

112TH CONGRESS
2D SESSION

H. R. 6232

To establish a program to provide incentive payments to participating Medicare beneficiaries who voluntarily establish and maintain better health.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2012

Mr. PAULSEN (for himself, Mr. KIND, Mr. GRIFFIN of Arkansas, and Ms. FUDGE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, 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 establish a program to provide incentive payments to participating Medicare beneficiaries who voluntarily establish and maintain better health.

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 Better
5 Health Rewards Program Act of 2012”.

1 **SEC. 2. MEDICARE BETTER HEALTH REWARDS PROGRAM.**

2 (a) IN GENERAL.—Part B of title XVIII of the Social
3 Security Act (42 U.S.C. 1395j et seq.) is amended by add-
4 ing at the end the following new section:

5 “MEDICARE BETTER HEALTH REWARDS PROGRAM

6 “SEC. 1849. (a) IN GENERAL.—The Secretary shall
7 establish a Better Health Rewards Program (in this sec-
8 tion referred to as the ‘Program’) under which incentives
9 are provided to Medicare beneficiaries who voluntarily
10 agree to participate in the Program.

11 “(b) ENROLLMENT.—A health professional partici-
12 pating in the Program shall provide their patients who are
13 Medicare beneficiaries with a description of and an oppor-
14 tunity to enroll in the Program on a voluntary basis. If
15 a Medicare beneficiary elects to enroll in the Program, the
16 health professional shall inform the Secretary of the indi-
17 vidual’s enrollment through a process established by the
18 Secretary, which does not impose additional administra-
19 tive requirements on the participating health professional.

20 “(c) ESTABLISHMENT OF BETTER HEALTH TARGET
21 STANDARDS.—

22 “(1) IN GENERAL.—

23 “(A) ESTABLISHMENT.—The Secretary
24 shall establish standards for measuring better
25 health targets and points for achieving such
26 standards for participating Medicare bene-

1 ficiaries, including such standards and points
2 with respect to the following:

3 “(i) Annual wellness visit.

4 “(ii) Tobacco cessation.

5 “(iii) Body Mass Index (BMI).

6 “(iv) Diabetes screening test.

7 “(v) Cardiovascular disease screening.

8 “(vi) Cholesterol level screening.

9 “(vii) Screening tests and specified
10 vaccinations.

11 “(B) CONSULTATION.—In establishing
12 standards and points for achieving such stand-
13 ards under this subsection, the Secretary—

14 “(i) shall consult with 1 or more na-
15 tionally recognized health care quality or-
16 ganizations, as determined appropriate by
17 the Secretary; and

18 “(ii) may consult with physicians and
19 other professionals experienced with well-
20 ness programs.

21 “(C) POINTS.—The number of points
22 awarded for a year for achieving standards with
23 respect to each of the targets described in
24 clauses (i) through (vii) of subparagraph (A)
25 shall not exceed 5. Such points may be awarded

on a sliding scale, based on standards established under this subsection, as determined appropriate by the Secretary.

“(2) MODIFICATION OF BETTER HEALTH TARGET STANDARDS AND ASSIGNED POINTS.—

“(A) IN GENERAL.—The Secretary may modify standards for measuring better health targets and, subject to paragraph (1)(C), points for achieving such standards for participating Medicare beneficiaries under this subsection.

“(B) CONSULTATION.—In modifying standards and points for achieving such standards under this paragraph, the Secretary—

“(i) shall consult with 1 or more nationally recognized health care quality organizations, as determined appropriate by the Secretary; and

“(ii) may consult with physicians and other professionals experienced with wellness programs.

“(d) CONDUCT OF PROGRAM.—

“(1) DURATION.—

“(A) IN GENERAL.—Subject to subparagraph (B), the Program shall be conducted for not less than a 3-year period.

1 “(B) EXPANSION.—The Secretary shall ex-
2 pand the duration and scope of the Program, to
3 the extent determined appropriate by the Sec-
4 retary, if—

5 “(i) the Secretary determines that
6 such expansion is expected to—

7 “(I) reduce spending under this
8 title without reducing the quality of
9 care; or

10 “(II) improve the quality of care
11 and reduce spending;

12 “(ii) the Chief Actuary of the Centers
13 for Medicare & Medicaid Services certifies
14 that such expansion would reduce program
15 spending under this title; and

16 “(iii) the Secretary determines that
17 such expansion would not deny or limit the
18 coverage or provision of benefits under this
19 title for individuals.

20 “(2) COLLECTION AND USE OF BASELINE
21 DATA.—During the first year of the Program, a
22 health professional shall establish and report to the
23 Secretary baseline information for each participating
24 Medicare beneficiary who is a patient of the health
25 professional as part of that beneficiary’s first year

1 assessment under paragraph (3)(A). The health pro-
2 fessional shall use such data to aid in the determina-
3 tion of whether and to what extent the participating
4 Medicare beneficiary is meeting the target standards
5 under subsection (c) in each of years 2 and 3 of the
6 Program.

7 “(3) REQUIRED ASSESSMENTS FOR PARTICI-
8 PATING MEDICARE BENEFICIARIES.—

9 “(A) FIRST YEAR.—During year 1 of the
10 Program, a health professional shall furnish to
11 each participating Medicare beneficiary that is
12 a patient of the health professional either an
13 annual wellness visit or an initial preventive
14 physical examination.

15 “(B) SECOND AND THIRD YEARS.—During
16 each of years 2 and 3 of the Program, a health
17 professional shall furnish to each participating
18 Medicare beneficiary that is a patient of the
19 health professional an annual wellness visit to
20 determine whether and to what extent the par-
21 ticipating Medicare beneficiary has met the tar-
22 get standards under subsection (c).

23 “(e) DETERMINATION OF POINTS AND PAYMENT OF
24 INCENTIVES.—

1 “(1) DETERMINATION OF POINTS.—During
 2 each of years 2 and 3 of the Program, a health pro-
 3 fessional shall—

4 “(A) evaluate and report to the Secretary
 5 whether each participating Medicare beneficiary
 6 that is a patient of the health professional has
 7 achieved the target standards under subsection
 8 (c); and

9 “(B) determine the total amount of points
 10 that each such participating Medicare bene-
 11 ficiary has achieved for the year based on the
 12 points assigned for achieving such standards
 13 under subsection (c).

14 “(2) INCENTIVE PAYMENT.—

15 “(A) IN GENERAL.—The Secretary shall
 16 pay to each participating Medicare beneficiary
 17 who achieves at least 20 points under para-
 18 graph (1)(B) for the year an incentive payment
 19 as follows:

“Points	Year 2 Payment Amount	Year 3 or a Subsequent Year Payment Amount
20–24 points	\$100	\$200
25 or more points	\$200	\$400.

20 “(B) INFLATION ADJUSTMENT.—The dol-
 21 lar amounts specified in this paragraph shall be
 22 increased, beginning with 2016, from year to

1 year based on the percentage increase in the
2 consumer price index for all urban consumers
3 (all items; United States city average), rounded
4 to the nearest \$1.

5 “(3) FINAL DETERMINATION OF STANDARDS
6 ACHIEVEMENT MADE BY PARTICIPATING HEALTH
7 PROFESSIONAL.—Under the Program, a partici-
8 pating health professional shall make the final deter-
9 mination as to whether or not a participating Medi-
10 care beneficiary has met the target standards under
11 subsection (c) and what screening tests and specified
12 vaccinations, or other services, are necessary for
13 purposes of making such determination.

14 “(f) SPENDING BENCHMARKS.—

15 “(1) IN GENERAL.—The Secretary shall collect
16 relevant data, including data on claims paid under
17 this title for services furnished to participating
18 Medicare beneficiaries during the Program, for pur-
19 poses of determining the aggregate estimated sav-
20 ings achieved under this title for participating Medi-
21 care beneficiaries during each of years 2 and 3 of
22 the Program in accordance with paragraph (2) (and
23 for a subsequent year if the Program is expanded
24 under subsection (d)(1)(B)).

1 “(2) DETERMINATION OF AGGREGATE ESTI-
2 MATED SAVINGS.—

3 “(A) IN GENERAL.—The amount of the
4 aggregate estimated savings under this title for
5 participating Medicare beneficiaries under para-
6 graph (1), with respect to a year, shall be equal
7 to—

8 “(i) the estimated savings determined
9 under subparagraph (B) for the year;
10 minus

11 “(ii) the aggregate incentive payments
12 made under the Program during the year.

13 “(B) DETERMINATION OF ESTIMATED SAV-
14 INGS.—For purposes of subparagraph (A)(i),
15 the estimated savings determined under this
16 subparagraph for a year shall be equal to—

17 “(i) the estimated aggregate expendi-
18 tures under this title (as projected under
19 subparagraph (C)) for the year; minus

20 “(ii) the actual aggregate expendi-
21 tures under this title (as determined by the
22 Secretary and taking into account any re-
23 duction in specific health risks of the par-
24 ticipating Medicare beneficiaries) for the
25 year.

1 “(C) PROJECTION OF ESTIMATED AGGRE-
2 GATE CLAIMS COST.—

3 “(i) BENCHMARK BASE YEAR.—The
4 Secretary shall establish a benchmark base
5 year amount of expenditures under this
6 title for participating Medicare bene-
7 ficiaries during year 1 of the Program.

8 “(ii) PROJECTION.—The Secretary
9 shall use the benchmark base year amount
10 established under clause (i) to project the
11 estimated aggregate expenditures for all
12 participating Medicare beneficiaries during
13 each of years 2 and 3 of the Program as
14 if the beneficiaries were not participating
15 in the Program. In making such projec-
16 tion, the Secretary may include adjust-
17 ments for health status or other specific
18 risk factors and geographic variation for
19 the participating Medicare beneficiaries.

20 “(D) PUBLIC REPORT OF DETERMINATION
21 AND OTHER PROGRAM INFORMATION.—Not
22 later than 90 days after determining the aggre-
23 gate estimated savings (if any) under subpara-
24 graph (A) with respect to a year, the Secretary
25 shall make available to the public a report con-

1 taining a description of the amount of the sav-
2 ings determined, including the methodology and
3 any other calculations or determinations in-
4 volved in the determination of such amount.
5 Such report shall include—

6 “(i) a description of any reduction in
7 specific health risks of participating Medi-
8 care beneficiaries identified by the Sec-
9 retary;

10 “(ii) a description of—

11 “(I) standards for measuring bet-
12 ter health targets under subsection
13 (c); and

14 “(II) the points available for
15 achieving each such standard under
16 that subsection; and

17 “(iii) recommendations for such legis-
18 lation and administrative action as the
19 Secretary determines appropriate.

20 “(3) ADDITIONAL FUNDING IF AGGREGATE IN-
21 CENTIVE PAYMENTS EXCEED ESTIMATED SAV-
22 INGS.—If, for a year during the Program, the aggre-
23 gate incentive payments made during the year ex-
24 ceed the estimated savings determined under para-
25 graph (2)(B) for the year, the Secretary shall pro-

1 vide for the transfer, from the Prevention and Public
2 Health Fund established under section 4002 of the
3 Patient Protection and Affordable Care Act, of an
4 amount equal to the amount of such excess, to the
5 Federal Supplementary Medical Insurance Trust
6 Fund under section 1841.

7 “(g) WAIVER AUTHORITY.—The Secretary may
8 waive such requirements of this title and title XI as may
9 be necessary to carry out the purposes of the Program
10 established under this section.

11 “(h) DEFINITIONS.—In this section:

12 “(1) ANNUAL WELLNESS VISIT.—The term ‘an-
13 nual wellness visit’ includes personalized prevention
14 plan services (as defined in section 1861(hhh)(1)).

15 “(2) HEALTH PROFESSIONAL.—The term
16 ‘health professional’ includes a physician (as defined
17 in section 1861(r)(1)) and a practitioner described
18 in clause (i) of section 1842(b)(18)(C).

19 “(3) INITIAL PREVENTIVE PHYSICAL EXAMINA-
20 TION.—The term ‘initial preventive physical exam-
21 ination’ has the meaning given that term in section
22 1861(ww)(1).

23 “(4) MEDICARE BENEFICIARY.—The term
24 ‘Medicare beneficiary’ means an individual enrolled
25 under this part.

1 “(5) PARTICIPATING MEDICARE BENE-
2 FICIARY.—The term ‘participating Medicare bene-
3 ficiary’ means a Medicare beneficiary who enrolls in
4 the Program under subsection (b).

5 “(6) SCREENING TESTS.—The term ‘screening
6 tests’ means any of the following that are deter-
7 mined by a health professional to be appropriate for
8 a participating Medicare beneficiary:

9 “(A) Colorectal cancer screening tests (as
10 defined in section 1861(pp)).

11 “(B) Screening mammography (as de-
12 scribed in section 1861(jj)).

13 “(C) Screening pap smear and screening
14 pelvic exam (as defined in section 1861(nn)).

15 “(D) Screening for glaucoma (as defined
16 in section 1861(uu)).

17 “(E) Bone mass measurement (as defined
18 in section 1861(rr)) for qualified individuals de-
19 scribed in paragraph (2)(A) of such section.

20 “(F) HIV screening for high-risk groups
21 (as identified by the Secretary).

22 “(7) SPECIFIED VACCINATIONS.—The term
23 ‘specified vaccinations’ means the vaccinations de-
24 scribed in section 1861(ww)(1) that are determined

1 by a health professional to be appropriate for a par-
 2 ticipating Medicare beneficiary.”.

3 (b) CONFORMING AMENDMENT.—Section 4002(c) of
 4 the Patient Protection and Affordable Care Act (Public
 5 Law 111–148) is amended by inserting “and shall transfer
 6 amounts in the Fund to the Federal Supplementary Med-
 7 ical Insurance Trust Fund under section 1841 of the So-
 8 cial Security Act in accordance with section 1849(f)(3) of
 9 such Act” before the period at the end.

10 **SEC. 3. PARTICIPATION BY MEDICARE ADVANTAGE PLANS.**

11 Section 1859 of the Social Security Act (42 U.S.C.
 12 1395w–28) is amended by adding at the end the following
 13 new subsection:

14 “(h) PROVIDING INCENTIVES FOR VOLUNTARY PAR-
 15 TICIPATION IN A BETTER HEALTH REWARDS PRO-
 16 GRAM.—

17 “(1) IN GENERAL.—Effective for plan years be-
 18 ginning on or after the date of enactment of the
 19 Medicare Better Health Rewards Program Act of
 20 2012, a Medicare Advantage organization may pro-
 21 vide to individuals enrolled in an MA plan offered by
 22 the organization incentive payments, including cash,
 23 cash-equivalent, or other types of incentives, for vol-
 24 untary participation in a Better Health Rewards
 25 Program (in this subsection referred to as the ‘Pro-

1 gram’) that rewards individuals for meeting certain
2 health targets established by the Secretary.

3 “(2) LIMITATION.—In no case shall the month-
4 ly bid amount submitted by a Medicare Advantage
5 organization under section 1834(a)(6) (or the
6 monthly premium charged by the organization under
7 section 1854(b)) with respect to an MA plan offered
8 by the organization take into account any incentive
9 payments made to enrollees under the Program.

10 “(3) IMPLEMENTATION.—The Program under
11 this subsection shall be conducted in a similar man-
12 ner to the manner in which the program under sec-
13 tion 1849 is conducted, in accordance with stand-
14 ards established by the Secretary.

15 “(4) NOTIFICATION AND PROVISION OF INFOR-
16 MATION.—A Medicare Advantage organization seek-
17 ing to participate in the Program shall—

18 “(A) notify the Secretary of the organiza-
19 tion’s intent to participate in the Program; and

20 “(B) agree to provide to the Secretary—

21 “(i) information regarding—

22 “(I) which enrollees participate
23 in the Program;

1 “(II) the scores of those enrollees
 2 with respect to applicable health tar-
 3 gets under the Program; and

4 “(III) the incentives enrollees re-
 5 ceive for meeting such health targets;
 6 and

7 “(ii) any other information specified
 8 by the Secretary for purposes of this sub-
 9 section.

10 “(5) WAIVER AUTHORITY.—The Secretary may
 11 waive such requirements of this title and title XI as
 12 may be necessary to carry out the purposes of the
 13 Program established under this subsection.”.

14 **SEC. 4. PARTICIPATION OF SECTION 1876 COST PLANS.**

15 Section 1876 of the Social Security Act (42 U.S.C.
 16 1395mm) is amended by inserting at the end the fol-
 17 lowing:

18 “(I) PROVIDING INCENTIVES FOR VOLUNTARY PAR-
 19 TICIPATION IN A BETTER HEALTH REWARDS PRO-
 20 GRAM.—

21 “(1) IN GENERAL.—Effective for contract peri-
 22 ods beginning on or after the date of enactment of
 23 the Medicare Better Health Rewards Program Act
 24 of 2012, an eligible organization may provide to
 25 members enrolled under this section with the organi-

1 zation incentive payments, including cash, cash-
2 equivalent, or other types of incentives, for voluntary
3 participation in a Better Health Rewards Program
4 (in this subsection referred to as the ‘Program’) that
5 rewards members for meeting certain health targets
6 established by the Secretary.

7 “(2) LIMITATION.—In no case shall the pay-
8 ment to an eligible organization under this section
9 (or the premium rate charged by the organization
10 under this section) with respect to members enrolled
11 with the organization take into account any incentive
12 payments made to members under the Program.

13 “(3) IMPLEMENTATION.—The Program under
14 this subsection shall be conducted in a similar man-
15 ner to the manner in which the program under sec-
16 tion 1849 is conducted, in accordance with stand-
17 ards established by the Secretary.

18 “(4) NOTIFICATION AND PROVISION OF INFOR-
19 MATION.—An eligible organization seeking to partici-
20 pate in the Program shall—

21 “(A) notify the Secretary of the organiza-
22 tion’s intent to participate in the Program; and

23 “(B) agree to provide to the Secretary—

24 “(i) information regarding—

1 “(I) which members participate
2 in the Program;

3 “(II) the scores of those members
4 with respect to applicable health tar-
5 gets under the Program; and

6 “(III) the incentives members re-
7 ceive for meeting such health targets;
8 and

9 “(ii) any other information specified
10 by the Secretary for purposes of this sub-
11 section.

12 “(5) WAIVER AUTHORITY.—The Secretary may
13 waive such requirements of this title and title XI as
14 may be necessary to carry out the purposes of the
15 Program established under this subsection.”.

16 **SEC. 5. PARTICIPATION OF PROGRAMS OF ALL-INCLUSIVE**
17 **CARE FOR THE ELDERLY (PACE).**

18 (a) MEDICARE.—Section 1894 of the Social Security
19 Act (42 U.S.C. 1395eee) is amended by inserting at the
20 end the following:

21 “(j) PROVIDING INCENTIVES FOR VOLUNTARY PAR-
22 TICIPATION IN A BETTER HEALTH REWARDS PRO-
23 GRAM.—

24 “(1) IN GENERAL.—Effective for PACE pro-
25 gram agreements entered into on or after the date

1 of enactment of the Medicare Better Health Re-
2 wards Program Act of 2012, a PACE provider may
3 provide to PACE program eligible individuals en-
4 rolled under this section with the PACE provider in-
5 centive payments, including cash, cash-equivalent, or
6 other types of incentives, for voluntary participation
7 in a Better Health Rewards Program (in this sub-
8 section referred to as the ‘Program’) that rewards
9 enrollees for meeting certain health targets estab-
10 lished by the Secretary.

11 “(2) LIMITATION.—In no case shall the pay-
12 ment to a PACE provider under this section (or any
13 premium charged by the provider under this section)
14 with respect to PACE program eligible individuals
15 enrolled with the PACE provider take into account
16 any incentive payments made to individuals under
17 the Program.

18 “(3) IMPLEMENTATION.—The Program under
19 this subsection shall be conducted in a similar man-
20 ner to the manner in which the program under sec-
21 tion 1849 is conducted, in accordance with stand-
22 ards established by the Secretary.

23 “(4) NOTIFICATION AND PROVISION OF INFOR-
24 MATION.—A PACE provider seeking to participate
25 in the Program shall—

1 “(A) notify the Secretary of the PACE
2 provider’s intent to participate in the Program;
3 and

4 “(B) agree to provide to the Secretary—

5 “(i) information regarding—

6 “(I) which PACE program eligi-
7 ble individuals enrolled with the
8 PACE provider participate in the Pro-
9 gram;

10 “(II) the scores of those individ-
11 uals with respect to applicable health
12 targets under the Program; and

13 “(III) the incentives individuals
14 receive for meeting such health tar-
15 gets; and

16 “(ii) any other information specified
17 by the Secretary for purposes of this sub-
18 section.

19 “(5) WAIVER AUTHORITY.—The Secretary may
20 waive such requirements of this title and titles XI
21 and XIX as may be necessary to carry out the pur-
22 poses of the Program established under this sub-
23 section.”.

1 (b) MEDICAID.—Section 1934 of the Social Security
2 Act (42 U.S.C. 1396u–4) is amended by adding at the
3 end the following new subsection:

4 “(k) PROVIDING INCENTIVES FOR VOLUNTARY PAR-
5 TICIPATION IN A BETTER HEALTH REWARDS PRO-
6 GRAM.—

7 “(1) IN GENERAL.—Effective for PACE pro-
8 gram agreements entered into on or after the date
9 of enactment of the Medicare Better Health Re-
10 wards Program Act of 2012, a PACE provider may
11 provide to PACE program eligible individuals en-
12 rolled under this section with the PACE provider in-
13 centive payments, including cash, cash-equivalent, or
14 other types of incentives, for voluntary participation
15 in a Better Health Rewards Program (in this sub-
16 section referred to as the ‘Program’) that rewards
17 enrollees for meeting certain health targets estab-
18 lished by the Secretary.

19 “(2) LIMITATION.—In no case shall the pay-
20 ment to a PACE provider under this section (or any
21 premium charged by the provider under this section)
22 with respect to PACE program eligible individuals
23 enrolled with the PACE provider take into account
24 any incentive payments made to individuals under
25 the Program.

1 “(3) IMPLEMENTATION.—The Program under
2 this subsection shall be conducted in a similar man-
3 ner to the manner in which the program under sec-
4 tion 1849 is conducted, in accordance with stand-
5 ards established by the Secretary.

6 “(4) NOTIFICATION AND PROVISION OF INFOR-
7 MATION.—A PACE provider seeking to participate
8 in the Program shall—

9 “(A) notify the Secretary of the PACE
10 provider’s intent to participate in the Program;
11 and

12 “(B) agree to provide to the Secretary—

13 “(i) information regarding—

14 “(I) which PACE program eligi-
15 ble individuals enrolled with the
16 PACE provider participate in the Pro-
17 gram;

18 “(II) the scores of those individ-
19 uals with respect to applicable health
20 targets under the Program; and

21 “(III) the incentives individuals
22 receive for meeting such health tar-
23 gets; and

1 “(ii) any other information specified
 2 by the Secretary for purposes of this sub-
 3 section.

4 “(5) WAIVER AUTHORITY.—The Secretary may
 5 waive such requirements of this title and titles XI
 6 and XVIII as may be necessary to carry out the pur-
 7 poses of the Program established under this sub-
 8 section.”.

9 **SEC. 6. EXCLUSION OF INCENTIVE PAYMENTS.**

10 (a) IN GENERAL.—Part III of subchapter B of chap-
 11 ter 1 of the Internal Revenue Code of 1986 is amended
 12 by inserting after section 139D the following new section:

13 **“SEC. 139E. MEDICARE BETTER HEALTH REWARDS PAY-**
 14 **MENTS.**

15 “Gross income shall not include any payment made
 16 under the following programs:

17 “(1) The Medicare Better Health Rewards Pro-
 18 gram established under section 1849 of the Social
 19 Security Act.

20 “(2) A Better Health Rewards Program estab-
 21 lished pursuant to section 1859(h), 1876(l), 1894(j),
 22 or 1934(k) of the Social Security Act.”.

23 (b) CLERICAL AMENDMENT.—The table of sections
 24 for part III of subchapter B of chapter 1 of such Code

1 is amended by inserting after the item relating to section

2 139D the following new item:

“Sec. 139E. Medicare Better Health Rewards payments.”.

