

108TH CONGRESS
1ST SESSION

H. R. 2588

To establish under the Medicare Program under title XVIII of the Social Security Act incentives to health care providers for delivering high-quality, cost-effective health care to Medicare beneficiaries.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2003

Mr. KING of Iowa introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To establish under the Medicare Program under title XVIII of the Social Security Act incentives to health care providers for delivering high-quality, cost-effective health care to Medicare beneficiaries.

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 Value and
5 Quality Act of 2003”.

6 **SEC. 2. FINDINGS.**

7 The House makes the following findings:

1 (1) The United States Government should re-
2 ward physicians, hospitals, and other health care
3 providers that provide high-quality, cost-effective
4 health care to beneficiaries under the medicare pro-
5 gram.

6 (2) The Journal of the American Medical Asso-
7 ciation has published quality indicators in an article
8 entitled “Quality of Medical Care Delivered to Medi-
9 care Beneficiaries: A Profile at State and National
10 Levels”.

11 (3) The cost of health care is—

12 (A) reflected in the type and volume of
13 physicians’ services and in physician ordering
14 and prescribing behavior; and

15 (B) reflected in the amount of the average
16 payment to hospitals under the medicare pro-
17 gram for each medicare beneficiary in each
18 State.

19 (4) Physician and hospital practice patterns
20 contribute to the total cost and quality of care for
21 each medicare beneficiary in each State.

22 (5) The original medicare fee-for-service pro-
23 gram under parts A and B of title XVIII of the So-
24 cial Security Act does not include a mechanism to

1 pay for interventions designed to improve quality of
2 care.

3 **SEC. 3. TO ENCOURAGE THE PROVISION OF HIGH-QUALITY,**
4 **COST-EFFECTIVE INPATIENT HOSPITAL**
5 **SERVICES.**

6 (a) PURPOSE.—The purpose under this section is to
7 encourage the provision of high-quality, cost-effective
8 health care to beneficiaries under the medicare program
9 under title XVIII of the Social Security Act (42 U.S.C.
10 1395 et seq.) by providing incentive payments to hospitals
11 located in States in which high-quality and cost-effective
12 services are being provided in order to finance further
13 quality improvements.

14 (b) INTENT.—It is the intent of Congress to provide
15 incentives for States to deliver high quality health care
16 and to create incentives that assure medicare recognizes
17 value in the products and services that the program pur-
18 chases on behalf of medicare beneficiaries.

19 (c) MECHANISM.—

20 (1) ESTABLISHMENT.—Not later than 6
21 months after the date of enactment of this Act, the
22 Secretary shall establish a mechanism under
23 which—

24 (A) the Secretary provides economic incen-
25 tives to providers of inpatient hospital services

1 that deliver high-quality health care at low costs
2 in accordance with the methodology established
3 by the Agency for Healthcare Research and
4 Quality under paragraph (2) with a 5 percent
5 add-on bonus payment to providers of inpatient
6 hospital services within the top ten performing
7 States; and

8 (B) the Secretary necessarily recognizes
9 and includes measurements that factor both the
10 quality of care delivered in a medicare pur-
11 chasing region or in the event that purchasing
12 regions are not developed, then in a State, to
13 medicare beneficiaries and consumption of re-
14 sources, including but not limited to labor, tech-
15 nology, capital infrastructure and pharma-
16 ceuticals in the delivery of services to medicare
17 beneficiaries under the medicare program under
18 title XVIII of the Social Security Act.

19 (2) VALUE AND QUALITY RANKING METHOD-
20 OLOGY.—

21 (A) IN GENERAL.—The Agency for
22 Healthcare Research and Quality shall establish
23 a value and quality ranking methodology under
24 which the Secretary awards bonus payments to
25 providers of inpatient hospital services located

1 in those States that demonstrate that such pro-
2 viders in the State are providing high value be-
3 cause of the high-quality, cost-effective health
4 care services being provided to medicare bene-
5 ficiaries.

6 (B) BASIS.—The methodology established
7 under subparagraph (A) shall be based on the
8 rank and performance on medicare quality indi-
9 cators published annually in the Journal of the
10 American Medical Association (JAMA) that
11 uses Medicare’s current quality of care meas-
12 ures. Cost rankings will be based on the Cen-
13 ters for Medicare and Medicaid Services (CMS)
14 annual report ranking States based on average
15 Medicare spending per recipient for each State.

16 (d) DEFINITIONS.—In this section:

17 (1) PROVIDER OF INPATIENT HOSPITAL SERV-
18 ICES.—The term “provider of inpatient hospital
19 services” means any individual or entity that re-
20 ceives payment under the medicare program under
21 title XVIII of the Social Security Act (42 U.S.C.
22 1395 et seq.) for providing an inpatient hospital
23 service (as defined in section 1861(b) of such Act
24 (42 U.S.C. 1395x(b))).

- 1 (2) SECRETARY.—The term “Secretary” means
2 the Secretary of Health and Human Services.

