

108TH CONGRESS
1ST SESSION

S. 1148

To amend title XVIII of the Social Security Act to provide for the establishment of medicare demonstration programs to improve health care quality.

IN THE SENATE OF THE UNITED STATES

MAY 23, 2003

Mr. JEFFORDS (for himself, Mr. FRIST, Mr. GREGG, Mr. BREAUX, Mr. FEINGOLD, and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to provide for the establishment of medicare demonstration programs to improve health care quality.

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 Quality Im-
5 provement Act”.

1 **SEC. 2. MEDICARE HEALTH CARE QUALITY DEMONSTRA-**
2 **TION PROGRAMS.**

3 Title XVIII of the Social Security Act (42 U.S.C.
4 1395 et seq.) is amended by inserting after section 1866B
5 the following:

6 **“HEALTH CARE QUALITY DEMONSTRATION PROGRAM**

7 **“SEC. 1866C. (a) DEFINITIONS.—**In this section:

8 **“(1) BENEFICIARY.—**The term ‘beneficiary’
9 means a beneficiary who is enrolled in the traditional
10 fee-for-service program under parts A and B
11 or a beneficiary in a staff model or dedicated group
12 model health maintenance organization under the
13 Medicare+Choice program under part C.

14 **“(2) HEALTH CARE GROUP.—**

15 **“(A) IN GENERAL.—**The term ‘health care
16 group’ means—

17 **“(i)** a group of physicians that is organized at least in part for the purpose of providing physician’s services under this title;

18 **“(ii)** an integrated health care delivery system that delivers care through coordinated hospitals, clinics, home health agencies, ambulatory surgery centers, skilled nursing facilities, rehabilitation facilities

1 and clinics, and employed, independent, or
2 contracted physicians; or

3 “(iii) an organization representing re-
4 gional coalitions of groups or systems de-
5 scribed in clause (i) or (ii).

6 “(B) INCLUSION.—As the Secretary deter-
7 mines appropriate, a health care group may in-
8 clude a hospital or any other individual or enti-
9 ty furnishing items or services for which pay-
10 ment may be made under this title that is affili-
11 ated with the health care group under an ar-
12 rangement structured so that such individual or
13 entity participates in a demonstration project
14 under this section.

15 “(3) PHYSICIAN.—Except as otherwise provided
16 for by the Secretary, the term ‘physician’ means any
17 individual who furnishes services that may be paid
18 for as physicians’ services under this title.

19 “(b) DEMONSTRATION PROJECTS.—The Secretary
20 shall establish a 5-year demonstration program under
21 which the Secretary shall approve demonstration projects
22 that examine health delivery factors that encourage the
23 delivery of improved quality in patient care, including—

24 “(1) the provision of incentives to improve the
25 safety of care provided to beneficiaries;

1 “(2) the appropriate use of best practice guide-
2 lines by providers and services by beneficiaries;

3 “(3) reduced scientific uncertainty in the deliv-
4 ery of care through the examination of variations in
5 the utilization and allocation of services, and out-
6 comes measurement and research;

7 “(4) encourage shared decision-making between
8 providers and patients;

9 “(5) the provision of incentives for improving
10 the quality and safety of care and achieving the effi-
11 cient allocation of resources;

12 “(6) the appropriate use of culturally and eth-
13 nically sensitive health care delivery; and

14 “(7) the financial effects on the health care
15 marketplace of altering the incentives for care deliv-
16 ery and changing the allocation of resources.

17 “(c) ADMINISTRATION BY CONTRACT.—

18 “(1) IN GENERAL.—Except as otherwise pro-
19 vided in this section, the Secretary may administer
20 the demonstration program established under this
21 section in the same manner as a demonstration pro-
22 gram established under section 1866A is adminis-
23 tered in accordance with section 1866B.

24 “(2) ALTERNATIVE PAYMENT SYSTEMS.—A
25 health care group that receives assistance under this

1 section may, with respect to the demonstration
2 project to be carried out with such assistance, in-
3 clude proposals for the use of alternative payment
4 systems for items and services provided to bene-
5 ficiaries by the group that are designed to—

6 “(A) encourage the delivery of high quality
7 care while accomplishing the objectives de-
8 scribed in subsection (b); and

9 “(B) streamline documentation and report-
10 ing requirements otherwise required under this
11 title.

12 “(3) BENEFITS.—A health care group that re-
13 ceives assistance under this section may, with re-
14 spect to the demonstration project to be carried out
15 with such assistance, include modifications to the
16 package of benefits available under the traditional
17 fee-for-service program under parts A and B or the
18 package of benefits available through a staff model
19 or a dedicated group model health maintenance or-
20 ganization under part C. The criteria employed
21 under the demonstration program under this section
22 to evaluate outcomes and determine best practice
23 guidelines and incentives shall not be used as a basis
24 for the denial of medicare benefits under the dem-
25 onstration program to patients against their wishes

1 (or if the patient is incompetent, against the wishes
2 of the patient's surrogate) on the basis of the pa-
3 tient's age or expected length of life or of the pa-
4 tient's present or predicted disability, degree of med-
5 ical dependency, or quality of life.

6 “(d) ELIGIBILITY CRITERIA.—To be eligible to re-
7 ceive assistance under this section, an entity shall—

8 “(1) be a health care group;

9 “(2) meet quality standards established by the
10 Secretary, including—

11 “(A) the implementation of continuous
12 quality improvement mechanisms that are
13 aimed at integrating community-based support
14 services, primary care, and referral care;

15 “(B) the implementation of activities to in-
16 crease the delivery of effective care to bene-
17 ficiaries;

18 “(C) encouraging patient participation in
19 preference-based decisions;

20 “(D) the implementation of activities to
21 encourage the coordination and integration of
22 medical service delivery; and

23 “(E) the implementation of activities to
24 measure and document the financial impact of
25 altering the incentives of health care delivery

1 and changing the allocation of resources, on the
2 health care marketplace; and
3 "(3) meet such other requirements as the Sec-
4 retary may establish.

5 "(e) WAIVER AUTHORITY.—The Secretary may waive
6 such requirements of titles XI and XVIII as may be nec-
7 essary to carry out the purposes of the demonstration pro-
8 gram established under this section.

9 "(f) BUDGET NEUTRALITY.—With respect to the 5-
10 year period of the demonstration program under sub-
11 section (b), the aggregate expenditures under this title for
12 such period shall not exceed the aggregate expenditures
13 that would have been expended under this title if the pro-
14 gram established under this section had not been imple-
15 mented.

16 "(g) NOTICE REQUIREMENTS.—In the case of an in-
17 dividual that receives health care items or services under
18 a demonstration program carried out under this section,
19 the Secretary shall ensure that such individual is notified
20 of any waivers of coverage or payment rules that are appli-
21 cable to such individual under this title as a result of the
22 participation of the individual in such program.

23 "(h) PARTICIPATION AND SUPPORT BY FEDERAL
24 AGENCIES.—In carrying out the demonstration program
25 under this section, the Secretary may direct—

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

5 “(2) the Administrator of the Agency for
6 Healthcare Research and Quality to, where possible
7 and appropriate, use the program under this section
8 as a laboratory for the study of quality improvement
9 strategies and to evaluate, monitor, and disseminate
10 information relevant to such program; and

11 “(3) the Administrator of the Centers for Medi-
12 care & Medicaid Services to support linkages of rel-
13 evant medicare data to registry information from
14 participating health care groups for the beneficiary
15 populations served by the participating groups, for
16 analysis supporting the purposes of the demonstra-
17 tion program, consistent with the applicable provi-
18 sions of the Health Insurance Portability and Ac-
19 countability Act.

20 “(i) NATIONAL STEERING COMMITTEE FOR MEDI-
21 CARE QUALITY AND SAFETY DEMONSTRATION PRO-
22 GRAMS.—

23 “(1) ESTABLISHMENT.—The Secretary shall es-
24 tablish within the Department of Health and
25 Human Services a national steering committee for

1 medical excellence demonstration programs to carry
2 out the duties described in paragraph (3).

3 “(2) MEMBERSHIP.—The membership of the
4 steering committee established under paragraph (1)
5 shall be appointed by the Secretary and shall in-
6 clude—

7 “(A) at least 1 representative from—

8 “(i) the Assistant Secretary for Plan-
9 ning and Evaluation;

10 “(ii) the Agency for Healthcare Re-
11 search and Quality;

12 “(iii) the National Institutes of
13 Health; and

14 “(iv) the Centers for Medicare & Med-
15 icaid Services;

16 “(B) a nationally recognized leader from
17 the field of health care quality improvement;

18 “(C) an employer that provides employer-
19 based health care;

20 “(D) a health care consumer;

21 “(E) a representative from the disability
22 community;

23 “(F) at least 2 health care providers; and

1 “(G) an expert in quality of health care
2 monitoring or in the evaluation of patient safety
3 standards.

4 “(3) DUTIES.—The steering committee shall
5 make recommendations to the Secretary regarding
6 the design, evaluation, and participation criteria of
7 the program established under this section.”.

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