109TH CONGRESS
1ST SESSION

S. 1418

AN ACT

To enhance the adoption of a nationwide interoperable health information technology system and to improve the quality and reduce the costs of health care in the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Wired for Health Care Quality Act''.

SEC. 2. IMPROVING HEALTH CARE QUALITY, SAFETY, AND EFFICIENCY.

The Public Health Service Act (42 U.S.C. 201 et seq.) is amended by adding at the end the following:

"TITLE XXIX—HEALTH INFORMATION TECHNOLOGY AND QUALITY

"SEC. 2901. DEFINITIONS.

''In this title:

''(1) HEALTH CARE PROVIDER.—The term 'health care provider' means a hospital, skilled nursing facility, home health entity, health care clinic, federally qualified health center, group practice (as defined in section 1877(h)(4) of the Social Security Act), a pharmacist, a pharmacy, a laboratory, a physician (as defined in section 1861(r) of the Social Security Act), a practitioner (as defined in section 1842(b)(18)(CC) of the Social Security Act), a health facility operated by or pursuant to a contract with the Indian Health Service, a rural health clinic, and any other category of facility or clinician determined appropriate by the Secretary.

''(2) HEALTH INFORMATION.—The term 'health information' has the meaning given such term in section 1171(4) of the Social Security Act.

''(3) HEALTH INSURANCE PLAN.—The term 'health insurance plan' means—

''(A) a health insurance issuer (as defined in section 2791(b)(2));

''(B) a group health plan (as defined in section 2791(a)(1)); and

''(C) a health maintenance organization (as defined in section 2791(b)(3)).

''(4) INDIVIDUALLY IDENTIFIABLE HEALTH INFORMATION.—The term 'individually identifiable health information' has the meaning given such term in section 1171 of the Social Security Act.

''(5) LABORATORY.—The term 'laboratory' has the meaning given that term in section 353.

''(6) PHARMACIST.—The term 'pharmacist' has the meaning given that term in section 804 of the Federal Food, Drug, and Cosmetic Act.

''(7) QUALIFIED HEALTH INFORMATION TECHNOLOGY.—The term 'qualified health information technology' means a computerized system (including hardware and software) that—

''(A) protects the privacy and security of health information;

"(B) maintains and provides permitted access to health information in an electronic format;

"(C) incorporates decision support to reduce medical errors and enhance health care quality;

"(D) complies with the standards adopted by the Federal Government under section 2903; and

"(E) allows for the reporting of quality measures under section 2907.

"(8) STATE.—The term 'State' means each of the several States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

"SEC. 2902. OFFICE OF THE NATIONAL COORDINATOR OF HEALTH INFORMATION TECHNOLOGY.

"(a) OFFICE OF NATIONAL HEALTH INFORMATION TECHNOLOGY.—There is established within the Office of the Secretary an Office of the National Coordinator of Health Information Technology (referred to in this section as the 'Office'). The Office shall be headed by a National Coordinator who shall be appointed by the Secretary and shall report directly to the Secretary.

''(b) PURPOSE.—It shall be the purpose of the Office to coordinate with relevant Federal agencies and private entities and oversee programs and activities to develop a nationwide interoperable health information technology infrastructure that—

''(1) ensures that patients' individually identifiable health information is secure and protected;

''(2) improves health care quality, reduces medical errors, and advances the delivery of patient-centered medical care;

''(3) reduces health care costs resulting from inefficiency, medical errors, inappropriate care, and incomplete information;

''(4) ensures that appropriate information to help guide medical decisions is available at the time and place of care;

''(5) promotes a more effective marketplace, greater competition, and increased choice through the wider availability of accurate information on health care costs, quality, and outcomes;

''(6) improves the coordination of care and information among hospitals, laboratories, physician offices, and other entities through an effective infrastructure for the secure and authorized exchange of health care information;

''(7) improves public health reporting and facilitates the early identification and rapid response to public health threats and emergencies, including bioterror events and infectious disease outbreaks;

''(8) facilitates health research; and

''(9) promotes prevention of chronic diseases.

''(c) DUTIES OF THE NATIONAL COORDINATOR.—The National Coordinator shall—

''(1) serve as the principal advisor to the Secretary concerning the development, application, and use of health information technology, and coordinate and oversee the health information technology programs of the Department;

''(2) facilitate the adoption of a nationwide, interoperable system for the electronic exchange of health information;

''(3) ensure the adoption and implementation of standards for the electronic exchange of health information to reduce cost and improve health care quality;

''(4) ensure that health information technology policy and programs of the Department are coordinated with those of relevant executive branch agencies (including Federal commissions) with a goal of avoiding duplication of efforts and of helping to en-

sure that each agency undertakes health information technology activities primarily within the areas of its greatest expertise and technical capability;

''(5) to the extent permitted by law, coordinate outreach and consultation by the relevant executive branch agencies (including Federal commissions) with public and private parties of interest, including consumers, payers, employers, hospitals and other health care providers, physicians, community health centers, laboratories, vendors and other stakeholders;

''(6) advise the President regarding specific Federal health information technology programs; and

''(7) prepare the reports described under section 2903(i) (excluding paragraph (4) of such section).

''(d) DETAIL OF FEDERAL EMPLOYEES.—

''(1) IN GENERAL.—Upon the request of the National Coordinator, the head of any Federal agency is authorized to detail, with or without reimbursement from the Office, any of the personnel of such agency to the Office to assist it in carrying out its duties under this section.

''(2) EFFECT OF DETAIL.—Any detail of personnel under paragraph (1) shall—

''(A) not interrupt or otherwise affect the civil service status or privileges of the Federal employee; and

''(B) be in addition to any other staff of the Department employed by the National Coordinator.

''(3) ACCEPTANCE OF DETAILEES.—Notwithstanding any other provision of law, the Office may accept detailed personnel from other Federal agencies without regard to whether the agency described under paragraph (1) is reimbursed.

''(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require the duplication of Federal efforts with respect to the establishment of the Office, regardless of whether such efforts were carried out prior to or after the enactment of this title.

''(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $5,000,000 for fiscal year 2006, $5,000,000 for fiscal year 2007, and such sums as may be necessary for each of fiscal years 2008 through 2010.

"SEC. 2903. AMERICAN HEALTH INFORMATION COLLABORATIVE.

''(a) PURPOSE.—The Secretary shall establish the public-private American Health Information Collaborative (referred to in this section as the 'Collaborative') to—

''(1) advise the Secretary and recommend specific actions to achieve a nationwide interoperable health information technology infrastructure;

''(2) serve as a forum for the participation of a broad range of stakeholders to provide input on achieving the interoperability of health information technology; and

''(3) recommend standards (including content, communication, and security standards) for the electronic exchange of health information (including for the reporting of quality data under section 2907) for adoption by the Federal Government and voluntary adoption by private entities.

''(b) COMPOSITION.—

''(1) IN GENERAL.—The Collaborative shall be composed of members of the public and private sectors to be appointed by the Secretary, including representatives from—

''(A) consumer or patient organizations;

''(B) organizations with expertise in privacy and security;

''(C) health care providers;

''(D) health insurance plans or other third party payors;

''(E) information technology vendors; and

''(F) purchasers or employers.

''(2) PARTICIPATION.—In appointing members under paragraph (1), and in developing the procedures for conducting the activities of the Collaborative, the Secretary shall ensure a balance among various sectors of the health care system so that no single sector unduly influences the recommendations of the Collaborative.

''(3) TERMS.—Members appointed under paragraph (1) shall serve for 2 year terms, except that any member appointed to fill a vacancy for an unexpired term shall be appointed for the remainder of such term. A member may serve for not to exceed 180 days after the expiration of such member's term or until a successor has been appointed.

''(4) OUTSIDE INVOLVEMENT.—With respect to the functions of the Collaborative, the Secretary shall ensure an adequate opportunity for the participation of outside advisors, including individuals with expertise in—

''(A) health information privacy;

''(B) health information security;

''(C) health care quality and patient safety, including individuals with expertise in utilizing health information technology to improve health care quality and patient safety;

''(D) data exchange; and

''(E) developing health information technology standards and new health information technology.

''(c) RECOMMENDATIONS AND POLICIES.—Not later than 1 year after the date of enactment of this title, and annually thereafter, the Collaborative shall recommend to the Secretary uniform national policies for adoption by the Federal Government and voluntary adoption by private entities to support the widespread adoption of health information technology, including—

''(1) protection of individually identifiable health information through privacy and security practices;

''(2) measures to prevent unauthorized access to health information, including unauthorized access through the use of certain peer-to-peer file-sharing applications;

''(3) methods to notify patients if their individually identifiable health information is wrongfully disclosed;

''(4) methods to facilitate secure patient access to health information;

''(5) fostering the public understanding of health information technology;

''(6) the ongoing harmonization of industry-wide health information technology standards;

''(7) recommendations for a nationwide interoperable health information technology infrastructure;

''(8) the identification and prioritization of specific use cases for which health information technology is valuable, beneficial, and feasible;

''(9) recommendations for the establishment of an entity to ensure the continuation of the functions of the Collaborative; and

''(10) other policies (including recommendations for incorporating health information technology into the provision of care and the organization of the health care workplace) determined to be necessary by the Collaborative.

''(d) STANDARDS.—

''(1) EXISTING STANDARDS.—The standards adopted by the Consolidated Health Informatics Initiative shall be deemed to have been recommended by the Collaborative under this section.

''(2) FIRST YEAR REVIEW.—Not later than 1 year after the date of enactment of this title, the Collaborative shall—

''(A) review existing standards (including content, communication, and security standards) for the electronic exchange of health information;

''(B) identify deficiencies and omissions in such existing standards; and

''(C) identify duplication and overlap in such existing standards;

and recommend new standards and modifications to such existing standards as necessary.

''(3) ONGOING REVIEW.—Beginning 1 year after the date of enactment of this title, and annually thereafter, the Collaborative shall—

''(A) review existing standards (including content, communication, and security standards) for the electronic exchange of health information;

"(B) identify deficiencies and omissions in such existing standards; and

"(C) identify duplication and overlap in such existing standards;

and recommend new standards and modifications to such existing standards as necessary.

"(4) LIMITATION.—The standards and timeframe for adoption described in this section shall be consistent with any standards developed pursuant to the Health Insurance Portability and Accountability Act of 1996.

"(e) FEDERAL ACTION.—Not later than 90 days after the issuance of a recommendation from the Collaborative under subsection (d)(2), the Secretary of Health and Human Services, the Secretary of Veterans Affairs, and the Secretary of Defense, in collaboration with representatives of other relevant Federal agencies, as determined appropriate by the Secretary, shall jointly review such recommendations. If appropriate, the Secretary shall provide for the adoption by the Federal Government of any standard or standards contained in such recommendation.

"(f) COORDINATION OF FEDERAL SPENDING.—

"(1) IN GENERAL.—Not later than 1 year after the adoption by the Federal Government of a rec-

ommendation as provided for in subsection (e), and in compliance with chapter 113 of title 40, United States Code, no Federal agency shall expend Federal funds for the purchase of any new health information technology or health information technology system for clinical care or for the electronic retrieval, storage, or exchange of health information that is not consistent with applicable standards adopted by the Federal Government under subsection (e).

''(2) RULE OF CONSTRUCTION.—Nothing in paragraph (1) shall be construed to restrict the purchase of minor (as determined by the Secretary) hardware or software components in order to modify, correct a deficiency in, or extend the life of existing hardware or software.

''(g) COORDINATION OF FEDERAL DATA COLLECTION.—Not later than 3 years after the adoption by the Federal Government of a recommendation as provided for in subsection (e), all Federal agencies collecting health data for the purposes of quality reporting, surveillance, epidemiology, adverse event reporting, research, or for other purposes determined appropriate by the Secretary, shall comply with standards adopted under subsection (e).

''(h) VOLUNTARY ADOPTION.—

''(1) IN GENERAL.—Any standards adopted by the Federal Government under subsection (e) shall be voluntary with respect to private entities.

''(2) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require that a private entity that enters into a contract with the Federal Government adopt the standards adopted by the Federal Government under this section with respect to activities not related to the contract.

''(3) LIMITATION.—Private entities that enter into a contract with the Federal Government shall adopt the standards adopted by the Federal Government under this section for the purpose of activities under such Federal contract.

''(i) REPORTS.—The Secretary shall submit to the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate and the Committee on Energy and Commerce and the Committee on Ways and Means of the House of Representatives, on an annual basis, a report that—

''(1) describes the specific actions that have been taken by the Federal Government and private entities to facilitate the adoption of an interoperable nationwide system for the electronic exchange of health information;

''(2) describes barriers to the adoption of such a nationwide system;

''(3) contains recommendations to achieve full implementation of such a nationwide system; and

''(4) contains a plan and progress toward the establishment of an entity to ensure the continuation of the functions of the Collaborative.

''(j) APPLICATION OF FACA.—The Federal Advisory Committee Act (5 U.S.C. App.) shall apply to the Collaborative, except that the term provided for under section 14(a)(2) shall be 5 years.

''(k) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require the duplication of Federal efforts with respect to the establishment of the Collaborative, regardless of whether such efforts were carried out prior to or after the enactment of this title.

''(l) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $4,000,000 for fiscal year 2006, $4,000,000 for fiscal year 2007, and such sums as may be necessary for each of fiscal years 2008 through 2010.

''SEC. 2904. IMPLEMENTATION AND CERTIFICATION OF HEALTH INFORMATION STANDARDS.

''(a) IMPLEMENTATION.—

''(1) IN GENERAL.—The Secretary, based upon the recommendations of the Collaborative, shall develop criteria to ensure uniform and consistent implementation of any standards for the electronic exchange of health information voluntarily adopted by private entities in technical conformance with such standards adopted under this title.

''(2) IMPLEMENTATION ASSISTANCE.—The Secretary may recognize a private entity or entities to assist private entities in the implementation of the standards adopted under this title using the criteria developed by the Secretary under this section.

''(b) CERTIFICATION.—

''(1) IN GENERAL.—The Secretary, based upon the recommendations of the Collaborative, shall develop criteria to ensure and certify that hardware and software that claim to be in compliance with applicable standards for the electronic exchange of health information adopted under this title have established and maintained such compliance in technical conformance with such standards.

''(2) CERTIFICATION ASSISTANCE.—The Secretary may recognize a private entity or entities to assist in the certification described under paragraph

(1) using the criteria developed by the Secretary under this section.

''(c) OUTSIDE INVOLVEMENT.—The Secretary, through consultation with the Collaborative, may accept recommendations on the development of the criteria under subsections (a) and (b) from a Federal agency or private entity.

''SEC. 2905. GRANTS TO FACILITATE THE WIDESPREAD ADOPTION OF INTEROPERABLE HEALTH INFORMATION TECHNOLOGY.

''(a) COMPETITIVE GRANTS TO FACILITATE THE WIDESPREAD ADOPTION OF HEALTH INFORMATION TECHNOLOGY.—

''(1) IN GENERAL.—The Secretary may award competitive grants to eligible entities to facilitate the purchase and enhance the utilization of qualified health information technology systems to improve the quality and efficiency of health care.

''(2) ELIGIBILITY.—To be eligible to receive a grant under paragraph (1) an entity shall—

''(A) submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require;

"(B) submit to the Secretary a strategic plan for the implementation of data sharing and interoperability measures;

"(C) be a—

"(i) not for profit hospital, including a federally qualified health center (as defined in section 1861(aa)(4) of the Social Security Act);

"(ii) individual or group practice; or

"(iii) another health care provider not described in clause (i) or (ii);

"(D) adopt the standards adopted by the Federal Government under section 2903;

"(E) implement the measures adopted under section 2907 and report to the Secretary on such measures;

"(F) agree to notify patients if their individually identifiable health information is wrongfully disclosed;

"(G) demonstrate significant financial need; and

"(H) provide matching funds in accordance with paragraph (4).

"(3) USE OF FUNDS.—Amounts received under a grant under this subsection shall be used to facili-

tate the purchase and enhance the utilization of qualified health information technology systems and training personnel in the use of such technology.

''(4) MATCHING REQUIREMENT.—To be eligible for a grant under this subsection an entity shall contribute non-Federal contributions to the costs of carrying out the activities for which the grant is awarded in an amount equal to $1 for each $3 of Federal funds provided under the grant.

''(5) PREFERENCE IN AWARDING GRANTS.—In awarding grants under this subsection the Secretary shall give preference to—

''(A) eligible entities that are located in rural, frontier, and other underserved areas as determined by the Secretary;

''(B) eligible entities that will link, to the extent practicable, the qualified health information system to local or regional health information plan or plans; and

''(C) with respect to an entity described in subsection (a)(2)(C)(iii), a nonprofit health care provider.

''(b) COMPETITIVE GRANTS TO STATES FOR THE DEVELOPMENT OF STATE LOAN PROGRAMS TO FACILITATE

THE WIDESPREAD ADOPTION OF HEALTH INFORMATION TECHNOLOGY.—

''(1) IN GENERAL.—The Secretary may award competitive grants to States for the establishment of State programs for loans to health care providers to facilitate the purchase and enhance the utilization of qualified health information technology.

''(2) ESTABLISHMENT OF FUND.—To be eligible to receive a competitive grant under this subsection, a State shall establish a qualified health information technology loan fund (referred to in this subsection as a 'State loan fund') and comply with the other requirements contained in this section. A grant to a State under this subsection shall be deposited in the State loan fund established by the State. No funds authorized by other provisions of this title to be used for other purposes specified in this title shall be deposited in any State loan fund.

''(3) ELIGIBILITY.—To be eligible to receive a grant under paragraph (1) a State shall—

''(A) submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require;

''(B) submit to the Secretary a strategic plan in accordance with paragraph (4);

''(C) establish a qualified health information technology loan fund in accordance with paragraph (2);

''(D) require that health care providers receiving such loans—

''(i) link, to the extent practicable, the qualified health information system to a local or regional health information network;

''(ii) consult with the Health Information Technology Resource Center established in section 914(d) to access the knowledge and experience of existing initiatives regarding the successful implementation and effective use of health information technology; and

''(iii) agree to notify patients if their individually identifiable health information is wrongfully disclosed;

''(E) require that health care providers receiving such loans adopt the standards adopted by the Federal Government under section 2903;

''(F) require that health care providers receiving such loans implement the measures adopted under section 2907 and report to the Secretary on such measures; and

''(G) provide matching funds in accordance with paragraph (8).

''(4) STRATEGIC PLAN.—

''(A) IN GENERAL.—A State that receives a grant under this subsection shall annually prepare a strategic plan that identifies the intended uses of amounts available to the State loan fund of the State.

''(B) CONTENTS.—A strategic plan under subparagraph (A) shall include—

''(i) a list of the projects to be assisted through the State loan fund in the first fiscal year that begins after the date on which the plan is submitted;

''(ii) a description of the criteria and methods established for the distribution of funds from the State loan fund; and

''(iii) a description of the financial status of the State loan fund and the short-term and long-term goals of the State loan fund.

"(5) USE OF FUNDS.—

"(A) IN GENERAL.—Amounts deposited in a State loan fund, including loan repayments and interest earned on such amounts, shall be used only for awarding loans or loan guarantees, or as a source of reserve and security for leveraged loans, the proceeds of which are deposited in the State loan fund established under paragraph (1). Loans under this section may be used by a health care provider to facilitate the purchase and enhance the utilization of qualified health information technology and training of personnel in the use of such technology.

"(B) LIMITATION.—Amounts received by a State under this subsection may not be used—

"(i) for the purchase or other acquisition of any health information technology system that is not a qualified health information technology system;

"(ii) to conduct activities for which Federal funds are expended under this title, or the amendments made by the Wired for Health Care Quality Act; or

''(iii) for any purpose other than making loans to eligible entities under this section.

''(6) TYPES OF ASSISTANCE.—Except as otherwise limited by applicable State law, amounts deposited into a State loan fund under this subsection may only be used for the following:

''(A) To award loans that comply with the following:

''(i) The interest rate for each loan shall be less than or equal to the market interest rate.

''(ii) The principal and interest payments on each loan shall commence not later than 1 year after the loan was awarded, and each loan shall be fully amortized not later than 10 years after the date of the loan.

''(iii) The State loan fund shall be credited with all payments of principal and interest on each loan awarded from the fund.

''(B) To guarantee, or purchase insurance for, a local obligation (all of the proceeds of which finance a project eligible for assistance

under this subsection) if the guarantee or purchase would improve credit market access or reduce the interest rate applicable to the obligation involved.

''(C) As a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the State if the proceeds of the sale of the bonds will be deposited into the State loan fund.

''(D) To earn interest on the amounts deposited into the State loan fund.

''(7) ADMINISTRATION OF STATE LOAN FUNDS.—

''(A) COMBINED FINANCIAL ADMINISTRATION.—A State may (as a convenience and to avoid unnecessary administrative costs) combine, in accordance with State law, the financial administration of a State loan fund established under this subsection with the financial administration of any other revolving fund established by the State if otherwise not prohibited by the law under which the State loan fund was established.

''(B) COST OF ADMINISTERING FUND.—Each State may annually use not to exceed 4

percent of the funds provided to the State under a grant under this subsection to pay the reasonable costs of the administration of the programs under this section, including the recovery of reasonable costs expended to establish a State loan fund which are incurred after the date of enactment of this title.

''(C) GUIDANCE AND REGULATIONS.—The Secretary shall publish guidance and promulgate regulations as may be necessary to carry out the provisions of this subsection, including—

''(i) provisions to ensure that each State commits and expends funds allotted to the State under this subsection as efficiently as possible in accordance with this title and applicable State laws; and

''(ii) guidance to prevent waste, fraud, and abuse.

''(D) PRIVATE SECTOR CONTRIBUTIONS.—

''(i) IN GENERAL.—A State loan fund established under this subsection may accept contributions from private sector entities, except that such entities may not

specify the recipient or recipients of any loan issued under this subsection.

''(ii) AVAILABILITY OF INFORMATION.—A State shall make publicly available the identity of, and amount contributed by, any private sector entity under clause (i) and may issue letters of commendation or make other awards (that have no financial value) to any such entity.

''(8) MATCHING REQUIREMENTS.—

''(A) IN GENERAL.—The Secretary may not make a grant under paragraph (1) to a State unless the State agrees to make available (directly or through donations from public or private entities) non-Federal contributions in cash toward the costs of the State program to be implemented under the grant in an amount equal to not less than $1 for each $1 of Federal funds provided under the grant.

''(B) DETERMINATION OF AMOUNT OF NON-FEDERAL CONTRIBUTION.—In determining the amount of non-Federal contributions that a State has provided pursuant to subparagraph (A), the Secretary may not include any

amounts provided to the State by the Federal Government.

''(9) PREFERENCE IN AWARDING GRANTS.—The Secretary may give a preference in awarding grants under this subsection to States that adopt value-based purchasing programs to improve health care quality.

''(10) REPORTS.—The Secretary shall annually submit to the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate, and the Committee on Energy and Commerce and the Committee on Ways and Means of the House of Representatives, a report summarizing the reports received by the Secretary from each State that receives a grant under this subsection.

''(c) COMPETITIVE GRANTS FOR THE IMPLEMENTATION OF REGIONAL OR LOCAL HEALTH INFORMATION TECHNOLOGY PLANS.—

''(1) IN GENERAL.—The Secretary may award competitive grants to eligible entities to implement regional or local health information plans to improve health care quality and efficiency through the electronic exchange of health information pursuant to the standards, protocols, and other requirements

adopted by the Secretary under sections 2903 and 2907.

''(2) ELIGIBILITY.—To be eligible to receive a grant under paragraph (1) an entity shall—

''(A) demonstrate financial need to the Secretary;

''(B) demonstrate that one of its principal missions or purposes is to use information technology to improve health care quality and efficiency;

''(C) adopt bylaws, memoranda of understanding, or other charter documents that demonstrate that the governance structure and decisionmaking processes of such entity allow for participation on an ongoing basis by multiple stakeholders within a community, including—

''(i) physicians (as defined in section 1861(r) of the Social Security Act), including physicians that provide services to low income and underserved populations;

''(ii) hospitals (including hospitals that provide services to low income and underserved populations);

''(iii) pharmacists or pharmacies;

''(iv) health insurance plans;

"(v) health centers (as defined in section 330(b)) and Federally qualified health centers (as defined in section 1861(aa)(4) of the Social Security Act);

"(vi) rural health clinics (as defined in section 1861(aa) of the Social Security Act);

"(vii) patient or consumer organizations;

"(viii) employers; and

"(ix) any other health care providers or other entities, as determined appropriate by the Secretary;

"(D) demonstrate the participation, to the extent practicable, of stakeholders in the electronic exchange of health information within the local or regional plan pursuant to paragraph (2)(C);

"(E) adopt nondiscrimination and conflict of interest policies that demonstrate a commitment to open, fair, and nondiscriminatory participation in the health information plan by all stakeholders;

"(F) adopt the standards adopted by the Secretary under section 2903;

''(G) require that health care providers receiving such grants implement the measures adopted under section 2907 and report to the Secretary on such measures;

''(H) agree to notify patients if their individually identifiable health information is wrongfully disclosed;

''(I) facilitate the electronic exchange of health information within the local or regional area and among local and regional areas;

''(J) prepare and submit to the Secretary an application in accordance with paragraph (3); and

''(K) agree to provide matching funds in accordance with paragraph (5).

''(3) APPLICATION.—

''(A) IN GENERAL.—To be eligible to receive a grant under paragraph (1), an entity shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

''(B) REQUIRED INFORMATION.—At a minimum, an application submitted under this paragraph shall include—

"(i) clearly identified short-term and long-term objectives of the regional or local health information plan;

"(ii) a technology plan that complies with the standards adopted under section 2903 and that includes a descriptive and reasoned estimate of costs of the hardware, software, training, and consulting services necessary to implement the regional or local health information plan;

"(iii) a strategy that includes initiatives to improve health care quality and efficiency, including the use and reporting of health care quality measures adopted under section 2907;

"(iv) a plan that describes provisions to encourage the implementation of the electronic exchange of health information by all physicians, including single physician practices and small physician groups participating in the health information plan;

"(v) a plan to ensure the privacy and security of personal health information that is consistent with Federal and State law;

"(vi) a governance plan that defines the manner in which the stakeholders shall jointly make policy and operational decisions on an ongoing basis;

"(vii) a financial or business plan that describes—

"(I) the sustainability of the plan;

"(II) the financial costs and benefits of the plan; and

"(III) the entities to which such costs and benefits will accrue; and

"(viii) in the case of an applicant entity that is unable to demonstrate the participation of all stakeholders pursuant to paragraph (2)(C), the justification from the entity for any such nonparticipation.

"(4) USE OF FUNDS.—Amounts received under a grant under paragraph (1) shall be used to establish and implement a regional or local health information plan in accordance with this subsection.

"(5) MATCHING REQUIREMENT.—

"(A) IN GENERAL.—The Secretary may not make a grant under this subsection to an entity unless the entity agrees that, with re-

spect to the costs to be incurred by the entity in carrying out the infrastructure program for which the grant was awarded, the entity will make available (directly or through donations from public or private entities) non-Federal contributions toward such costs in an amount equal to not less than 50 percent of such costs ($1 for each $2 of Federal funds provided under the grant).

''(B) DETERMINATION OF AMOUNT CONTRIBUTED.—Non-Federal contributions required under subparagraph (A) may be in cash or in kind, fairly evaluated, including equipment, technology, or services. Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, may not be included in determining the amount of such non-Federal contributions.

''(d) REPORTS.—Not later than 1 year after the date on which the first grant is awarded under this section, and annually thereafter during the grant period, an entity that receives a grant under this section shall submit to the Secretary a report on the activities carried out under the grant involved. Each such report shall include—

''(1) a description of the financial costs and benefits of the project involved and of the entities to which such costs and benefits accrue;

''(2) an analysis of the impact of the project on health care quality and safety;

''(3) a description of any reduction in duplicative or unnecessary care as a result of the project involved;

''(4) a description of the efforts of recipients under this section to facilitate secure patient access to health information; and

''(5) other information as required by the Secretary.

''(e) REQUIREMENT TO ACHIEVE QUALITY IMPROVEMENT.—The Secretary shall annually evaluate the activities conducted under this section and shall, in awarding grants, implement the lessons learned from such evaluation in a manner so that awards made subsequent to each such evaluation are made in a manner that, in the determination of the Secretary, will result in the greatest improvement in quality measures under section 2907.

''(f) LIMITATION.—An eligible entity may only receive one non-renewable grant under subsection (a), one non-renewable grant under subsection (b), and one non-renewable grant under subsection (c).

''(g) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—For the purpose of carrying out this section, there is authorized to be appropriated $116,000,000 for fiscal year 2006, $141,000,000 for fiscal year 2007, and such sums as may be necessary for each of fiscal years 2008 through 2010.

''(2) AVAILABILITY.—Amounts appropriated under paragraph (1) shall remain available through fiscal year 2010.

''SEC. 2906. DEMONSTRATION PROGRAM TO INTEGRATE INFORMATION TECHNOLOGY INTO CLINICAL EDUCATION.

''(a) IN GENERAL.—The Secretary may award grants under this section to carry out demonstration projects to develop academic curricula integrating qualified health information technology systems in the clinical education of health professionals. Such awards shall be made on a competitive basis and pursuant to peer review.

''(b) ELIGIBILITY.—To be eligible to receive a grant under subsection (a), an entity shall—

''(1) submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require;

''(2) submit to the Secretary a strategic plan for integrating qualified health information technology in the clinical education of health professionals and for ensuring the consistent utilization of decision support software to reduce medical errors and enhance health care quality;

''(3) be—

''(A) a health professions school;

''(B) a school of nursing; or

''(C) an institution with a graduate medical education program;

''(4) provide for the collection of data regarding the effectiveness of the demonstration project to be funded under the grant in improving the safety of patients, the efficiency of health care delivery, and in increasing the likelihood that graduates of the grantee will adopt and incorporate health information technology, and implement the quality measures adopted under section 2907, in the delivery of health care services; and

''(5) provide matching funds in accordance with subsection (c).

''(c) USE OF FUNDS.—

''(1) IN GENERAL.—With respect to a grant under subsection (a), an eligible entity shall—

''(A) use grant funds in collaboration with 2 or more disciplines; and

''(B) use grant funds to integrate qualified health information technology into community-based clinical education.

''(2) LIMITATION.—An eligible entity shall not use amounts received under a grant under subsection (a) to purchase hardware, software, or services.

''(d) MATCHING FUNDS.—

''(1) IN GENERAL.—The Secretary may award a grant to an entity under this section only if the entity agrees to make available non-Federal contributions toward the costs of the program to be funded under the grant in an amount that is not less than $1 for each $2 of Federal funds provided under the grant.

''(2) DETERMINATION OF AMOUNT CONTRIBUTED.—Non-Federal contributions under paragraph (1) may be in cash or in kind, fairly evaluated, including equipment or services. Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, may not be included in determining the amount of such contributions.

''(e) EVALUATION.—The Secretary shall take such action as may be necessary to evaluate the projects funded under this section and publish, make available, and disseminate the results of such evaluations on as wide a basis as is practicable.

''(f) REPORTS.—Not later than 1 year after the date of enactment of this title, and annually thereafter, the Secretary shall submit to the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate, and the Committee on Energy and Commerce and the Committee on Ways and Means of the House of Representatives a report that—

''(1) describes the specific projects established under this section; and

''(2) contains recommendations for Congress based on the evaluation conducted under subsection (e).

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section, $5,000,000 for fiscal year 2007, and such sums as may be necessary for each of fiscal years 2008 through 2010.

''(h) SUNSET.—This section shall not apply after September 30, 2010.

"SEC. 2907. QUALITY MEASURES.

"(a) IN GENERAL.—The Secretary shall develop quality measures, including measures to assess the effectiveness, timeliness, patient self-management, patient centeredness, efficiency, and safety, for the purpose of measuring the quality of care patients receive.

"(b) REQUIREMENTS.—The Secretary shall ensure that the quality measures developed under this section comply with the following:

"(1) MEASURES.—

"(A) REQUIREMENTS.—In developing the quality measures under this section, the Secretary shall, to the extent feasible, ensure that—

"(i) such measures are evidence based, reliable, and valid;

"(ii) such measures are consistent with the purposes described in section 2902(b);

"(iii) such measures include measures of clinical processes and outcomes, patient experience, efficiency, and equity; and

"(iv) such measures include measures of overuse and underuse of health care items and services.

''(2) PRIORITIES.—In developing the quality measures under this section, the Secretary shall ensure that priority is given to—

''(A) measures with the greatest potential impact for improving the quality and efficiency of care provided under this Act;

''(B) measures that may be rapidly implemented by group health plans, health insurance issuers, physicians, hospitals, nursing homes, long-term care providers, and other providers; and

''(C) measures which may inform health care decisions made by consumers and patients.

''(3) RISK ADJUSTMENT.—The Secretary shall establish procedures to account for differences in patient health status, patient characteristics, and geographic location. To the extent practicable, such procedures shall recognize existing procedures.

''(4) MAINTENANCE.—The Secretary shall, as determined appropriate, but in no case more often than once during each 12-month period, update the quality measures, including through the addition of more accurate and precise measures and the retirement of existing outdated measures.

''(5) RELATIONSHIP WITH PROGRAMS UNDER THE SOCIAL SECURITY ACT.—The Secretary shall ensure that the quality measures developed under this section—

''(A) complement quality measures developed by the Secretary under programs administered by the Secretary under the Social Security Act, including programs under titles XVIII, XIX, and XXI of such Act; and

''(B) do not conflict with the needs and priorities of the programs under titles XVIII, XIX, and XXI of such Act, as set forth by the Administrator of the Centers for Medicare & Medicaid Services.

''(c) REQUIRED CONSIDERATIONS IN DEVELOPING AND UPDATING THE MEASURES.—In developing and updating the quality measures under this section, the Secretary may take into account—

''(1) any demonstration or pilot program conducted by the Secretary relating to measuring and rewarding quality and efficiency of care;

''(2) any existing activities conducted by the Secretary relating to measuring and rewarding quality and efficiency;

''(3) any existing activities conducted by private entities, including health insurance plans and payors;

''(4) the report by the Institute of Medicine of the National Academy of Sciences under section 238(b) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and

''(5) issues of data collection and reporting, including the feasibility of collecting and reporting data on measures.

''(d) SOLICITATION OF ADVICE AND RECOMMENDATIONS.—On and after July 1, 2006, the Secretary shall consult with the following regarding the development, updating, and use of quality measures developed under this section:

''(1) Health insurance plans and health care providers, including such plans and providers with experience in the care of the frail elderly and individuals with multiple complex chronic conditions, or groups representing such health insurance plans and providers.

''(2) Groups representing patients and consumers.

''(3) Purchasers and employers or groups representing purchasers or employers.

''(4) Organizations that focus on quality improvement as well as the measurement and reporting of quality measures.

''(5) Organizations that certify and license health care providers.

''(6) State government public health programs.

''(7) Individuals or entities skilled in the conduct and interpretation of biomedical, health services, and health economics research and with expertise in outcomes and effectiveness research and technology assessment.

''(8) Individuals or entities involved in the development and establishment of standards and certification for health information technology systems and clinical data.

''(9) Individuals or entities with experience with—

''(A) urban health care issues;

''(B) safety net health care issues; and

''(C) rural and frontier health care issues.

''(e) USE OF QUALITY MEASURES.—

''(1) IN GENERAL.—For purposes of activities conducted or supported by the Secretary under this Act, the Secretary shall, to the extent practicable,

adopt and utilize the quality measures developed under this section.

''(2) COLLABORATIVE AGREEMENTS.—With respect to activities conducted or supported by the Secretary under this Act, the Secretary may establish collaborative agreements with private entities, including group health plans and health insurance issuers, providers, purchasers, consumer organizations, and entities receiving a grant under section 2905, to—

''(A) encourage the use of the quality measures adopted by the Secretary under this section; and

''(B) foster uniformity between the health care quality measures utilized by private entities.

''(3) REPORTING.—The Secretary shall implement procedures to enable the Department of Health and Human Services to accept the electronic submission of data for purposes of—

''(A) quality measurement using the quality measures developed under this section and using the standards adopted by the Federal Government under section 2903; and

''(B) for reporting measures used to make value-based payments under programs under the Social Security Act.

''(f) DISSEMINATION OF INFORMATION.—Beginning on January 1, 2008, in order to make comparative quality information available to health care consumers, health professionals, public health officials, researchers, and other appropriate individuals and entities, the Secretary shall provide for the dissemination, aggregation, and analysis of quality measures collected under section 2905 and the dissemination of recommendations and best practices derived in part from such analysis.

''(g) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance to public and private entities to enable such entities to—

''(1) implement and use evidence-based guidelines with the greatest potential to improve health care quality, efficiency, and patient safety; and

''(2) establish mechanisms for the rapid dissemination of information regarding evidence-based guidelines with the greatest potential to improve health care quality, efficiency, and patient safety.

''(h) RULE OF CONSTRUCTION.—Nothing in this title shall be construed as prohibiting the Secretary, acting through the Administrator of the Centers for Medicare &

Medicaid Services, from developing quality measures (and timing requirements for reporting such measures) for use under programs administered by the Secretary under the Social Security Act, including programs under titles XVIII, XIX, and XXI of such Act.''.

SEC. 3. LICENSURE AND THE ELECTRONIC EXCHANGE OF HEALTH INFORMATION.

(a) IN GENERAL.—The Secretary of Health and Human Services shall carry out, or contract with a private entity to carry out, a study that examines—

(1) the variation among State laws that relate to the licensure, registration, and certification of medical professionals; and

(2) how such variation among State laws impacts the secure electronic exchange of health information—

(A) among the States; and

(B) between the States and the Federal Government.

(b) REPORT AND RECOMMENDATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services shall publish a report that—

(1) describes the results of the study carried out under subsection (a); and

(2) makes recommendations to States regarding the harmonization of State laws based on the results of such study.

SEC. 4. ENSURING PRIVACY AND SECURITY.

Nothing in this Act (or the amendments made by this Act) shall be construed to affect the scope, substance, or applicability of—

(1) section 264 of the Health Insurance Portability and Accountability Act of 1996;

(2) sections 1171 through 1179 of the Social Security Act; and

(3) any regulation issued pursuant to any such section.

SEC. 5. GAO STUDY.

Not later than 6 months after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report on the necessity and workability of requiring health plans (as defined in section 1171 of the Social Security Act (42 U.S.C. 1320d)), health care clearinghouses (as defined in such section 1171), and health care providers (as defined in such section 1171) who transmit health information in electronic form, to notify patients if their individually identifiable health information (as defined in such section 1171) is wrongfully disclosed.

SEC. 6. STUDY OF REIMBURSEMENT INCENTIVES.

The Secretary of Health and Human Services shall carry out, or contract with a private entity to carry out, a study that examines methods to create efficient reimbursement incentives for improving health care quality in Federally qualified health centers, rural health clinics, and free clinics.

SEC. 7. HEALTH INFORMATION TECHNOLOGY RESOURCE CENTER.

Section 914 of the Public Health Service Act (42 U.S.C. 299b–3) is amended by adding at the end the following:

''(d) HEALTH INFORMATION TECHNOLOGY RESOURCE CENTER.—

''(1) IN GENERAL.—The Secretary, acting through the Director, shall develop a Health Information Technology Resource Center to provide technical assistance and develop best practices to support and accelerate efforts to adopt, implement, and effectively use interoperable health information technology in compliance with section 2903 and 2907.

''(2) PURPOSES.—The purpose of the Center is to—

''(A) provide a forum for the exchange of knowledge and experience;

''(B) accelerate the transfer of lessons learned from existing public and private sector initiatives, including those currently receiving Federal financial support;

''(C) assemble, analyze, and widely disseminate evidence and experience related to the adoption, implementation, and effective use of interoperable health information technology.

''(D) provide for the establishment of regional and local health information networks to facilitate the development of interoperability across health care settings and improve the quality of health care;

''(E) provide for the development of solutions to barriers to the exchange of electronic health information; and

''(F) conduct other activities identified by the States, local or regional health information networks, or health care stakeholders as a focus for developing and sharing best practices.

''(3) SUPPORT FOR ACTIVITIES.—To provide support for the activities of the Center, the Director shall modify the requirements, if necessary, that apply to the National Resource Center for Health Information Technology to provide the necessary in-

frastructure to support the duties and activities of the Center and facilitate information exchange across the public and private sectors.

''(4) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to require the duplication of Federal efforts with respect to the establishment of the Center, regardless of whether such efforts were carried out prior to or after the enactment of this subsection.

''(e) TECHNICAL ASSISTANCE TELEPHONE NUMBER OR WEBSITE.—The Secretary shall establish a toll-free telephone number or Internet website to provide health care providers and patients with a single point of contact to—

''(1) learn about Federal grants and technical assistance services related to interoperable health information technology;

''(2) learn about qualified health information technology and the quality measures adopted by the Federal Government under sections 2903 and 2907;

''(3) learn about regional and local health information networks for assistance with health information technology; and

''(4) disseminate additional information determined by the Secretary.

''(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, such sums as may be necessary for each of fiscal years 2006 and 2007 to carry out this subsection.''.

SEC. 8. REAUTHORIZATION OF INCENTIVE GRANTS REGARDING TELEMEDICINE.

Section 330L(b) of the Public Health Service Act (42 U.S.C. 254c–18(b)) is amended by striking ''2002 through 2006'' and inserting ''2006 through 2010''.

Passed the Senate November 18 (legislative day, November 17), 2005.

Attest:

Secretary.

109TH CONGRESS
1ST SESSION

S. 1418

AN ACT

To enhance the adoption of a nationwide interoperable health information technology system and to improve the quality and reduce the costs of health care in the United States.