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116TH CONGRESS
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S. 1260

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

MAY 1, 2019

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

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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.

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 ''Reducing Administrative Costs and Burdens in Health Care Act of 2019''.

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

Title II of the Public Health Service Act (42 U.S.C. 202 et seq.) is amended by adding at the end the following:

"PART E—REDUCING ADMINISTRATIVE COSTS AND BURDENS IN HEALTH CARE

"SEC. 281. ELIMINATING UNNECESSARY ADMINISTRATIVE BURDENS AND COSTS.

''(a) REDUCING ADMINISTRATIVE BURDENS AND COSTS.—The Secretary, in consultation with providers of health services, health care suppliers of services, health care payers, health professional societies, health vendors and developers, health care standard development organizations and operating rule entities, health care quality organizations, health care accreditation organizations, public health entities, States, patients, and other appropriate entities, shall, in accordance with subsection (b)—

''(1) establish a goal of reducing unnecessary costs and administrative burdens across the health care system, including the Medicare program under title XVIII of the Social Security Act, the Medicaid program under title XIX of such Act, and the private health insurance market, by at least half over a period of 10 years from the date of enactment of this section;

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

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

''(4) take action to reduce unnecessary costs and administrative burdens based on recommendations identified in this subsection.

''(b) STRATEGIES, RECOMMENDATIONS, AND ACTIONS.—

''(1) IN GENERAL.—To achieve the goal established under subsection (a)(1), the Secretary, in consultation with the entities described in such subsection, shall not later than 1 year after the date of enactment of this section, develop strategies and recommendations and take actions to meet such goal in accordance with this subsection. No strategies, recommendation, or action shall undermine the quality of patient care or patient health outcomes.

''(2) STRATEGIES.—The strategies developed under paragraph (1) shall address unnecessary costs and administrative burdens. Such strategies shall include broad public comment and shall prioritize—

''(A) recommendations identified as a result of efforts undertaken to implement section 3001;

''(B) recommendations and best practices identified as a result of efforts undertaken under this part;

''(C) a review of regulations, rules, and requirements of the Department of Health and Human Services that could be modified or eliminated to reduce unnecessary costs and administrative burden imposed on patients, providers, payers, and other stakeholders across the health care system; and

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

''(3) RECOMMENDATIONS.—The recommendations developed under paragraph (1) shall include—

''(A) actions that improve the standardization and automation of administrative transactions;

''(B) actions that integrate clinical and administrative functions;

''(C) actions that improve patient care and reduce unnecessary costs and administrative burdens borne by patients, their families, and other caretakers;

''(D) actions that advance the development and adoption of open application programming interfaces and other emerging technologies to increase transparency and interoperability, empower patients, and facilitate better integration of clinical and administrative functions;

''(E) actions to be taken by the Secretary and actions that need to be taken by other entities; and

''(F) other areas, as the Secretary determines appropriate, to reduce unnecessary costs and administrative burdens required of health care providers.

''(4) CONSISTENCY.—Any improvements in electronic processes proposed by the Secretary under this section should leverage existing information technology definitions under Federal Law. Specifically, any electronic processes should not be construed to include a facsimile, a proprietary payer portal that does not meet standards specified by the Secretary, or an electronic form image.

''(5) ACTIONS.—The Secretary shall take action to achieve the goal established under subsection (a)(1), and, not later than 1 year after the date of enactment of this section, and biennially thereafter,

submit to Congress and make publically available, a report describing the actions taken by the Secretary pursuant to goals, strategies, and recommendations described in this subsection.

''(6) FACA.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the development of the goal, strategies, recommendations, or actions described in this section.

''(7) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to authorize, or be used by, the Federal Government to inhibit or otherwise restrain efforts made to reduce waste, fraud, and abuse across the health care system.

''SEC. 282. GRANTS TO STATES TO DEVELOP AND IMPLEMENT RECOMMENDATIONS TO ACCELERATE STATE INNOVATION TO REDUCE HEALTH CARE ADMINISTRATIVE COSTS.

''(a) GRANTS.—

''(1) IN GENERAL.—Not later than 6 months after the date of enactment of this section, the Secretary shall award grants to at least 15 States, and one coordinating entity designated as provided for under subsection (e), to enable such States to establish and administer private-public multi-stakeholder commissions for the purpose of reducing health care

administrative costs and burden within and across States. Not less than 3 of such grants shall be awarded to States that are primarily rural, frontier, or a combination thereof, in nature.

''(2) ENTITIES.—For purposes of this section, the term 'State' means a State, a State designated entity, or a multi-State collaborative (as defined by the Secretary).

''(3) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applications submitted by States that propose to carry out a pilot program or support the adoption of electronic health care transactions and operating rules.

''(b) APPLICATION.—

''(1) IN GENERAL.—To be eligible to receive a grant under subsection (a) a State shall submit to the Secretary an application in such a manner and containing such information as the Secretary may reasonably require, including the information described in paragraph (2).

''(2) REQUIRED INFORMATION.—In addition to any additional information required by the Secretary under this subsection, an application shall include a description of—

''(A) the size and composition of the commission to be established under the grant, including the stakeholders represented and the degree to which the commission reflects important geographic and population characteristics of the State;

''(B) the relationship of the commission to the State official responsible for coordinating and implementing the recommendations resulting from the commission, and the role and responsibilities of the State with respect to the commission, including any participation, review, oversight, implementation or other related functions;

''(C) the history and experience of the State in addressing health care administrative costs, and any experience similar to the purpose of the commission to improve health care administrative processes and the exchange of health care administrative data;

''(D) the resources and expertise that will be made available to the commission by commission members or other possible sources, and how Federal funds will be used to leverage and complement these resources;

''(E) the governance structure and procedures that the commission will follow to make, implement, and pilot recommendations;

''(F) the proposed objectives relating to the simplification of administrative transactions and operating rules, increased standardization, and the efficiency and effectiveness of the transmission of health information;

''(G) potential cost savings and other improvements in meeting the objectives described in subparagraph (F); and

''(H) the method or methods by which the recommendations described in subsection (c) will be reviewed, tested, adopted, implemented, and updated as needed.

''(c) MULTI-STAKEHOLDER COMMISSION.—

''(1) IN GENERAL.—Not later than 90 days after the date on which a grant is awarded to a State under this section, the State official described in subsection (b)(2)(B), the State insurance commissioner, or other appropriate State official shall convene a multi-stakeholder commission, in accordance with this subsection.

''(2) MEMBERSHIP.—The commission convened under paragraph (1) shall include representatives

from health plans, health care providers, health vendors, relevant State agencies, health care standard development organizations, and operating rule entities, relevant professional and trade associations, patients, and other entities determined appropriate by the State.

''(3) RECOMMENDATIONS.—Not later than one year after the date on which a grant is awarded to a State under this section, the commission shall make recommendations and plans, consistent with the application submitted by the State under subsection (b), and intended to meet the objectives defined in the application. Such recommendations shall comply with, and build upon, all relevant Federal requirements and regulations, and may include—

''(A) common, uniform specifications, best practices, and conventions, for the efficient, effective exchange of administrative transactions adopted pursuant to the Health Insurance Portability and Accountability Act of 1996 (Public Law 104–191);

''(B) the development of streamlined business processes for the exchange and use of health care administrative data; and

''(C) specifications, incentives, requirements, tools, mechanisms, and resources to improve—

''(i) the access, exchange, and use of health care administrative information through electronic means;

''(ii) the implementation of utilization management protocols; and

''(iii) compliance with Federal and State laws.

''(d) USE OF FUNDS FOR IMPLEMENTATION.—A State may use amounts received under a grant under this section for one or more of the following:

''(1) The development, implementation, and best use of shared data infrastructure that supports the electronic transmission of administrative data.

''(2) The development and provision of training and educational materials, forums, and activities as well as technical assistance to effectively implement, use, and benefit from electronic health care transactions and operating rules.

''(3) To accelerate the early adoption and implementation of administrative transactions and operating rules designated by the Secretary and that have been adopted pursuant to the Health Insurance

Portability and Accountability Act of 1996 (Public Law 104–191), including transactions and operating rules described in section 1173(a)(2) of the Social Security Act.

''(4) To accelerate the early adoption and implementation of additional or updated administrative transactions, operating rules, and related data exchange standards that are being considered for adoption under the Health Insurance Portability and Accountability Act of 1996 or are adopted pursuant to such Act, or as designated by the Secretary, including the electronic claim attachment.

''(5) To conduct pilot projects to test approaches to implement and use the electronic health care transactions and operating rules in practice under a variety of different settings. With respect to the electronic attachment transaction, priority shall be given to pilot projects that test and evaluate methods and mechanisms to most effectively incorporate patient health data from electronic health records and other electronic sources with the electronic attachment transaction.

''(6) To assess barriers to the adoption, implementation, and effective use of electronic health care transactions and operating rules, as well as to ex-

plore, identify, and plan options, approaches, and resources to address barriers and make improvements.

''(7) The facilitation of public and private initiatives to reduce administrative costs and accelerate the adoption, implementation, and effective use of electronic health care transactions and operating rules for State programs.

''(8) Developing, testing, implementing, and assessing additional data exchange specifications, operating rules, incentives, requirements, tools, mechanisms, and resources to accelerate the adoption and effective use of the transactions and operating rules.

''(9) Ongoing needs assessments and planning related to the development and implementation of administrative simplification initiatives.

''(e) COORDINATING ENTITY.—

''(1) FUNCTIONS.—Not later than 6 months after the date of enactment of this section, the Secretary shall designate a coordinating entity under this subsection for the purpose of—

''(A) providing technical assistance to States relating to the simplification of administrative transactions and operating rules, increased standardization, and the efficiency and

effectiveness of the transmission of health care information;

''(B) evaluating pilot projects and other efforts conducted under this section for impact and best practices to inform broader national use;

''(C) using consistent evaluation methodologies to compare return on investment across efforts conducted under this section;

''(D) compiling, synthesizing, disseminating, and adopting lessons learned to promote the adoption of electronic health care transactions and operating rules across the health care system; and

''(E) making recommendations to the Secretary and the National Committee on Vital and Health Statistics regarding the national adoption of efforts conducted under this section.

''(2) ELIGIBILITY.—The entity designated under paragraph (1) shall be a qualified nonprofit entity that—

''(A) focuses its mission on administrative simplification;

''(B) has demonstrated experience using a multi-stakeholder and consensus-based process for the development of common, uniform specifications, operating rules, best practices, and conventions, for the efficient, effective exchange of administrative transactions that includes representation by or participation from health plans, health care providers, vendors, States, relevant Federal agencies, and other health care standard development organizations;

''(C) has demonstrated experience providing technical assistance to health plans, health care providers, vendors, and States relating to the simplification of administrative transactions and operating rules, increased standardization, and the efficiency and effectiveness of the transmission of health care information;

''(D) has demonstrated experience evaluating and measuring the adoption and return on investment of administrative transactions and operating rules;

''(E) has demonstrated experience gathering, synthesizing, and adopting common, uniform specifications, operating rules, best practices, and conventions for national use based on

lessons learned to promote the adoption of electronic health care transactions and operating rules across the health care system;

"(F) has a public set of guiding principles that ensure processes are open and transparent, and supports nondiscrimination and conflict of interest policies that demonstrate a commitment to open, fair, and nondiscriminatory practices;

"(G) builds on the transaction standards issued under Health Insurance Portability and Accountability Act of 1996; and

"(H) allows for public review and updates of common, uniform specifications, operating rules, best practices, and conventions to support administrative simplification.

"(f) PERIOD AND AMOUNT.—A grant awarded to a State under this section shall be for a period of 5 years and shall not exceed $50,000,000 for such 5-year period. A grant awarded to the coordinating entity designated by the Secretary under subsection (e) shall be for a period of 5 years and shall not exceed $15,000,000 for such 5-year period.

"(g) REPORTS.—

''(1) STATES.—Not later than 1 year after receiving a grant under this section, and biennially thereafter, a State shall submit to the Secretary a report on the outcomes experienced by the State under the grant.

''(2) COORDINATING ENTITY.—Not later than 1 year after receiving a grant under this section, and at least biennially thereafter, the coordinating entity shall submit to the Secretary and the National Committee on Vital and Health Statistics a report of evaluations conducted under the grant under this section and recommendations regarding the national adoption of efforts conducted under this section.

''(3) SECRETARY.—Not later than 6 months after the date on which the States and coordinating entity submit the report required under paragraphs (1) and (2), the Secretary, in consultation with National Committee on Vital and Health Statistics, shall submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Energy and Commerce of the House of Representatives, a report on the outcomes achieved under the grants under this section.

''(4) GAO.—Not later than 6 months after the date on which the Secretary submits the final report

under paragraph (3), the Comptroller General of the United States shall conduct a study, and submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Energy and Commerce of the House of Representatives, a report on the outcomes of the activities carried out under this section which shall contain a list of best practices and recommendations to States concerning administrative simplification.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section, $250,000,000 for the 5-fiscal-year period beginning with fiscal year 2020.''.

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