

115TH CONGRESS
2D SESSION

S. 3434

To amend the Public Health Service Act to provide for grants to enable States to carry out activities to reduce administrative costs and burdens in health care.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 12, 2018

Ms. SMITH (for herself and Mr. CASSIDY) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Public Health Service Act to provide for grants to enable States to carry out activities to reduce administrative costs and burdens in health care.

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 “Reducing Administra-
5 tive Costs and Burdens in Health Care Act of 2018”.

1 **SEC. 2. REDUCING ADMINISTRATIVE COSTS AND BURDENS**
2 **IN HEALTH CARE.**

3 Title II of the Public Health Service Act (42 U.S.C.
4 202 et seq.) is amended by adding at the end the fol-
5 lowing:

6 **“PART E—REDUCING ADMINISTRATIVE COSTS**
7 **AND BURDENS IN HEALTH CARE**
8 **“SEC. 281. ELIMINATING UNNECESSARY ADMINISTRATIVE**
9 **BURDENS AND COSTS.**

10 “(a) REDUCING ADMINISTRATIVE BURDENS AND
11 COSTS.—The Secretary, in consultation with providers of
12 health services, health care suppliers of services, health
13 care payers, health professional societies, health vendors
14 and developers, health care quality organizations, health
15 care accreditation organizations, public health entities,
16 States, patients, and other appropriate entities, shall, in
17 accordance with subsection (b)—

18 “(1) establish a goal of reducing unnecessary
19 costs and administrative burdens across the health
20 care system, including the Medicare program under
21 title XVIII of the Social Security Act, the Medicaid
22 program under title XIX of such Act, and the pri-
23 vate health insurance market, by at least half over
24 a period of 10 years from the date of enactment of
25 this section;

1 “(2) develop strategies and benchmarks for
2 meeting the goal established under paragraph (1);

3 “(3) develop recommendations for meeting the
4 goal established under paragraph (1); and

5 “(4) take action to reduce unnecessary costs
6 and administrative burdens based on recommenda-
7 tions identified in this subsection.

8 “(b) STRATEGIES, RECOMMENDATIONS, AND AC-
9 TIONS.—

10 “(1) IN GENERAL.—To achieve the goal estab-
11 lished under subsection (a)(1), the Secretary, in con-
12 sultation with the entities described in such sub-
13 section, shall not later than 1 year after the date of
14 enactment of this section, develop strategies and rec-
15 ommendations and take actions to meet such goal in
16 accordance with this subsection. No strategies, rec-
17 ommendation, or action shall undermine the quality
18 of patient care or patient health outcomes.

19 “(2) STRATEGIES.—The strategies developed
20 under paragraph (1) shall address unnecessary costs
21 and administrative burdens. Such strategies shall in-
22 clude broad public comment and shall prioritize—

23 “(A) recommendations identified as a re-
24 sult of efforts undertaken to implement section
25 3001;

1 “(B) recommendations and best practices
2 identified as a results of efforts undertaken
3 under this part;

4 “(C) a review of regulations, rules, and re-
5 quirements of the Department of Health and
6 Human Services that could be modified or
7 eliminated to reduce unnecessary costs and ad-
8 ministrative burden imposed on patients, pro-
9 viders, payers, and other stakeholders across
10 the health care system; and

11 “(D) feedback from stakeholders in rural
12 or frontier areas on how to reduce unnecessary
13 costs and administrative burdens on the health
14 care system in those areas.

15 “(3) RECOMMENDATIONS.—The recommenda-
16 tions developed under paragraph (1) shall include—

17 “(A) actions that improve the standardiza-
18 tion and automation of administrative trans-
19 actions;

20 “(B) actions that integrate clinical and ad-
21 ministrative functions within electronic health
22 records;

23 “(C) actions that improve patient care and
24 reduce unnecessary costs and administrative

1 burdens borne by patients, their families, and
2 other caretakers;

3 “(D) actions that advance the development
4 and adoption of open application programming
5 interfaces to increase transparency and inter-
6 operability, empower patients, and facilitate
7 better integration of clinical and administrative
8 functions;

9 “(E) actions to be taken by the Secretary
10 and actions that need to be taken by other enti-
11 ties; and

12 “(F) other areas, as the Secretary deter-
13 mines appropriate, to reduce unnecessary costs
14 and administrative burdens required of health
15 care providers.

16 “(4) ACTIONS.—The Secretary shall take action
17 to achieve the goal established under section (a)(1),
18 and, not later than ____ days after the date of en-
19 actment of this section, submit to Congress and
20 make publically available, a report describing the ac-
21 tions taken by the Secretary pursuant to goals,
22 strategies, and recommendations described in this
23 subsection.

24 “(5) FACA.—The Federal Advisory Committee
25 Act (5 U.S.C. App.) shall not apply to the develop-

1 ment of the goal, strategies, recommendations, or
2 actions described in this section.

3 “(6) RULE OF CONSTRUCTION.—Nothing in
4 this subsection shall be construed to authorize, or be
5 used by, the Federal Government to inhibit or other-
6 wise restrain efforts made to reduce waste, fraud,
7 and abuse across the health care system.

8 **“SEC. 282. GRANTS TO STATES TO DEVELOP RECOMMENDA-**
9 **TIONS.**

10 “(a) IN GENERAL.—The Secretary shall award
11 grants to at least 15 States to enable such States to estab-
12 lish and administer private-public multi-stakeholder com-
13 missions for the purpose of reducing health care adminis-
14 trative costs and burden. Not less than 3 of such grants
15 shall be awarded to States that are primarily rural, fron-
16 tier, or a combination thereof, in nature.

17 “(b) APPLICATION.—

18 “(1) IN GENERAL.—To be eligible to receive a
19 grant under subsection (a) a State shall submit to
20 the Secretary an application at such time, in such
21 manner, and containing such information as the Sec-
22 retary may reasonably require, including the infor-
23 mation described in paragraph (2).

24 “(2) REQUIRED INFORMATION.—In addition to
25 any additional information required by the Secretary

1 under this subsection, an application shall include a
2 description of—

3 “(A) the size and composition of the com-
4 mission to be established under the grant, in-
5 cluding the stakeholders represented and the
6 degree to which the commission reflects impor-
7 tant geographic and population characteristics
8 of the State;

9 “(B) the relationship of the commission to
10 the State official responsible for coordinating
11 and implementing the recommendations result-
12 ing from the commission, and the role and re-
13 sponsibilities of the State with respect to the
14 commission, including any participation, review,
15 oversight, implementation or other related func-
16 tions;

17 “(C) the history and experience of the
18 State in addressing health care administrative
19 costs, and any experience similar to the purpose
20 of the commission to improve health care ad-
21 ministrative processes and the exchange of
22 health care administrative data;

23 “(D) the resources and expertise that will
24 be made available to the commission by com-
25 mission members or other possible sources, and

1 how Federal funds will be used to leverage and
2 complement these resources;

3 “(E) the governance structure and proce-
4 dures that the commission will follow to make
5 the required recommendations;

6 “(F) the proposed objectives relating to the
7 simplification of administrative transactions, in-
8 creased standardization, and the efficiency and
9 effectiveness of the transmission of health infor-
10 mation;

11 “(G) potential cost savings and other im-
12 provements in meeting the objectives described
13 in subparagraph (F’);

14 “(H) the method or methods by which the
15 recommendations described in subsection (c)
16 will be reviewed, adopted, implemented, and up-
17 dated as needed; and

18 “(I) the method or methods by which im-
19 pacts and progress toward administrative sim-
20 plification goals or objectives, including admin-
21 istrative cost savings and return on investment,
22 will be measured and reported.

23 “(c) MULTI-STAKEHOLDER COMMISSION.—

24 “(1) IN GENERAL.—Not later than 90 days
25 after the date on which a grant is awarded to a

1 State under this section, the State official described
2 in subsection (b)(2)(B), insurance commissioner, or
3 other appropriate State official shall convene a
4 multi-stakeholder commission, in accordance with
5 this subsection.

6 “(2) MEMBERSHIP.—The commission convened
7 under paragraph (1) shall include representatives
8 from health plans, health care providers, health ven-
9 dors, relevant State agencies, health care standard
10 development organizations, relevant professional and
11 trade associations, patients, and other entities deter-
12 mined appropriate by the State.

13 “(3) RECOMMENDATIONS.—Not later than one
14 year after the date on which a grant is awarded to
15 a State under this section, the commission shall
16 make recommendations and plans, consistent with
17 the application submitted by the State under sub-
18 section (b), and intended to meet the objectives de-
19 fined in the application. Such recommendations shall
20 comply with, and build upon, all relevant Federal re-
21 quirements and regulations, and may include—

22 “(A) common, uniform specifications, best
23 practices, and conventions, for the efficient, ef-
24 fective exchange of administrative transactions
25 adopted pursuant to the Health Insurance Port-

1 ability and Accountability Act of 1996 (Public
2 Law 104–191);

3 “(B) the development of streamlined busi-
4 ness processes for the exchange and use of
5 health care administrative data; and

6 “(C) specifications, incentives, require-
7 ments, tools, mechanisms, and resources to im-
8 prove—

9 “(i) the access, exchange, and use of
10 health care administrative information
11 through electronic means;

12 “(ii) the credentialing of physicians,
13 hospitals, or other health care providers or
14 suppliers within a health plan’s network;

15 “(iii) the implementation of utilization
16 management protocols; and

17 “(iv) compliance with Federal and
18 State laws.

19 “(d) ADDITIONAL USE OF FUNDS.—A State may
20 also use amounts received under a grant under this section
21 to support—

22 “(1) the development, implementation, and best
23 use of shared data infrastructure that supports the
24 electronic transmission of administrative data;

1 “(2) the provision of technical support and edu-
2 cation to community stakeholders to improve the
3 adoption and use of key electronic health care trans-
4 actions;

5 “(3) the facilitation of public and private initia-
6 tives aimed at reducing administrative costs for
7 State programs; and

8 “(4) ongoing needs assessments and planning
9 related to the development and implementation of
10 administrative simplification initiatives.

11 “(e) PERIOD AND AMOUNT.—A grant awarded to a
12 State under this section shall be for a period of 5 years
13 and shall not exceed \$50,000,000 for such 5-year period.

14 “(f) REPORTS.—

15 “(1) STATES.—Not later than 1 year after the
16 end of the 5-year grant period, a State receiving a
17 grant under this section shall submit to the Sec-
18 retary a report on the outcomes, including total sav-
19 ings, achieved by the State in implementing the rec-
20 ommendations described in subsection (c)(3).

21 “(2) SECRETARY.—Not later than 6 months
22 after the State submits a report under paragraph
23 (1), the Secretary, in consultation with National
24 Committee on Vital and Health Statistics, shall sub-
25 mit to the Committee on Health, Education, Labor,

1 and Pensions of the Senate and the Committee on
2 Energy and Commerce of the House of Representa-
3 tives, a report on the outcomes achieved by the
4 States under the grants under this section.

5 “(3) GAO.—Not later than 6 months after the
6 date on which the Secretary submits the report
7 under paragraph (2), the Comptroller General of the
8 United States shall conduct a study, and submit to
9 the Committee on Health, Education, Labor, and
10 Pensions of the Senate and the Committee on En-
11 ergy and Commerce of the House of Representa-
12 tives, a report on the outcomes of the activities car-
13 ried out under the recommendations under this sec-
14 tion which shall contain a list of best practices and
15 recommendations to States concerning administra-
16 tive simplification.

17 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
18 is authorized to be appropriated to carry out this section,
19 \$200,000,000 for the 5-fiscal-year period beginning with
20 fiscal year 2020.

21 **“SEC. 283. GRANTS TO ACCELERATE STATE INNOVATION**
22 **AND ADOPTION OF STANDARDS TO REDUCE**
23 **ADMINISTRATIVE COSTS.**

24 “(a) IN GENERAL.—The Secretary shall award
25 grants to States or State-designated entities, including

1 States with multi-stakeholder commissions under section
 2 282(c), as well as other multi-State collaboratives, to fund
 3 activities and improvements that—

4 “(1) accelerate the early adoption and imple-
 5 mentation of administrative transactions designated
 6 by the Secretary and that have been adopted pursu-
 7 ant to the Health Insurance Portability and Ac-
 8 countability Act of 1996 (Public Law 104–191), in-
 9 cluding transactions described in section 1173(a)(2)
 10 of the Social Security Act;

11 “(2) accelerate the early adoption and imple-
 12 mentation of additional administrative transactions
 13 and related data exchange standards that are being
 14 considered for adoption under the Health Insurance
 15 Portability and Accountability Act of 1996 or are
 16 adopted pursuant to such Act, or as designated by
 17 the Secretary, including the electronic claim attach-
 18 ment; and

19 “(3) to compile, synthesize, and disseminate les-
 20 sons learned to promote the adoption of the trans-
 21 actions described in paragraph (1) across the health
 22 care system.

23 “(b) ELIGIBILITY.—To be eligible to receive a grant
 24 under subsection (a) a State, or State designated entity
 25 (including a State with a commission established under

1 section 282(c), State Medicaid agency, or multi-State col-
 2 laborative, as further defined by the Secretary), shall sub-
 3 mit to the Secretary an application at such time, in such
 4 manner, and containing such information as the Secretary
 5 may reasonably require.

6 “(c) PRIORITIZATION.—In awarding grants under
 7 this section, the Secretary shall give priority to—

8 “(1) applications submitted by eligible entities
 9 located in States, or across multiple States, that are
 10 composed primarily of rural or frontier areas;

11 “(2) applications submitted by multi-State
 12 collaboratives that, as determined by the Secretary,
 13 may have the greatest chance of successfully car-
 14 rying out the activities described in subsection (a);
 15 and

16 “(3) applications submitted by entities that pro-
 17 pose to carry out a pilot program, as described in
 18 subsection (d)(3).

19 “(d) ACTIVITIES.—A State shall use amounts re-
 20 ceived under a grant under this section for one or more
 21 of the following:

22 “(1) NEEDS ASSESSMENTS AND PLANNING.—
 23 Grant funds may be used to determine possible bar-
 24 riers to the adoption, implementation, and effective
 25 use of the transactions described in subsection (a)(1)

1 in section 1, as well as to explore, identify, and plan
2 options, approaches, and resources to address bar-
3 riers and make improvements.

4 “(2) EDUCATION, TRAINING, AND TECHNICAL
5 ASSISTANCE.—Grant funds may be used to develop
6 and make available training and educational mate-
7 rials, forums, and activities as well as technical as-
8 sistance to effectively implement, use, and benefit
9 from the transactions described in subsection (a)(1).

10 “(3) PILOT PROGRAM.—Grant funds may be
11 used for pilot projects to test approaches to imple-
12 ment and use the transactions described in sub-
13 section (a)(1) in practice under a variety of different
14 settings. With respect to the electronic attachment
15 transaction, priority shall be given to pilot projects
16 that test and evaluate methods and mechanisms to
17 most effectively incorporate patient health data from
18 electronic health records and other electronic sources
19 with the electronic attachment transaction. All such
20 pilot projects shall include plans to be evaluated for
21 impacts and best practices and for reporting find-
22 ings for broader Statewide and national use.

23 “(4) ADOPTION AND USE.—Grant funds may be
24 used to accelerate the adoption, implementation, and

1 effective use of the transactions described in sub-
2 section (a)(1) across State programs.

3 “(5) SPECIFICATIONS, INCENTIVES, REQUIRE-
4 MENTS, TOOLS, MECHANISMS, AND RESOURCES.—
5 Grant funds may be used for developing, testing, im-
6 plementing, and assessing additional data exchange
7 specifications, incentives, requirements, tools, mecha-
8 nisms and resources to accelerate the adoption and
9 effective use of the transactions described in sub-
10 section (a)(1).

11 “(e) REPORTS.—

12 “(1) STATES.—Not later than 1 year after the
13 end of the 5-year grant period, an entity receiving
14 a grant under this section shall submit to the Sec-
15 retary a report on the outcomes, including total sav-
16 ings, achieved by the State in implementing the rec-
17 ommendations described in subsection (d).

18 “(2) SECRETARY.—Not later than 6 months
19 after the entity submits a report under paragraph
20 (1), the Secretary, in consultation with National
21 Committee on Vital and Health Statistics, shall sub-
22 mit to the Committee on Health, Education, Labor,
23 and Pensions of the Senate and the Committee on
24 Energy and Commerce of the House of Representa-

1 tives, a report on the outcomes achieved under the
2 grants under this section.

3 “(3) GAO.—Not later than 6 months after the
4 date on which the Secretary submits the report
5 under paragraph (2), the Comptroller General of the
6 United States shall conduct a study, and submit to
7 the Committee on Health, Education, Labor, and
8 Pensions of the Senate and the Committee on En-
9 ergy and Commerce of the House of Representa-
10 tives, a report on the outcomes of the activities car-
11 ried out under the recommendations under this sec-
12 tion which shall contain a list of best practices and
13 recommendations to States concerning administra-
14 tive simplification.

15 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
16 is authorized to be appropriated to carry out this section,
17 \$50,000,000 for the 5-fiscal-year period beginning with
18 fiscal year 2020.”.

○