablishment of criteria that the comprehen-
5 sive centers for medical excellence must
6 meet in order to be eligible to participate
7 in a demonstration project under this sec-
8 tion.

9 “(ii) The establishment of standards
10 to determine whether a comprehensive cen-
11 ter for medical excellence meets the criteria
12 established under clause (i).

13 “(iii) The development of appropriate
14 alternative payment systems under sub-
15 paragraph (D).

16 “(iv) Any other aspect of the dem-
17 onstration program determined appropriate
18 by the Secretary to improve the implemen-
19 tation of the program under paragraph
20 (2).

21 “(C) ESTABLISHMENT OF MEDICARE
22 CLAIMS-BASED INFORMATION SYSTEM THAT
23 LINKS INDIVIDUAL SITES AND PROVIDES
24 BENCHMARKS FOR EVALUATING HEALTH CARE
25 QUALITY AND EFFICIENCY.—

1 “(i) IN GENERAL.—During the 18-
2 month period described in subparagraph
3 (B), the Secretary, in consultation with the
4 Center for the Evaluative Clinical Sciences
5 at Dartmouth College, shall establish and
6 implement a health information system
7 that—

8 “(I) is modeled after the Dart-
9 mouth Atlas of Health Care Project;

10 “(II) provides information on
11 practice variations based on cross sec-
12 tional and longitudinal profiles; and

13 “(III) links to the registry data
14 developed under subsection (c)(2)(A).

15 “(ii) AVAILABILITY OF INFORMA-
16 TION.—In order to make the information
17 described in clause (i)(II) as useful as pos-
18 sible for evaluating the quality and effi-
19 ciency of care, the Secretary shall ensure
20 that such information incorporates relevant
21 claims data within 3 months after such
22 claims have been adjudicated under this
23 title.

24 “(D) DEVELOPMENT OF ALTERNATIVE
25 PAYMENT SYSTEMS.—

1 “(i) IN GENERAL.—During the 18-
2 month period described in subparagraph
3 (B), a comprehensive center for medical
4 excellence selected under subparagraph (A)
5 shall develop a proposal for an alternative
6 payment system for items and services pro-
7 vided by the center to beneficiaries under
8 the demonstration program. The alter-
9 native payment system shall be designed
10 to—

11 “(I) maximize flexibility in deliv-
12 ering high-quality care and accom-
13 plishing the goals described in sub-
14 section (a)(1); and

15 “(II) streamline or eliminate doc-
16 umentation and reporting require-
17 ments otherwise required under this
18 title.

19 “(ii) BENEFITS.—In order to accom-
20 plish the goals described in subsection
21 (a)(1), a comprehensive center for medical
22 excellence may include in the proposal de-
23 scribed in clause (i) modifications to the
24 package of benefits available under the

original medicare fee-for-service program
under parts A and B, such as—

“(I) providing additional items
and services than are available under
such program; and

“(II) waiving part or all of bene-
ficiary cost-sharing requirements
under such program.

“(2) IMPLEMENTATION PHASE.—

“(A) IN GENERAL.—As soon a practicable
after the 18-month period described in para-
graph (1)(B), the Secretary shall fully imple-
ment the demonstration program under this
section.

“(B) APPLICATION.—A comprehensive cen-
ter for medical excellence seeking to participate
in the demonstration program under this sec-
tion shall submit an application to the Sec-
retary at such time, in such manner, and con-
taining such information, as the Secretary may
require. The Secretary shall require that an ap-
plication include the center’s proposal for an al-
ternative payment system (as described in para-
graph (1)(D)).

“(C) SELECTION OF SITES.—

1 “(i) IN GENERAL.—The Secretary
2 shall select up to 10 comprehensive centers
3 for medical excellence in which to conduct
4 the demonstration program under this sec-
5 tion. If a center selected under paragraph
6 (1)(A) meets the criteria established by the
7 Secretary under paragraph (1)(B)(i), de-
8 velops a proposal for an alternative pay-
9 ment system that is approved by the Sec-
10 retary, and desires to participate in the im-
11 plementation phase under this paragraph,
12 the Secretary shall select such center to
13 conduct the demonstration program under
14 this section.

15 “(ii) BUDGET NEUTRALITY NOT RE-
16 QUIRED.—The Secretary may select cen-
17 ters under clause (i) even if the alternative
18 payment systems proposed by the centers
19 would result in aggregate expenditures
20 under this title with respect to bene-
21 ficiaries within the scope of the demonstra-
22 tion program that are greater than the ex-
23 penditures under this title that the Sec-
24 retary estimates would have been expended

1 if the demonstration program had not been
2 implemented.

3 “(3) URBAN AND RURAL SITES.—Notwith-
4 standing section 1866C(a)(2)(A), in selecting the
5 centers pursuant to paragraphs (1)(A) and (2)(B),
6 the Secretary shall ensure that the needs of bene-
7 ficiaries residing in urban and rural areas are ad-
8 dressed.

9 “(c) ELIGIBILITY CRITERIA.—The criteria estab-
10 lished under subsection (b)(1)(B)(i) shall include the fol-
11 lowing:

12 “(1) QUALITY IMPROVEMENT.—

13 “(A) IN GENERAL.—The comprehensive
14 center for medical excellence has the ability to
15 practice continuous quality improvement aimed
16 at integrating community-based support serv-
17 ices, primary care, and referral care in order to
18 meet the needs of beneficiaries.

19 “(B) CONSIDERATIONS.—In determining
20 whether a comprehensive center for medical ex-
21 cellence meets the criteria described in subpara-
22 graph (A), the Secretary shall consider the
23 mechanisms that the comprehensive center will
24 utilize in order to—

1 “(i) enhance the delivery of effective
2 care to beneficiaries;

3 “(ii) ensure patient participation in
4 preference-based decisions, including the
5 use of shared decision-making tools;

6 “(iii) implement an effective disease
7 management program for beneficiaries
8 with chronic conditions; and

9 “(iv) address the specific needs of
10 beneficiaries with terminal illnesses, includ-
11 ing beneficiaries receiving hospice care
12 under a hospice program.

13 “(2) INFORMATION SYSTEMS.—The comprehen-
14 sive center for medical excellence provides assur-
15 ances that it will—

16 “(A) develop uniform and comprehensive
17 registries that track population-based rates of
18 use of health care resources and services to pro-
19 vide resource allocation and disease manage-
20 ment support; and

21 “(B) participate in the health information
22 system established by the Secretary pursuant to
23 subsection (b)(1)(C)(i).

24 “(3) ORGANIZATIONAL AND ADMINISTRATIVE
25 STRUCTURES.—The comprehensive center for med-

1 ical excellence has in place organizational and ad-
2 ministrative structures that ensure accountability,
3 leadership, and community involvement.

4 “(4) DATA REPORTING.—The comprehensive
5 center for medical excellence provides assurances
6 that it will report to the Secretary such data, at
7 such times and in such format as the Secretary re-
8 quires, for purposes of monitoring and evaluation of
9 the demonstration project.

10 “(d) PAYMENTS TO CENTERS PARTICIPATING IN IM-
11 PLEMENTATION PHASE OF PROGRAM.—A comprehensive
12 center for medical excellence participating in a demonstra-
13 tion project under this section shall agree with respect to
14 items and services furnished to beneficiaries within the
15 scope of the demonstration project (as determined under
16 subsection (e))—

17 “(1) to be paid based on the center’s proposal
18 for an alternative payment system (submitted pursu-
19 ant to subsection (b)(2)(B)); and

20 “(2) that payment with respect to all such
21 items and services furnished by the comprehensive
22 center for medical excellence to such beneficiaries
23 shall (where determined appropriate by the Sec-
24 retary) be made to the center.

1 “(e) BENEFICIARIES WITHIN SCOPE OF DEM-
2 ONSTRATION.—

3 “(1) IN GENERAL.—The Secretary shall specify,
4 in accordance with this subsection, the criteria for
5 identifying those beneficiaries who are patients of a
6 comprehensive center for medical excellence who
7 shall be considered within the scope of the dem-
8 onstration program under this section and for as-
9 sessment of the effectiveness of the center in achiev-
10 ing the objectives of this section.

11 “(2) OTHER CRITERIA.—The Secretary may es-
12 tablish additional criteria for inclusion of bene-
13 ficiaries within a demonstration project under this
14 section, which may include frequency of contact with
15 physicians in the center or other factors or criteria
16 that the Secretary finds to be appropriate.

17 “(3) NOTICE REQUIREMENTS.—In the case of
18 each beneficiary determined to be within the scope
19 of a demonstration project under this section with
20 respect to a specific comprehensive center for med-
21 ical excellence, the Secretary shall ensure that such
22 beneficiary is notified of any waivers of coverage or
23 payment rules, applicable to such center under the
24 demonstration project.

1 “(f) PARTICIPATION AND SUPPORT BY FEDERAL
2 AGENCIES.—In carrying out the demonstration program
3 under this section the Secretary may direct—

4 “(1) the Director of the National Institutes of
5 Health to expand the efforts of the Institutes to
6 evaluate current medical technologies and improve
7 the foundation for evidence-based practice; and

8 “(2) the Administrator of the Agency for
9 Healthcare Research and Quality to, where possible
10 and appropriate, use the demonstration program
11 under this section as a laboratory for the study of
12 quality improvement strategies for the national
13 health care system.

14 “(g) NATIONAL STEERING COMMITTEE FOR COM-
15 PREHENSIVE CENTERS FOR MEDICAL EXCELLENCE DEM-
16 ONSTRATION PROJECTS.—

17 “(1) ESTABLISHMENT.—The Secretary shall es-
18 tablish within the Department of Health and
19 Human Services a National Steering Committee for
20 Comprehensive Centers for Medical Excellence Dem-
21 onstration Projects (in this subsection referred to as
22 the ‘Steering Committee’) to carry out the duties de-
23 scribed in paragraph (3).

24 “(2) MEMBERSHIP.—The Steering Committee
25 shall include the following members:

1 “(A) At least 1 representative from—

2 “(i) the National Institutes of Health;

3 “(ii) the Agency for Healthcare Re-
4 search and Quality; and

5 “(iii) the Centers for Medicare & Med-
6 icaid Services.

7 “(B) A nationally recognized leader from
8 the field of health care quality improvement.

9 “(C) An employer.

10 “(D) A consumer.

11 “(E) At least 2 health care providers.

12 “(3) DUTIES.—The duties of the Steering Com-
13 mittee shall be to—

14 “(A) make recommendations to the Sec-
15 retary regarding—

16 “(i) the design of the demonstration
17 program under this section;

18 “(ii) the development of the perform-
19 ance monitoring systems for the com-
20 prehensive centers for medical excellence
21 participating in the demonstration pro-
22 gram under this section;

23 “(iii) which requirements of titles XI
24 and XVIII will need to be waived by the
25 Secretary pursuant to subsection (a)(3) in

1 order to carry out the demonstration pro-
 2 gram under this section, including payment
 3 system requirements for items and services
 4 provided under this title that would other-
 5 wise apply;

6 “(iv) whether to expand the dem-
 7 onstration program under this section; and

8 “(v) whether to implement the pro-
 9 gram on a permanent basis; and

10 “(B) provide a forum for coordination of
 11 Federal support for the demonstration program
 12 under this section.

13 “(h) AUTHORIZATION OF APPROPRIATIONS.—

14 “(1) IN GENERAL.—There is authorized to be
 15 appropriated \$6,000,000 to complete the planning
 16 phase of the demonstration program under sub-
 17 section (b)(1), including the establishment of the
 18 health information system under subparagraph (C)
 19 of such subsection.

20 “(2) AVAILABILITY.—Any amounts appro-
 21 priated pursuant to paragraph (1) shall remain
 22 available until expended.”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) CONFORMING CHANGE TO PHYSICIAN
 25 GROUP PRACTICE DEMONSTRATION.—Section

1 1866A(a)(2) of the Social Security Act (42 U.S.C.
 2 1395cc–1(a)(2)) is amended by striking “1866B”
 3 and inserting “1866C”.

4 (2) CONFORMING CHANGES TO ADMINISTRA-
 5 TIVE PROVISIONS.—Section 1866C of the Social Se-
 6 curity Act (as redesignated by subsection (a)) is
 7 amended—

8 (A) in subsection (a)(1), in the matter pre-
 9 ceding subparagraph (A), by striking “program
 10 under section 1866A (in this section referred to
 11 as the ‘demonstration program’)” and inserting
 12 “programs under sections 1866A and 1866B
 13 (in this section referred to as the ‘demonstra-
 14 tion programs’)”; and

15 (B) by striking “the demonstration pro-
 16 gram” each place it appears and inserting “the
 17 demonstration programs”.

○