

108TH CONGRESS
1ST SESSION

H. R. 2033

To amend title XVIII of the Social Security Act to increase the minimum percentage increase under the Medicare+Choice program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 2003

Ms. DUNN (for herself, Mr. McDERMOTT, and Mr. RUSH) 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 to increase the minimum percentage increase under the Medicare+Choice 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 “Medicare Equity and
5 Access Act”.

1 **SEC. 2. 2-YEAR INCREASE IN MINIMUM PERCENTAGE IN-**
2 **CREASE.**

3 Section 1853(c)(1)(C) of the Social Security Act (42
4 U.S.C. 1395w-23(c)(1)(C)) is amended—

5 (1) in clause (iv), by striking “and each suc-
6 ceeding year” and inserting “and 2003”; and

7 (2) by inserting at the end the following new
8 clauses:

9 “(v) For 2004 and 2005, 106.5 per-
10 cent of the annual Medicare+Choice capi-
11 tation rate under this paragraph for the
12 area for the previous year.

13 “(vi) For 2006 and each succeeding
14 year, 102 percent of the annual
15 Medicare+Choice capitation rate under
16 this paragraph for the area for the pre-
17 vious year.”.

18 **SEC. 3. INCLUSION OF COSTS OF DOD AND VA MILITARY**
19 **FACILITY SERVICES TO MEDICARE-ELIGIBLE**
20 **BENEFICIARIES IN CALCULATION OF**
21 **MEDICARE+CHOICE PAYMENT RATES.**

22 Section 1853(c)(3) of the Social Security Act (42
23 U.S.C. 1395w-23(c)(3)) is amended—

24 (1) in subparagraph (A), by striking “subpara-
25 graph (B)” and inserting “subparagraphs (B) and
26 (E)”, and

1 (2) by adding at the end the following new sub-
2 paragraph:

3 “(E) INCLUSION OF COSTS OF DOD AND
4 VA MILITARY FACILITY SERVICES TO MEDICARE-
5 ELIGIBLE BENEFICIARIES.—In determining the
6 area-specific Medicare+Choice capitation rate
7 under subparagraph (A) for a year (beginning
8 with 2004), the annual per capita rate of pay-
9 ment for 1997 determined under section
10 1876(a)(1)(C) shall be adjusted to include in
11 the rate the Secretary’s estimate, on a per cap-
12 ita basis, of the amount of additional payments
13 that would have been made in the area involved
14 under this title if individuals entitled to benefits
15 under this title had not received services from
16 facilities of the Department of Defense or the
17 Department of Veterans Affairs.”.

18 **SEC. 4. AVOIDING DUPLICATIVE STATE REGULATION.**

19 (a) IN GENERAL.—Section 1856(b)(3) of the Social
20 Security Act (42 U.S.C. 1395w–26(b)(3)) is amended to
21 read as follows:

22 “(3) RELATION TO STATE LAWS.—The stand-
23 ards established under this subsection shall super-
24 sede any State law or regulation (other than State
25 licensing laws or State laws relating to plan sol-

1 vency) with respect to Medicare+Choice plans which
2 are offered by Medicare+Choice organizations under
3 this part.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 subsection (a) shall take effect on the date of the enact-
6 ment of this Act.

7 **SEC. 5. MEDICARE+CHOICE QUALITY PERFORMANCE PAY-**
8 **MENT INCENTIVE PROGRAM.**

9 (a) ESTABLISHMENT OF PROGRAM.—

10 (1) IN GENERAL.—The Secretary of Health and
11 Human Services shall establish a program to provide
12 financial incentive awards to Medicare+Choice orga-
13 nizations offering Medicare+Choice plans under
14 part C of title XVIII of the Social Security Act that
15 demonstrate the provision of superior quality health
16 care to enrollees under the plan.

17 (2) PERIOD OF PROGRAM.—Awards under the
18 program shall be made during 2005 and 2006, and
19 shall be based upon the most recent available quality
20 data.

21 (b) AWARDS.—

22 (1) IN GENERAL.—Of the amounts provided for
23 the program under subsection (f) in each year, the
24 Secretary shall allocate—

1 (A) 75 percent of such amounts for Na-
2 tional Performance Quality Awards (described
3 in subsection (c)), and

4 (B) 25 percent of such amounts for State
5 Performance Quality Awards (described in sub-
6 section (d)).

7 (2) LIMITATIONS ON AWARDS.—A
8 Medicare+Choice organization offering a
9 Medicare+Choice plan may not receive both a Na-
10 tional and State Performance Quality Award in a
11 year. No Medicare+Choice organization offering a
12 Medicare+Choice plan is eligible for an award under
13 this section unless it offers benefits throughout the
14 year in which the award is paid.

15 (3) AMOUNT OF AWARD.—The amount of an
16 award to a Medicare+Choice organization offering a
17 Medicare+Choice plan eligible for the award shall be
18 determined by multiplying the number of bene-
19 ficiaries enrolled under the plan on the first day of
20 the year for which the award is paid times a uniform
21 dollar amount established by the Secretary. In no
22 case may the uniform dollar amount for a State Per-
23 formance Quality Award exceed the dollar amount
24 for a National Performance Quality Award for the
25 year involved.

1 (4) USE OF AWARDS.—Financial incentives re-
2 ceived under an award under this section may only
3 be used for the following purposes:

4 (A) To reduce any beneficiary cost-sharing
5 applicable under the plan.

6 (B) To reduce any beneficiary premiums
7 applicable under the plan.

8 (C) To initiate, continue, or enhance a
9 comprehensive disease management program or
10 health care quality programs for beneficiaries.

11 (D) To enhance beneficiary benefits under
12 the plan.

13 (E) To utilize the stabilization fund de-
14 scribed in section 1854(f)(2) of the Social Se-
15 curity Act (42 U.S.C. 1395w-24(f)(2)).

16 (5) COMPREHENSIVE DISEASE MANAGEMENT
17 PROGRAM DESCRIBED.—A comprehensive disease
18 management program referred to in paragraph
19 (4)(C) is a comprehensive program to manage
20 chronic disease that includes the following:

21 (A) A population identification process.

22 (B) Evidence based practice guidelines.

23 (C) Collaborative practice models that in-
24 clude physician and providers of support serv-
25 ices.

1 (D) Patient self-management education
2 which may include primary prevention, behavior
3 modification programs, and compliance and sur-
4 veillance.

5 (E) Process and outcome measurement,
6 evaluation, and management.

7 (F) Routine reporting among health care
8 providers concerned and procedures for feed-
9 back.

10 (G) Such other components that the Sec-
11 retary determines reasonably improve health
12 care outcomes.

13 (c) NATIONAL PERFORMANCE QUALITY AWARDS.—

14 (1) IN GENERAL.—The Secretary shall only
15 award a National Performance Quality Award to
16 Medicare+Choice organizations with respect to the
17 Medicare+Choice plans offered by the organizations
18 that demonstrate superior quality in the health care
19 furnished to its enrollees.

20 (2) MANDATORY AWARDS.—National Perform-
21 ance Quality Awards shall be given to the
22 Medicare+Choice organizations with respect to the
23 Medicare+Choice plans that receive ratings in the
24 top 25th percentile of all plans rated by the Sec-
25 retary pursuant to subsection (e).

1 (d) STATE PERFORMANCE QUALITY AWARDS.—

2 (1) IN GENERAL.—The Secretary shall only
3 award a State Performance Quality Award to
4 Medicare+Choice organizations with respect to the
5 Medicare+Choice plans offered by the organizations
6 in that State that demonstrate the highest quality in
7 the health care furnished to its enrollees.

8 (2) REQUIREMENT FOR 2 PLANS.—A State Per-
9 formance Quality Award may not be awarded in a
10 State that has less than two Medicare+Choice orga-
11 nizations offering Medicare+Choice plans.

12 (3) MINIMUM RATING REQUIRED.—A State
13 Performance Quality Award shall be awarded to
14 Medicare+Choice organizations offering
15 Medicare+Choice plans in a State that receive a rat-
16 ing by the Secretary pursuant to subsection (e) in
17 the 60th percentile, or higher, of the national rank-
18 ing of all eligible plans.

19 (4) SPECIAL CONSIDERATION.—The Secretary
20 may provide special consideration to
21 Medicare+Choice organizations offering
22 Medicare+Choice plans that serve predominantly
23 rural areas or that demonstrate significant quality
24 care improvements.

1 (e) RATING METHODOLOGY.—In determining which
2 Medicare+Choice organization offering Medicare+Choice
3 plans qualify for an award under this section, the Sec-
4 retary shall develop a scoring and ranking system using—

5 (1) the 2003 MCO standards and guideline
6 methodology of the National Committee for Quality
7 Assurance for awarding total HEDIS points (based
8 on HEDIS and CAHPS measures) with an adjust-
9 ment to incorporate the following three HEDIS out-
10 come measures—

11 (A) cholesterol control after acute cardio-
12 vascular events,

13 (B) HbA1c control for comprehensive dia-
14 betes care, and

15 (C) cholesterol control for comprehensive
16 diabetes care), and

17 (2) audited HEDIS outcomes and process
18 measures and CAHPS data as reported to the De-
19 partment of Health and Human Services.

20 (f) PAYMENT FROM MEDICARE TRUST FUNDS.—The
21 Secretary shall provide for the transfer from the Federal
22 Hospital Insurance Trust Fund and the Federal Supple-
23 mentary Insurance Trust Fund under title XVIII of the
24 Social Security Act (42 U.S.C. 1395i, 1395t), in such pro-
25 portions as the Secretary determines to be appropriate,

1 of \$500,000,000 for each of 2005 and 2006 for the costs
2 of carrying out the project under this section.

3 **SEC. 6. INSTITUTE OF MEDICINE REPORT ON PAYMENT IN-**
4 **CENTIVES AND PERFORMANCE UNDER THE**
5 **MEDICARE+CHOICE PROGRAM.**

6 (a) STUDY.—The Secretary of Health and Human
7 Services shall enter into an arrangement with the Institute
8 of Medicine of the National Academy of Sciences under
9 which the Institute shall conduct a study on clinical out-
10 comes, performance, and quality of care under the
11 Medicare+Choice program under part C of title XVIII of
12 the Social Security Act.

13 (b) MATTERS STUDIED.—

14 (1) IN GENERAL.—In conducting the study
15 under subsection (a), the Institute shall review and
16 evaluate the public and private sector experience re-
17 lated to the establishment of performance measures
18 and payment incentives. The review shall include an
19 evaluation of the success, efficiency, and utility of
20 structural process and performance measurements,
21 and different methodologies that link performance to
22 payment incentives. The review shall include the use
23 of incentives—

24 (A) aimed at plans and their enrollees;

25 (B) aimed at providers and their patients;

1 (C) to encourage consumers to purchase
2 based on quality and value; and

3 (D) to encourage multiple purchasers, pro-
4 viders, beneficiaries, and plans within a commu-
5 nity to work together to improve performance.

6 (2) IDENTIFICATION OF OPTIONS.—As part of
7 the study, the Institute shall identify options for
8 providing incentives and rewarding performance, im-
9 prove quality, outcomes, and efficiency in the deliv-
10 ery of programs and services under the
11 Medicare+Choice program, including—

12 (A) periodic updates of performance meas-
13 urements to continue rewarding outstanding
14 performance and encourage improvements;

15 (B) payments that vary by type of plan,
16 such as preferred provider organization plans
17 and MSA plans;

18 (C) extension of incentives in the
19 Medicare+Choice program to the fee for service
20 program under title XVIII of the Social Secu-
21 rity Act; and

22 (D) performance measures needed to im-
23 plement alternative methodologies to align pay-
24 ments with performance.

1 (c) REPORT.—Not later than 18 months after the
2 date of the enactment of this Act, the Institute shall sub-
3 mit to Congress and the Secretary a report on the study
4 conducted under subsection (a).

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