

111TH CONGRESS
1ST SESSION

H. R. 3134

To direct the Secretary of Health and Human Services to establish a
Healthcare Innovation Zone pilot program.

IN THE HOUSE OF REPRESENTATIVES

JULY 8, 2009

Ms. SCHWARTZ introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To direct the Secretary of Health and Human Services to
establish a Healthcare Innovation Zone pilot 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 “Healthcare Innovation
5 Zone Program Act of 2009”.

6 **SEC. 2. HEALTHCARE INNOVATION ZONE DEMONSTRATION**
7 **PROGRAM.**

8 (a) ESTABLISHMENT.—Not later than 6 months after
9 the date of enactment of this Act, the Secretary of Health

1 and Human Services shall establish a Healthcare Innova-
2 tion Zone pilot program to increase healthcare provider
3 integration and align healthcare provider incentives to im-
4 prove health and to reduce healthcare costs.

5 (b) FEATURES OF PROGRAM.—The HIZ pilot pro-
6 gram established under subsection (a) shall consist of the
7 following:

8 (1) An HIZ planning grant program, as de-
9 scribed in section 3.

10 (2) An HIZ demonstration project, as described
11 in section 4.

12 (c) DEFINITIONS.—In this Act:

13 (1) GRANT PROGRAM.—The term “grant pro-
14 gram” means the HIZ planning grant program as
15 described in section 3.

16 (2) HIZ.—The term “HIZ” means a
17 Healthcare Innovation Zone, consisting of an inte-
18 grated healthcare delivery network that works with
19 local employers, community leaders, and private and
20 governmental payors in a geographic region, that—

21 (A) provides a full spectrum of care, in-
22 cluding inpatient, outpatient, post-acute, and
23 preventive care, to individuals including Medi-
24 care beneficiaries;

1 (B) has an academic medical center that
2 provides tertiary and quaternary care, has ex-
3 isting capabilities to conduct health services re-
4 search, and provides clinical training for health
5 professionals; and

6 (C) is able to accept alternative payment
7 structures beyond fee-for-service and per diem
8 amounts.

9 (3) SECRETARY.—The term “Secretary” means
10 the Secretary of Health and Human Services.

11 **SEC. 3. HIZ PLANNING GRANT PROGRAM.**

12 (a) ESTABLISHMENT.—The Secretary shall make
13 grants to eligible entities for the purposes of researching
14 and preparing an HIZ model plan, in accordance with sub-
15 section (f).

16 (b) CONDITIONS.—A grant recipient under this sec-
17 tion must apply for the HIZ demonstration project de-
18 scribed in section 4. If a grant recipient under this section
19 is not selected to participate in such project, then such
20 recipient must return any unused grant funds to the Sec-
21 retary.

22 (c) ELIGIBILITY.—The following persons are eligible
23 entities for purposes of this section:

24 (1) A healthcare institution or provider licensed
25 and accredited in the United States.

1 (2) An academic medical center.

2 (3) A large multispecialty group practice.

3 (4) Any other clinical organization.

4 (5) Any other organization that is able to estab-
 5 lish, through a memorandum of understanding or by
 6 other means to be defined by the Secretary, an in-
 7 tent to collaborate with a person listed in para-
 8 graphs (1) through (4).

9 (d) APPLICATION.—An application for a grant under
 10 this section shall include the following:

11 (1) A demonstration that the grant applicant is
 12 located in a geographic region that has the necessary
 13 breadth of healthcare providers to support the HIZ.

14 (2) The support and endorsement of the HIZ
 15 concept by the following persons:

16 (A) At least one leader of a clinical entity
 17 that provides the full spectrum of care.

18 (B) At least one private payer.

19 (3) A demonstration that the grant applicant
 20 has the resources and expertise to implement the
 21 features listed in subsection (f).

22 (4) A proposed budget setting forth the costs to
 23 be incurred in creating the model HIZ plan.

24 (e) CRITERIA FOR AWARDING GRANTS.—The Sec-
 25 retary shall give preference to a grant application that

1 demonstrates a likelihood that the HIZ model plan will
2 meet the requirements of subsection (f).

3 (f) HIZ MODEL PLAN REQUIREMENTS.—A recipient
4 of a grant under this section must submit to the Secretary,
5 within 6 months of receiving such grant, an HIZ model
6 plan describing the HIZ to be implemented in the dem-
7 onstration project under section 4. Such HIZ model plan
8 must contain the following:

9 (1) A description of innovative models of care
10 that improve quality and decrease costs.

11 (2) A provider network that will provide the full
12 spectrum of care.

13 (3) A target population and mechanisms to en-
14 roll such population, supported by evidence that
15 such population is willing to participate in an HIZ
16 demonstration.

17 (4) A mechanism to provide for knowledge and
18 information-sharing across the HIZ participants.

19 (5) A description of how the HIZ would incor-
20 porate the training of the next generation of physi-
21 cians, nurses, and allied health professionals in a
22 new model of cost-effective quality healthcare.

23 (6) A description of the governance of the HIZ,
24 and how it would affect the administration of the

1 model and management of the organizational and
2 cultural changes necessary for a successful HIZ.

3 (7) A description of non-financial barriers to in-
4 novation that must be addressed for the creation of
5 a successful HIZ, including physician self-referral
6 laws, anti-trust considerations, State laws, and ac-
7 creditation or certification requirements.

8 (8) A process for data reporting, annual site
9 visits, and developing community health impact as-
10 sessments.

11 (9) A set of indicators to help track perform-
12 ance and success of the HIZ model plan, including
13 measures to address cost containment, access to
14 care, and quality improvement, and how the HIZ
15 model plan would facilitate achievement of these im-
16 provements.

17 (10) A description of mechanisms to achieve in-
18 volvement by the community and external experts as
19 ongoing monitors of the success of the HIZ model
20 plan.

21 (11) Payment methodology options that address
22 both funding mechanisms to the HIZ as well as how
23 the HIZ would distribute funds to the HIZ partici-
24 pants.

1 (g) NUMBER AND AMOUNT OF PLANNING GRANTS.—

2 The Secretary shall award at least 10 but not more than
3 25 grants under this section in an amount of at least
4 \$250,000 and not more than \$1,000,000 per grant.

5 (h) FUNDING.—Amounts made available under the
6 heading “Agency for Healthcare Research and Quality—
7 Healthcare Research and Quality” in title VIII of division
8 I of the American Recovery and Reinvestment Act of 2009
9 (Public Law 111–5) may be used by the Secretary to make
10 grants under this section.

11 **SEC. 4. HEALTHCARE INNOVATION ZONE DEMONSTRATION**
12 **PROJECT.**

13 (a) ESTABLISHMENT.—The Secretary shall establish
14 an HIZ demonstration project in order to test the effec-
15 tiveness of HIZs in increasing healthcare provider integra-
16 tion, improving healthcare services, and reducing
17 healthcare costs. Such demonstration project shall not be
18 subject to current requirements regarding shared savings
19 under demonstration projects. The Secretary shall select
20 demonstration project participants from the persons that
21 have received grants under section 3.

22 (b) DURATION.—The demonstration project shall op-
23 erate for a period of at least 3 years, and shall be subject
24 to renewal at the Secretary’s discretion.

1 (c) APPLICATION.—An eligible entity shall submit an
2 application for participation in the HIZ demonstration
3 project to the Secretary at such time and manner, and
4 containing such information as the Secretary may require.

5 (d) ELIGIBILITY.—To be eligible to participate in the
6 demonstration project established under this section, a
7 person must—

8 (1) have submitted an HIZ model plan in ac-
9 cordance with section 3(f) that is approved by the
10 Secretary;

11 (2) agree to submit the necessary data so that
12 Secretary can assess the costs, quality of care, and
13 access to care for the population participating in the
14 HIZ demonstration project;

15 (3) demonstrate a culture of innovation and
16 commitment to preventive and public health;

17 (4) possess structural elements to provide the
18 full range of care necessary for a successful HIZ;

19 (5) provide clinical training for healthcare pro-
20 fessionals in a medical environment that emphasizes
21 coordinated, integrated, high-quality care delivered
22 at a controlled cost;

23 (6) have the ability to allocate resources within
24 the members of the HIZ;

1 (7) have a broad research infrastructure that
2 supports data gathering, analytics, and synthesis of
3 unrelated population elements, including quality-re-
4 lated data elements;

5 (8) have significant investment in health infor-
6 mation technology that extends across the system to
7 include healthcare providers, physicians, and other
8 clinicians;

9 (9) possess advance innovations including, but
10 not limited to, creation of medical homes, pay for
11 performance, and other cost-effective delivery plat-
12 forms;

13 (10) demonstrate long-term economic sustain-
14 ability;

15 (11) demonstrate strong hospital and physician
16 leadership and the willingness to undergo a full port-
17 folio assessment and reengineering of core patient
18 care and administrative processes;

19 (12) possess robust financial infrastructure and
20 administrative support to assure the HIZ's success;
21 and

22 (13) demonstrate arrangements that maintain
23 oversight and accreditation standards.

24 (e) HIZ REQUIREMENTS.—An HIZ established
25 under this section shall—

1 (1) provide healthcare services to individuals
2 who voluntarily enroll to receive such services for
3 multi-year periods from the HIZ; and

4 (2) provide comprehensive healthcare services,
5 as described in subsection (f).

6 (f) COMPREHENSIVE HEALTHCARE SERVICES.—The
7 comprehensive healthcare services referred to in sub-
8 section (e)(2) shall consist of hospital care, physician serv-
9 ices, post-acute care, preventive care, education, tertiary
10 and quaternary care, and palliative care, and shall include
11 the following:

12 (1) For a primary care practice, contractual
13 agreements with practices that deliver both primary
14 and preventive care.

15 (2) For a teaching hospital or other hospital,
16 arrangements with teaching and nonteaching hos-
17 pitals and arrangements with community hospitals.

18 (3) For a network of outpatient facilities, ar-
19 rangements with outpatient facilities, including Fed-
20 erally Qualified Health Centers and community
21 health providers.

22 (4) For a network of post-acute care providers,
23 arrangements with post-acute care providers for re-
24 habilitation services, home health services, hospice
25 services, skilled nursing services, and such other

1 post-acute care services as the Secretary determines
2 to be appropriate.

3 (5) For a network of community services, ar-
4 rangements for the provision of ambulance services
5 and community outreach service.

6 (6) Arrangements for the provision such addi-
7 tional services as the Secretary may require.

8 (g) PAYMENT.—The Secretary may determine the
9 payments that are required to be made for receipt of
10 healthcare services provided under a model plan imple-
11 mented with a grant under this section. The Secretary
12 shall determine those amounts based on the methodology
13 options submitted through the grant program established
14 under section 3.

15 (h) ASSUMPTION OF FINANCIAL RISK FOR COSTS
16 ABOVE HIZ PAYMENT AMOUNTS.—An HIZ established
17 under this section shall assume the full financial risk for
18 the costs of healthcare services delivered to an individual
19 receiving services from the HIZ that are in excess of any
20 payments made to the HIZ and must have sufficient re-
21 serves to accommodate any such additional costs.

22 (i) WAIVER OF RIGHTS TO PAYMENT UNDER PRI-
23 VATE OR PUBLIC PROGRAMS.—An HIZ established with
24 amounts provided under this section shall waive any right
25 to additional reimbursement under any Federal healthcare

1 entitlement program, including under titles XVIII and
2 XIX of the Social Security Act (42 U.S.C. 1395 et seq.;
3 42 U.S.C. 1396 et seq.), and under any group health plan
4 or from any health insurance issuer offering group or indi-
5 vidual health insurance coverage for healthcare services
6 furnished to an individual receiving healthcare services
7 from the HIZ and for which payment is made under this
8 subsection for such services.

9 (j) SCORING COST SAVINGS.—The Secretary shall
10 collaborate with the Government Accountability Office in
11 scoring the healthcare costs and savings associated with
12 implementing HIZs on a nationwide basis.

13 (k) WAIVER.—Any requirements under titles XI and
14 XVIII of the Social Security Act (42 U.S.C. 1301 et seq.;
15 42 U.S.C. 1395 et seq.), or under any other provision of
16 law that would preclude the establishment or operation of
17 an HIZ under this section, shall not apply with respect
18 to such establishment or operation.

19 (l) REPORTS.—

20 (1) HIZ REPORT.—An entity that establishes
21 an HIZ under this section shall submit to the Sec-
22 retary a report that describes and evaluates the ac-
23 tivities of the HIZ.

24 (2) SECRETARY REPORT.—The Secretary shall
25 submit to Congress an evaluation of the current sta-

1 tus of the demonstration program within 6 months
2 after the end of the first year of the demonstration
3 program, and every 6 months thereafter until the
4 end of the demonstration program.

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