

114TH CONGRESS
1ST SESSION

H. R. 2513

To amend title XVIII of the Social Security Act with respect to the treatment of hospitals under the Medicare program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 2015

Mr. SAM JOHNSON of Texas (for himself and Mr. HINOJOSA) 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 amend title XVIII of the Social Security Act with respect to the treatment of hospitals under the Medicare program, and for other purposes.

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 “Promoting Access,
5 Competition, and Equity Act of 2015” or as the “PACE
6 Act of 2015”.

1 **SEC. 2. CONFIRMING METHODOLOGY FOR HOSPITAL STAR**
 2 **RATING SYSTEM THROUGH HOSPITAL COM-**
 3 **PARE.**

4 Section 1886(b)(3)(B)(viii) of the Social Security Act
 5 (42 U.S.C. 1395ww(b)(3)(B)(viii)) is amended by adding
 6 at the end the following new subclause:

7 “(XII) In order to ensure consistent longitudinal
 8 comparisons among calendar quarters that began before
 9 October 1, 2019, the Secretary shall use the same method-
 10 ology as is in effect as of April 16, 2015, for computation
 11 of the star rating for hospitals posted on the Internet
 12 website maintained by the Secretary under subclause (VII)
 13 for such calendar quarters. The Secretary may promulgate
 14 a regulation to change such methodology used with respect
 15 to the computation of such star rating for hospitals for
 16 calendar quarters beginning on or after October 1, 2019.”.

17 **SEC. 3. REVISED CRITERIA FOR APPLICATION AND EXCEP-**
 18 **TIONS TO MORATORIUM ON EXPANSION AND**
 19 **CONSTRUCTION OF PHYSICIAN-OWNED HOS-**
 20 **PITALS.**

21 (a) TEMPORARY SUSPENSION OF LIMITATION ON
 22 HOSPITALS THAT CAN APPLY FOR FACILITY EXPAN-
 23 SIONS.—Section 1877(i)(3) of the Social Security Act (42
 24 U.S.C. 1395nn(i)(3)) is amended—

25 (1) in subparagraph (E), by adding at the end,
 26 after clause (v), the following:

1 “With respect to applications filed under this
2 paragraph during the period beginning on the
3 date of the enactment of this sentence and end-
4 ing on September 30, 2019, such term includes
5 any hospital (other than a high Medicaid facil-
6 ity).”; and

7 (2) in subparagraph (B), by inserting before
8 the period at the end the following: “, except that
9 such limitation shall not apply with respect to appli-
10 cations filed before October 1, 2019”.

11 (b) APPLICATION OF HOSPITAL EXPANSION EXCEP-
12 TION TO HOSPITALS WITH CONSISTENTLY HIGH QUAL-
13 ITY RATINGS.—Section 1877(i)(3) of the Social Security
14 Act (42 U.S.C. 1395nn(i)(3)) is amended—

15 (1) in subparagraph (A)(i), by striking “or is a
16 high Medicaid facility described in subparagraph
17 (F)” and inserting “, is a high Medicaid facility de-
18 scribed in subparagraph (F), or is a hospital with a
19 consistently high quality rating (as defined in sub-
20 paragraph (H))”;

21 (2) in subparagraph (E), by adding at the end,
22 after the matter added by subsection (a)(1), the fol-
23 lowing:

1 “Such term includes, with respect to subpara-
 2 graphs (B) through (D), a hospital with a con-
 3 sistently high quality rating.”; and

4 (3) by adding at the end, as amended by sub-
 5 section (d), the following new subparagraph:

6 “(H) HOSPITAL WITH A CONSISTENTLY
 7 HIGH QUALITY RATING DEFINED.—In this
 8 paragraph, the term ‘hospital with a consist-
 9 ently high quality rating’, with respect to a cal-
 10 endar quarter (beginning on or after October 1,
 11 2019), means a hospital that has had a rating
 12 of 3 stars or higher under the hospital star rat-
 13 ing system posted on the Internet website main-
 14 tained by the Secretary under section
 15 1886(b)(3)(B)(viii)(VII) for each of the 12 cal-
 16 endar quarters before the calendar quarter in-
 17 volved.”.

18 (c) EXCEPTION AND SPECIAL RULES FOR CERTAIN
 19 HOSPITALS UNDER DEVELOPMENT AS OF MARCH 23,
 20 2010.—Section 1877 of the Social Security Act (42
 21 U.S.C. 1395nn) is amended—

22 (1) in subsection (d)(3)(D), by inserting before
 23 the period at the end the following: “or, in the case
 24 of a hospital under development as of March 23,
 25 2010 (as defined in paragraph (7)(A)), meets such

1 requirements as of the under development effective
2 date (as defined in subsection (i)(7)(B))”;

3 (2) in subsection (i)—

4 (A) in paragraph (1), by adding at the end
5 the following new subparagraph:

6 “(G) SPECIAL TIMING RULE FOR HOS-
7 PITALS UNDER DEVELOPMENT AS OF MARCH 23,
8 2010.—In applying this paragraph to a hospital
9 under development as of March 23, 2010 (as
10 defined in paragraph (7)(A)), any reference in
11 this paragraph to the date of enactment of this
12 subsection or to December 31, 2010, shall be
13 deemed to be a reference to May 1, 2015.”;

14 (B) in paragraph (3)(C)(iii), by striking
15 “provider agreement).” and inserting “provider
16 agreement, or, in the case of a hospital under
17 development as of March 23, 2010 (as defined
18 in paragraph (7)(A)), May 1, 2015).”; and

19 (C) by adding at the end the following new
20 paragraph:

21 “(7) DEFINITIONS RELATING TO CERTAIN HOS-
22 PITALS UNDER DEVELOPMENT.—In this subsection:

23 “(A) HOSPITAL UNDER DEVELOPMENT AS
24 OF MARCH 23, 2010.—The term ‘hospital under

1 development as of March 23, 2010’ means a
 2 hospital that—

3 “(i) has a binding written agreement
 4 with an outside, unrelated party for the ac-
 5 tual construction, renovation, lease, or
 6 demolition for a hospital under section
 7 1886(d), and has expended, before March
 8 23, 2010, at least 10 percent of the esti-
 9 mated cost of the project (or, if less,
 10 \$2,500,000); or

11 “(ii) has obtained an approved certifi-
 12 cate of need in a State where one is re-
 13 quired on or before March 23, 2010.

14 Such term includes, with respect to such a hos-
 15 pital, any facility expansion of the hospital that
 16 is completed before the under development ef-
 17 fective date.

18 “(B) UNDER DEVELOPMENT EFFECTIVE
 19 DATE.—The term ‘under development effective
 20 date’ means the date that is 6 months after the
 21 date of the enactment of this paragraph.”.

22 (d) CHANGE IN PROCESSING OF APPLICATIONS AND
 23 ELIMINATION OF APPEALS LIMITATION.—Section
 24 1877(i)(3) of the Social Security Act (42 U.S.C.
 25 1305nn(i)(3)) is amended—

(1) in subparagraph (A), by striking clauses (ii) through (iv) and inserting the following:

“(ii) DEEMED RECEIPT OF COMPLETE APPLICATION AND APPROVAL OF APPLICATION.—Unless the Secretary otherwise determines, an application submitted under this subparagraph shall be deemed complete as of the date that is 30 days after the date the Secretary receives the complete application. Not later than 60 days after the receipt of such a complete application, the Secretary shall publish a notice of the receipt of the application and a description of the expansion planned in the application. A complete application shall be deemed approved by the Secretary as of the end of the 60-day period beginning on the date of the Secretary’s receipt of the application unless the Secretary provides the applicant with a notice of disapproval of the application before the end of such period.”; and

(2) by striking subparagraphs (H) and (I).

(e) EFFECTIVE DATE.—Except as otherwise provided, the amendments made by this section shall take ef-

fect on the date of the enactment of this Act and shall
 apply to applications made after the date of the enactment
 of this Act.

SEC. 4. SAVINGS FROM PHYSICIAN-OWNED HOSPITALS.

(a) DOCUMENTATION AND CODING ADJUSTMENTS
 NOT APPLICABLE.—Section 7(b)(1)(B)(iii) of the TMA,
 Abstinence Education, and QI Programs Extension Act of
 2007 (Public Law 110–90), as added amended by section
 414(1)(B)(iii) of the Medicare Access and CHIP Reau-
 thorization Act of 2015 (Public Law 114–10), is amended
 by inserting before the period at the end the following:
 “, except that this clause shall not apply in the case of
 a hospital that” “, except that this clause shall not apply
 in the case of a hospital in which physicians (or immediate
 family members of physicians) have a substantial owner-
 ship or investment interest in the hospital (as determined
 under rules established by the Secretary)”.

(b) EXTENSION OF REDUCTIONS IN MARKET BAS-
 KET INCREASES.—Section 1886(b)(3)(B)(xii) of the So-
 cial Security Act (42 U.S.C. 1395ww(b)(3)(B)(xii)) is
 amended—

- (1) by striking “and” at the end of subclause
 (IV);
- (2) by striking the period at the end of sub-
 clause (V) and inserting “; and”; and

1 (3) by inserting after subclause (V) the fol-
2 lowing new subclause:

3 “(VI) for each of fiscal years 2020 through
4 2025, by 0.75 percentage point, but only with re-
5 spect to a hospital and fiscal year for which the Sec-
6 retary determines that physicians (or immediate
7 family members of physicians) have a substantial
8 ownership or investment interest in the hospital (as
9 determined under rules established by the Sec-
10 retary).”.

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