

110TH CONGRESS
2D SESSION

S. 3216

To provide for the introduction of pay-for-performance compensation mechanisms into contracts of the Department of Veterans Affairs with community-based outpatient clinics for the provision of health care services, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 26, 2008

Mr. McCONNELL introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

A BILL

To provide for the introduction of pay-for-performance compensation mechanisms into contracts of the Department of Veterans Affairs with community-based outpatient clinics for the provision of health care services, 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 “Veterans Health Care
5 Improvement Act of 2008”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

1 (1) Veterans of the Armed Forces have made
2 tremendous sacrifices in the defense of freedom and
3 liberty.

4 (2) Congress recognizes these great sacrifices
5 and reaffirms America's strong commitment to its
6 veterans.

7 (3) As part of the on-going congressional effort
8 to recognize the sacrifices made by America's vet-
9 erans, Congress has dramatically increased funding
10 for the Department of Veterans Affairs for veterans
11 health care in the years since September 11, 2001.

12 (4) Part of the funding for the Department of
13 Veterans Affairs for veterans health care is allocated
14 toward community-based outpatient clinics
15 (CBOCs).

16 (5) Many CBOCs are administered by private
17 contractors.

18 (6) CBOCs administered by private contractors
19 operate on a capitated basis.

20 (7) Some current contracts for CBOCs may
21 create an incentive for contractors to sign up as
22 many veterans as possible, without ensuring timely
23 access to high quality health care for such veterans.

1 (8) The top priorities for CBOCs should be to
2 provide quality health care and patient satisfaction
3 for America's veterans.

4 (9) The Department of Veterans Affairs cur-
5 rently tracks the quality of patient care through its
6 Computerized Patient Record System. However, fees
7 paid to contractors are not currently adjusted auto-
8 matically to reflect the quality of care provided to
9 patients.

10 (10) A pay-for-performance payment model of-
11 fers a promising approach to health care delivery by
12 aligning the payment of fees to contractors with the
13 achievement of better health outcomes for patients.

14 (11) The Department of Veterans Affairs
15 should begin to emphasize pay-for-performance in its
16 contracts with CBOCs.

17 **SEC. 3. PAY-FOR-PERFORMANCE UNDER DEPARTMENT OF**
18 **VETERANS AFFAIRS CONTRACTS WITH COM-**
19 **MUNITY-BASED OUTPATIENT HEALTH CARE**
20 **CLINICS.**

21 (a) PLAN REQUIRED.—Not later than one year after
22 the date of the enactment of this Act, the Secretary of
23 Veterans Affairs shall submit to Congress a plan to intro-
24 duce pay-for-performance measures into contracts which
25 compensate contractors of the Department of Veterans Af-

1 fairs for the provision of health care services through com-
2 munity-based outpatient clinics (CBOCs).

3 (b) ELEMENTS.—The plan required by subsection (a)
4 shall include the following:

5 (1) Measures to ensure that contracts of the
6 Department for the provision of health care services
7 through CBOCs begin to utilize pay-for-performance
8 compensation mechanisms for compensating contrac-
9 tors for the provision of such services through such
10 clinics, including mechanisms as follows:

11 (A) To provide incentives for clinics that
12 provide high-quality health care.

13 (B) To provide incentives to better assure
14 patient satisfaction.

15 (C) To impose penalties (including termi-
16 nation of contract) for clinics that provide sub-
17 standard care.

18 (2) Mechanisms to collect and evaluate data on
19 the outcomes of the services generally provided by
20 CBOCs in order to provide for an assessment of the
21 quality of health care provided by such clinics.

22 (3) Mechanisms to eliminate abuses in the pro-
23 vision of health care services by CBOCs under con-
24 tracts that continue to utilize capitated-basis com-
25 pensation mechanisms for compensating contractors.

1 (c) IMPLEMENTATION.—The Secretary shall com-
2 mence the implementation of the plan required by sub-
3 section (a) unless Congress enacts an Act, not later than
4 60 days after the date of the submittal of the plan, prohib-
5 iting or modifying implementation of the plan. In imple-
6 menting the plan, the Secretary may initially carry out
7 one or more pilot programs to assess the feasibility and
8 advisability of mechanisms under the plan.

9 (d) REPORTS.—Not later than 180 days after the
10 date of the enactment of this Act and every 180 days
11 thereafter, the Secretary shall submit to Congress a report
12 setting forth the recommendations of the Secretary as to
13 the feasibility and advisability of utilizing pay-for-per-
14 formance compensation mechanisms in the provision of
15 health care services by the Department by means in addi-
16 tion to CBOCs.

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