

113TH CONGRESS
1ST SESSION

H. R. 2524

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

IN THE HOUSE OF REPRESENTATIVES

JUNE 26, 2013

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 2013”.

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

2 Part B of title XVIII of the Social Security Act (42
3 U.S.C. 1395j et seq.) is amended by adding at the end
4 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

1 on a sliding scale, based on standards estab-
 2 lished under this subsection, as determined ap-
 3 propriate by the Secretary.

4 “(2) MODIFICATION OF BETTER HEALTH TAR-
 5 GET STANDARDS AND ASSIGNED POINTS.—

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

11 “(B) CONSULTATION.—In modifying
 12 standards and points for achieving such stand-
 13 ards under this paragraph, 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 “(d) CONDUCT OF PROGRAM.—

22 “(1) DURATION.—

23 “(A) IN GENERAL.—Subject to subpara-
 24 graph (B), the Program shall be conducted for
 25 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 Such payment shall be equal to an amount de-
 20 termined appropriate by the Secretary, but no
 21 case shall such amount exceed the following:

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

1 “(B) INFLATION ADJUSTMENT.—The dol-
2 lar amounts specified in this paragraph shall be
3 increased, beginning with 2017, from year to
4 year based on the percentage increase in the
5 consumer price index for all urban consumers
6 (all items; United States city average), rounded
7 to the nearest \$1.

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

17 “(f) SPENDING BENCHMARKS.—

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

1 for a subsequent year if the Program is expanded
2 under subsection (d)(1)(B)).

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

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

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

13 “(ii) the aggregate incentive payments
14 made under the Program during the year.

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

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

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

1 participating Medicare beneficiaries) for the
2 year.

3 “(C) PROJECTION OF ESTIMATED AGGRE-
4 GATE CLAIMS COST.—

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

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

22 “(D) PUBLIC REPORT OF DETERMINATION
23 AND OTHER PROGRAM INFORMATION.—Not
24 later than 90 days after determining the aggre-
25 gate estimated savings (if any) under subpara-

graph (A) with respect to a year, the Secretary shall make available to the public a report containing a description of the amount of the savings determined, including the methodology and any other calculations or determinations involved in the determination of such amount.

Such report shall include—

“(i) a description of any reduction in specific health risks of participating Medicare beneficiaries identified by the Secretary;

“(ii) a description of—

“(I) standards for measuring better health targets under subsection (c); and

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

“(iii) recommendations for such legislation and administrative action as the Secretary determines appropriate.

“(3) MONITORING OF PROGRAM COSTS.—During the operation of the Program, the Chief Actuary of the Centers for Medicare & Medicaid Services shall—

1 “(A) monitor the Program to determine
2 whether or not the Program is reducing aggregate
3 expenditures under this title; and

4 “(B) submit to the Secretary an annual report
5 on the results of such monitoring.

6 “(4) REQUIRED ACTION IF AGGREGATE INCENTIVE
7 PAYMENTS EXCEED SAVINGS.—If the Secretary,
8 taking into account the reports under paragraph
9 (3)(B), determines that the aggregate expenditures
10 under this title exceed the aggregate expenditures
11 under this title that would have been made if
12 the Program had not been implemented, the Secretary
13 shall provide for changes to the provisions of
14 the program in order to eliminate such excess.

15 “(g) WAIVER AUTHORITY.—The Secretary may
16 waive such requirements of titles XI and XVIII as may
17 be necessary to carry out the purposes of the Program
18 established under this section.

19 “(h) DEFINITIONS.—In this section:

20 “(1) ANNUAL WELLNESS VISIT.—The term ‘annual
21 wellness visit’ includes personalized prevention
22 plan services (as defined in section 1861(hhh)(1)).

23 “(2) HEALTH PROFESSIONAL.—The term
24 ‘health professional’ includes a physician (as defined

1 in section 1861(r)(1)) and a practitioner described
2 in clause (i) of section 1842(b)(18)(C).

3 “(3) INITIAL PREVENTIVE PHYSICAL EXAMINA-
4 TION.—The term ‘initial preventive physical exam-
5 ination’ has the meaning given that term in section
6 1861(ww)(1).

7 “(4) MEDICARE BENEFICIARY.—The term
8 ‘Medicare beneficiary’ means an individual enrolled
9 in part B.

10 “(5) PARTICIPATING MEDICARE BENE-
11 FICIARY.—The term ‘participating Medicare bene-
12 ficiary’ means a Medicare beneficiary who enrolls in
13 the Program under subsection (b).

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

18 “(A) Colorectal cancer screening tests (as
19 defined in section 1861(pp)).

20 “(B) Screening mammography (as de-
21 scribed in section 1861(jj)).

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

24 “(D) Screening for glaucoma (as defined
25 in section 1861(uu)).

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

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

6 “(7) SPECIFIED VACCINATIONS.—The term
7 ‘specified vaccinations’ means the vaccinations de-
8 scribed in section 1861(ww)(1) that are determined
9 by a health professional to be appropriate for a par-
10 ticipating Medicare beneficiary.”.

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

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

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

18 “(1) IN GENERAL.—Effective for plan years be-
19 ginning on or after the date of enactment of the
20 Medicare Better Health Rewards Program Act of
21 2013, a Medicare Advantage organization may pro-
22 vide to individuals enrolled in an MA plan offered by
23 the organization incentive payments, including cash,
24 cash-equivalent, or other types of incentives, for vol-
25 untary participation in a Better Health Rewards

1 Program (in this subsection referred to as the ‘Pro-
2 gram’) that rewards individuals for meeting certain
3 health targets established by the Secretary.

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

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

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

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

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

22 “(i) information regarding—

23 “(I) which enrollees participate
24 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 titles XI and XVIII 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 2013, 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 titles XI and XVIII 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 adding at the end
20 the following new subsection:

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 2013, 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 titles XI, XVIII, and
21 XIX as may be necessary to carry out the purposes
22 of the Program established under this subsection.”.

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

1 “(k) PROVIDING INCENTIVES FOR VOLUNTARY PAR-
2 TICIPATION IN A BETTER HEALTH REWARDS PRO-
3 GRAM.—

4 “(1) IN GENERAL.—Effective for PACE pro-
5 gram agreements entered into on or after the date
6 of enactment of the Medicare Better Health Re-
7 wards Program Act of 2013, a PACE provider may
8 provide to PACE program eligible individuals en-
9 rolled under this section with the PACE provider in-
10 centive payments, including cash, cash-equivalent, or
11 other types of incentives, for voluntary participation
12 in a Better Health Rewards Program (in this sub-
13 section referred to as the ‘Program’) that rewards
14 enrollees for meeting certain health targets estab-
15 lished by the Secretary.

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

23 “(3) IMPLEMENTATION.—The Program under
24 this subsection shall be conducted in a similar man-
25 ner to the manner in which the program under sec-

tion 1849 is conducted, in accordance with standards established by the Secretary.

“(4) NOTIFICATION AND PROVISION OF INFORMATION.—A PACE provider seeking to participate in the Program shall—

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

“(B) agree to provide to the Secretary—

“(i) information regarding—

“(I) which PACE program eligible individuals enrolled with the PACE provider participate in the Program;

“(II) the scores of those individuals with respect to applicable health targets under the Program; and

“(III) the incentives individuals receive for meeting such health targets; and

“(ii) any other information specified by the Secretary for purposes of this subsection.

“(5) WAIVER AUTHORITY.—The Secretary may waive such requirements of titles XI, XVIII, and

1 XIX as may be necessary to carry out the purposes
2 of the Program established under this subsection.”.

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

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

7 **“SEC. 139E. MEDICARE BETTER HEALTH REWARDS PAY-**
8 **MENTS.**

9 “Gross income shall not include any payment made
10 under the following programs:

11 “(1) The Medicare Better Health Rewards Pro-
12 gram established under section 1849 of the Social
13 Security Act.

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

17 (b) CLERICAL AMENDMENT.—The table of sections
18 for part III of subchapter B of chapter 1 of such Code
19 is amended by inserting after the item relating to section
20 139D the following new item:

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

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