

# The Freshmen Value and Innovation Package

## Section-by-Section Summary

### TITLE III – IMPROVING THE QUALITY AND EFFICIENCY OF HEALTH CARE

#### *Subtitle G – Modernizing America’s Health Care System*

##### *Part I - Improving Quality and Value Through Delivery System Reform*

**Sec. 3601. Quality Reporting for Psychiatric Hospitals.** The section would create a pay-for-reporting program for Medicare inpatient psychiatric hospitals beginning 2014. A percentage of payment for these facilities would be tied to successful reporting of quality data, which would be available to the public after opportunity for a hospital or unit to review their performance.

**Sec. 3602. Pilot Testing Pay-for-Performance Program for Certain Medicare Providers.** This section would direct the Secretary to begin pilot testing of value-based purchasing (pay-for-performance) programs for certain types of Medicare no later than January 1, 2016. These provider types include: inpatient psychiatric hospitals, long-term care hospitals, inpatient rehab facilities, acute prospective payment system-exempt cancer hospitals, and hospices. The Secretary would have authority, after 2018, to expand these pilots if the CMS Chief Actuary determines it would reduce Medicare program spending while maintaining or improving the quality of care.

**Sec. 3603. Plans for a Value-Based Purchasing Program for Ambulatory Surgical Centers.** This section would direct the Secretary to develop a plan to create a value-based purchasing program for ambulatory surgical centers. The plan would be submitted to Congress no later than January 1, 2011.

**Sec. 3604. Revisions to National Pilot Program on Payment Bundling.** This section would modify the new CMS pilot on Medicare bundled payments created by the *Patient Protection and Affordable Care Act*. It would expand the number of health conditions tested under the pilot and give the Secretary authority to expand the duration or scope of the pilot after January 1, 2016 if the CMS Chief Actuary determines it would reduce Medicare program spending while maintaining or improving the quality of care.

**Sec. 3605. Improvements to the Medicare Shared Savings Program.** This section would give the Secretary greater flexibility in administering the Medicare Shared Savings Program. This program is created by the *Patient Protection and Affordable Care Act* to reward Accountable Care Organizations (ACO) that successfully coordinate care to lower costs and improve the quality of care.

**Sec. 3606. Incentives to Implement Activities to Reduce Disparities.** This section would ensure that qualified health plans offered through new American Health Benefit

Exchanges include programs to reduce health disparities as part of required quality improvement activities.

**Sec. 3607. Selection of Efficiency Measures.** This section would ensure that measures of efficiency are included under new quality measure development activities supported by this Act.

**Sec. 3608. Regional Testing of Payment and Service Delivery Models Under the Center for Medicare and Medicaid Innovation.** This section would give the new Center for Medicare and Medicaid Innovation (CMI) established under this Act explicit authority to target the testing of new payment and delivery models to more regions.

**Sec. 3609. Additional Improvements Under the Center for Medicare and Medicaid Innovation.** This section gives CMI additional flexibility in selecting models to be tested and permits the Secretary to give preference to models that would align Medicare and Medicaid spending with other public sector or private sector payer quality improvement efforts.

**Sec. 3610. Improvements to the Physician Quality Reporting System.** This section would modify the current Medicare Physician Quality Reporting Initiative (PQRI) to permit physicians who report quality data through a qualifying Maintenance of Certification (MOC) program to be eligible for an incentive payment for years 2011-2014. The Secretary also is permitted, starting in 2014, to include MOC participation as a component of the PQRI composite measure.

**Sec. 3611. Improvement in Part D Medication Therapy Management (MTM) Programs.** This section would require Medicare Part D prescription drug plans (PDPs) to offer a minimum set of medication therapy management services to certain targeted beneficiaries. It also would require PDPs to routinely assess at-risk individuals who are not enrolled in MTM services and automatically enroll them (permitting beneficiaries to opt-out if they choose).

**Sec. 3612. Evaluation of Telehealth Under the Center for Medicare and Medicaid Innovation.** This section would permit CMI to evaluate and analyze and make recommendations about the effectiveness of telehealth behavioral health issues (such as post-traumatic stress disorder) and telestroke services in medically underserved areas and Indian Health Service facilities.

**Sec. 3613. Revisions to the Extension for the Rural Community Hospital Demonstration Program.** This section would extend the Rural Community Hospital Demonstration Program for an additional five years, instead of one year as originally proposed by this Act. It would expand the number of hospitals eligible for the project from 15 to 30 and make 20 rural states eligible to participate, instead of the current 10. Another provision allows already participating hospitals to rebase Medicare reimbursements according to current health delivery costs.

## *Part II – Promoting Transparency and Competition*

**Sec. 3621. Developing Methodology to Assess Health Plan Value.** This section would require the Secretary to consult with relevant stakeholders to develop a methodology for measuring health plan value, which would include the cost, quality of care, efficiency, actuarial value of plans. The Secretary would submit a report to Congress concerning the proposed methodology within 18 months of enactment of this Act.

**Sec. 3622. Data Collection; Public Reporting.** This section would modify the new data collection and reporting efforts created by this Act by requiring the Secretary to establish and implement an overall strategic framework for the public reporting of provider performance on reported quality measures.

**Sec. 3623. Modernizing Computer and Data Systems of the Centers for Medicare and Medicaid Services to Support Improvements in Care Delivery.** This section would require the Secretary to develop a plan, within 9 months of enactment of this Act, to modernize the Centers for Medicare and Medicaid Services (CMS) computer and data systems.

**Sec. 3624. Expansion of the Scope of the Independent Medicare Advisory Board.** This section would require the Independent Medicare Advisory Board (IMAB) created under this Act to produce an annual report starting in 2014 that includes national and regional information on the cost, utilization, quality, and other features of health care paid for by private payers. IMAB also would be required to take the findings of these annual reports into account when preparing proposals to improve Medicare. IMAB also would, starting in 2015 and at least every two years after, submit recommendations to Congress and others on how to slow the growth in national health expenditures.

**Sec. 3625. Additional Priority for the National Health Care Workforce Commission.** This section would require the National Health Care Workforce Commission created under this Act to also make recommendations to remove the barriers that health providers encounter to beginning or maintaining professional practice in primary care.

## *Part III – Promoting Accountability and Responsibility*

**Sec. 3631. Health Care Fraud Enforcement.** This section would expand the new Medicare and Medicaid program integrity activities proposed by this Act to require the Secretary to incorporate certain “smart” technologies that can detect potential fraudulent behavior into fraud and abuse detection processes.

**Sec. 3632. Other Enhancements Relating to Health Care Fraud.** This section increases federal sentencing guidelines for all federal health care offenses that involves a loss greater than \$1,000,000. This section amends the definition of “health care fraud offense” to include health care crimes that are codified outside of Title 18. This section clarifies the definition of “willfully” to prevent defendants from escaping punishment for violation of a federal health care fraud offense by arguing that they were not aware of the

specific criminal provision that they are accused of violating. This section also provides that obstruction of criminal investigations involving administrative subpoenas under the Health Insurance Portability and Accountability Act (HIPAA) of 1996 is treated in the same manner as obstruction of criminal investigations involving grand jury subpoenas. Finally, this section permits the Department of Justice to issue subpoenas in investigations pursuant to the Civil Rights of Institutionalized Persons Act.

**Sec. 3633. Development of Standards for Health Care Financial and Administrative Transactions.** This section would require the Secretary, beginning no later than January 1, 2012, and every three years thereafter, to convene stakeholders to identify opportunities to create uniform standards for financial and administrative health care transactions, not already named under HIPAA, that would improve the operation of the health system and decrease administrative costs. Initially, this would include areas such as health claim edits, provider enrollment, and audits. Once the panel identifies new health care transactions that should be made uniform, the Secretary can develop standards for them. Health plans will need to comply with these new standards and associated business rules or face a financial penalty. In addition, this section convenes health information technology stakeholders to ensure a smooth transition takes place for providers as they move from one coding software to the next.