

110<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7067

To amend title XVIII of the Social Security Act to expand the development of quality measures for inpatient hospital services, to implement a performance-based payment methodology for the provision of such services under the Medicare Program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 2008

Mr. ALTMIRE introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend title XVIII of the Social Security Act to expand the development of quality measures for inpatient hospital services, to implement a performance-based payment methodology for the provision of such services under the Medicare 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 “Quality FIRST (From  
5 Incentives, Reporting, Standards, and Technology) Act of  
6 2008”.

1 **SEC. 2. EXPANSION OF REPORTING AND DEVELOPMENT OF**  
2 **QUALITY MEASURES FOR INPATIENT HOS-**  
3 **PITAL SERVICES; IMPLEMENTATION OF PER-**  
4 **FORMANCE-BASED PAYMENT UNDER THE**  
5 **PROSPECTIVE PAYMENT SYSTEM FOR SUCH**  
6 **SERVICES.**

7 (a) IN GENERAL.—Title XVIII of the Social Security  
8 Act (42 U.S.C. 1395 et seq.) is amended by inserting after  
9 section 1886 the following new section:

10 “PERFORMANCE-BASED PAYMENT SYSTEM FOR  
11 INPATIENT HOSPITAL SERVICES

12 “SEC. 1886A. (a) EXPANSION OF REPORTING AND  
13 DEVELOPMENT OF QUALITY MEASURES.—

14 “(1) REQUIREMENT TO REPORT DATA ON  
15 QUALITY MEASURES.—For purposes of section  
16 1886(b)(3)(B)(i) for fiscal year 2010 and each sub-  
17 sequent fiscal year, in the case of a hospital that  
18 does not submit, to the Secretary in accordance with  
19 this section, data required to be submitted on speci-  
20 fied quality measures (as defined in paragraph  
21 (4)(A)) with respect to such fiscal year, the applica-  
22 ble percentage increase under section  
23 1886(b)(3)(B)(i) for such fiscal year shall be re-  
24 duced by 2.0 percentage points.

25 “(2) APPLICATION OF REDUCTION ONLY TO  
26 FISCAL YEAR INVOLVED.—Any reduction under

1 paragraph (1) shall apply only with respect to the  
2 fiscal year involved. The Secretary shall not take  
3 into account such reduction in computing the appli-  
4 cable percentage increase under section  
5 1886(b)(3)(B)(i) for a subsequent fiscal year.

6 “(3) DATA SUBMISSION.—Each hospital shall  
7 submit to the Secretary the required data on speci-  
8 fied quality measures under this section in the form  
9 and manner provided under subsection (h).

10 “(4) DEFINITIONS.—In this section:

11 “(A) The term ‘specified quality measures’  
12 means quality measures—

13 “(i) specified under clause (vii)(II) of  
14 section 1886(b)(3)(B);

15 “(ii) selected under clause (viii) of  
16 such section; and

17 “(iii) selected under subsection (b).

18 “(B) The term ‘hospital’ means a sub-  
19 section (d) hospital (as defined in section  
20 1886(d)(1)(B)).

21 “(b) ADDITION OF NEW QUALITY MEASURES.—

22 “(1) IN GENERAL.—In addition to the specified  
23 quality measures described in clauses (i) and (ii) of  
24 subsection (a)(4)(A), the Secretary shall select under  
25 this subsection such quality measures as the Sec-

1       retary determines to be appropriate for the measure-  
2       ment of the quality of care furnished by hospitals in  
3       inpatient settings.

4               “(2) EXPANSION AND REFINEMENT OF PER-  
5       FORMANCE MEASURES.—Effective for payments be-  
6       ginning with fiscal year 2009, in selecting additional  
7       quality measures under paragraph (1), the Secretary  
8       shall expand and revise the baseline set of perform-  
9       ance measures adopted under section  
10       1886(b)(3)(B)(viii)(IV). Subject to the succeeding  
11       provisions of this subsection, the Secretary shall add  
12       such additional measures that reflect consensus  
13       among affected parties and, to the extent feasible  
14       and practicable, shall include measures set forth by  
15       one or more national consensus-building organiza-  
16       tions (as defined in paragraph (4)(B)).

17               “(3) REQUIREMENT FOR EVIDENCE-BASED  
18       MEASURES.—

19                       “(A) IN GENERAL.—With respect to fiscal  
20       year 2009 and each subsequent fiscal year, the  
21       Secretary may not add any quality measure  
22       under this subsection unless that quality meas-  
23       ure—

24                               “(i) is evidence-based and statistically  
25       valid;

1 “(ii) subject to paragraph (7)(C), is  
2 endorsed by the National Quality Forum  
3 or such other similar consensus-building  
4 organization as the Secretary may des-  
5 ignate;

6 “(iii) is recommended for use by the  
7 Hospital Quality Alliance; and

8 “(iv) has been sufficiently tested to  
9 ensure the measure is accurate and effica-  
10 cious and to determine the resources re-  
11 quired of a hospital to collect and report  
12 data on the measure.

13 “(B) PROHIBITION ON USE OF QUALITY  
14 MEASURE FOR PUBLIC REPORTING OR PER-  
15 FORMANCE-BASED PAYMENT UNLESS EN-  
16 DORSED AND RECOMMENDED.—A quality meas-  
17 ure proposed to be added under this subsection  
18 may not be made available to the public under  
19 subsection (e) or otherwise, or used in the per-  
20 formance-based payment program under sub-  
21 section (f), before the date on which the meas-  
22 ure has been endorsed as provided in subpara-  
23 graph (A)(ii) and recommended as provided in  
24 subparagraph (A)(iii).

1           “(4) REQUIREMENT FOR COLLABORATION WITH  
2           CONSENSUS ORGANIZATIONS.—

3           “(A) IN GENERAL.—With respect to fiscal  
4           year 2010 and each subsequent fiscal year, the  
5           Secretary shall collaborate with consensus-  
6           building organizations to develop new quality  
7           measures in each of the following areas of inpa-  
8           tient hospital services:

9                   “(i) Efficiency.

10                   “(ii) Clinical effectiveness.

11                   “(iii) Patient-centeredness.

12                   “(iv) Care coordination.

13                   “(v) Patient safety.

14                   “(vi) Performance in areas where the  
15           Secretary identifies a need for an appro-  
16           priate quality measure.

17           “(B) CONSENSUS-BUILDING ORGANIZA-  
18           TION.—For purposes of this subsection, the  
19           term ‘consensus-building organization’ means  
20           an organization, such as the National Quality  
21           Forum, that the Secretary identifies as—

22                   “(i) having experience in using a  
23           transparent process for reaching a group  
24           consensus with respect to measures relat-

1 ing to performance of hospitals providing  
2 inpatient hospital services; and

3 “(ii) including in such process rep-  
4 resentatives of the Secretary, hospitals,  
5 physicians’ organizations, individuals enti-  
6 tled to benefits under part A, experts in  
7 health care quality, experts in measure de-  
8 velopment, organizations with experience in  
9 measure implementation, and individuals  
10 with experience in the delivery of health  
11 care in urban, rural, and frontier areas  
12 and to underserved populations and those  
13 who serve a disproportionate share of mi-  
14 nority patients.

15 “(5) ALTERNATIVE MEASURES FOR PATIENT  
16 OUTCOMES AND EXPERIENCE.—

17 “(A) IN GENERAL.—In addition to the  
18 quality measures for clinical process selected by  
19 the Secretary under section 1886(b)(3)(B)(viii),  
20 the Secretary shall consider alternative meth-  
21 odologies to measure quality that reflect patient  
22 outcomes and patient experience of care meas-  
23 ures. Of the alternative methodologies available  
24 for the consideration of the Secretary, quality  
25 measures under this paragraph shall be based

1 on a set of criteria that include importance, fea-  
2 sibility, scientific acceptability, improvability,  
3 usability, controllability, potential for unin-  
4 tended consequences, and contribution to com-  
5 prehensiveness.

6 “(B) RISK-ADJUSTMENT.—With respect to  
7 quality measures for outcomes of care, the Sec-  
8 retary shall provide for an appropriate adjust-  
9 ment for such risk factors as age, disability sta-  
10 tus, gender, institutional status, and such other  
11 factors as the Secretary determines to be appro-  
12 priate to maintain incentives for hospitals to  
13 treat patients with severe illnesses or condi-  
14 tions.

15 “(6) SUBMISSION OF DATA ON PROPOSED NEW  
16 QUALITY MEASURES.—

17 “(A) PRELIMINARY DATA SUBMISSION PE-  
18 RIOD.—With respect to any proposed new qual-  
19 ity measure identified by the Secretary as a  
20 possible addition to specified quality measures  
21 in effect, data that are required to be submitted  
22 by hospitals for that new quality measure shall  
23 be submitted for a preliminary period of such  
24 length as the Secretary may specify.

1           “(B) CONFIDENTIALITY OF INFORMA-  
2           TION.—Any data submitted under subpara-  
3           graph (A) during the preliminary data submis-  
4           sion period shall be treated as a confidential  
5           submission of information and may not be made  
6           available to the public.

7           “(C) APPLICATION TO PERFORMANCE-  
8           BASED PAYMENTS.—A new quality measure  
9           may not be incorporated in the performance-  
10          based payment program established under sub-  
11          section (f) unless—

12                 “(i) the preliminary data submission  
13                 period under subparagraph (A) is com-  
14                 pleted;

15                 “(ii) the Secretary ensures that data  
16                 have been made available to the public  
17                 under subsection (e) for such period as the  
18                 Secretary determines to be appropriate to  
19                 provide adequate notice to the parties con-  
20                 cerned; and

21                 “(iii) the requirements of paragraph  
22                 (3) have been met.

23           “(7) ALIGNMENT OF INPATIENT HOSPITAL  
24           QUALITY MEASURES WITH QUALITY MEASURES OF  
25           OTHER PROVIDERS AND SUPPLIERS.—

1           “(A) IN GENERAL.—The Secretary shall  
2 ensure that the specified quality measures ap-  
3 plicable to hospitals are coordinated with qual-  
4 ity measures applicable to physicians under sec-  
5 tion 1848(k) and with quality measures applica-  
6 ble to other providers of services and suppliers  
7 under this title.

8           “(B) USE OF QUALITY MEASUREMENT DE-  
9 VELOPMENT ORGANIZATIONS.—If the Secretary  
10 determines that there is evidence that a com-  
11plementary quality measure in a particular cir-  
12cumstance would improve the quality of patient  
13care, the Secretary shall enter into arrange-  
14ments with quality measurement development  
15organizations for the development of com-  
16plementary quality measures for hospitals, phy-  
17sicians, and other providers of services and sup-  
18pliers.

19           “(C) CONDITION FOR SELECTION.—For  
20 purposes of paragraph (3), the Secretary may  
21 not accept the endorsement of a quality meas-  
22ure by the National Quality Forum or such  
23other similar organization designated by the  
24Secretary under paragraph (3)(A)(ii) unless the  
25National Quality Forum or other organization

1 has ensured the alignment of the quality meas-  
2 ure for inpatient hospital services with one or  
3 more related quality measures for physicians'  
4 services (if any).

5 “(c) DISCONTINUED USE OF MEASURES.—

6 “(1) AUTHORITY TO DISCONTINUE USE OF  
7 MEASURE.—The Secretary may terminate the use of  
8 a specified quality measure under this section if the  
9 Secretary determines that the continued use of the  
10 measure is inappropriate or unnecessary by reason  
11 of one or more of the following rationale:

12 “(A) A change in science, technology, or  
13 practice patterns.

14 “(B) Subject to paragraph (2), a deter-  
15 mination by the Secretary that hospitals have  
16 achieved uniformly high performance with re-  
17 spect to that measure (commonly referred to as  
18 a ‘topped out measure’).

19 “(C) A determination by the Secretary  
20 that the measure has been subsequently shown  
21 not to represent the best clinical practice.

22 “(D) Such other considerations as the Sec-  
23 retary determines to be appropriate.

24 “(2) PROVISIONS RELATING TO TOPPED OUT  
25 MEASURES.—

1           “(A) CONTINUED REPORTING.—In the  
2 case of a specified quality measure referred to  
3 in paragraph (1)(B), the Secretary shall require  
4 the submission of data from hospitals on such  
5 a measure notwithstanding that such measures  
6 shall not be used for purposes of the perform-  
7 ance-based payment program under subsection  
8 (f).

9           “(B) REVIEW OF HOSPITAL PERFORM-  
10 ANCE.—In the case of a specified quality meas-  
11 ure referred to in paragraph (1)(B), the Sec-  
12 retary shall monitor performance of hospitals  
13 on such measure to ensure that hospitals main-  
14 tain high levels of performance.

15           “(C) AUTHORITY TO REINSTATE.—

16           “(i) IN GENERAL.—Subject to clause  
17 (ii), for purposes of the performance-based  
18 payment program under subsection (f), the  
19 Secretary may reinstate the use of a speci-  
20 fied quality measure referred to in para-  
21 graph (1)(B) that has been terminated  
22 under paragraph (1) if the Secretary deter-  
23 mines that a significant percentage of hos-  
24 pitals fails to meet the performance thresh-  
25 old for that quality measure.

1                   “(ii) NOTICE.—The authority under  
2                   clause (i) shall not apply before the conclu-  
3                   sion of a period, of not less than one year,  
4                   of notice to the public indicating the intent  
5                   of the Secretary to reinstate such specified  
6                   quality measure.

7                   “(3) REGULAR REVIEW OF MEASURES.—The  
8                   Secretary shall periodically reassess specified quality  
9                   measures to determine whether the continued use of  
10                  such measures is appropriate and necessary for pur-  
11                  poses of public reporting under subsection (e) and  
12                  performance-based payment under subsection (f).

13                  “(d) DEVELOPMENT OF COMPOSITE MEASURES.—

14                  “(1) IN GENERAL.—The Secretary shall com-  
15                  bine individual specified quality measures into com-  
16                  posite measures that assess the overall quality of  
17                  care for a clinical condition or in a performance  
18                  area.

19                  “(2) CONSIDERATIONS.—In carrying out para-  
20                  graph (1), the Secretary shall—

21                  “(A) evaluate the adequacy of individual  
22                  specified quality measures in each significant  
23                  clinical condition or performance area, including  
24                  the validity of such measures for the creation of  
25                  a composite measure; and

1           “(B) determine the best methodology to re-  
2           port composite quality measures for those areas  
3           of clinical practice with a limited number of  
4           specified quality measures, including how to in-  
5           corporate such composite measures in the per-  
6           formance-based payment program under sub-  
7           section (f).

8           “(e) PUBLIC REPORTING.—

9           “(1) CONTINUATION OF PUBLIC REPORTING RE-  
10          QUIREMENTS.—Procedures established under sub-  
11          clause (VII) of section 1886(b)(3)(B)(viii) for mak-  
12          ing data submitted by a hospital under subclause (I)  
13          of such section available to the public shall, as modi-  
14          fied by the succeeding provisions of this subsection,  
15          apply to data required to be submitted under this  
16          section on all specified quality measures.

17          “(2) GENERAL REPORTING REQUIREMENTS.—  
18          The Secretary shall report quality measures of proc-  
19          ess, structure, outcome, patient perspectives on care,  
20          efficiency, and costs of care that relate to services  
21          furnished in inpatient hospital settings on the Hos-  
22          pital Compare Internet website maintained by the  
23          Department of Health and Human Services.

24          “(3) PROMPT DISSEMINATION OF INFORMATION  
25          ON QUALITY.—The Secretary shall review ways in

1 which information on the quality of inpatient hos-  
2 pital services can be used more effectively by hos-  
3 pitals to increase the quality of patient care and to  
4 improve performance in the delivery of inpatient hos-  
5 pital services. The Secretary shall provide for the  
6 dissemination of appropriate and timely quality in-  
7 formation to such hospitals in a manner that most  
8 effectively contributes to continuous quality improve-  
9 ment by the hospitals.

10 “(4) DISSEMINATION ON QUALITY INFORMA-  
11 TION TO PATIENTS.—

12 “(A) IN GENERAL.—The Secretary shall  
13 make available to the public information on the  
14 quality of inpatient hospital services provided  
15 by hospitals to patients in a manner that facili-  
16 tates informed and balanced decision-making by  
17 patients and physicians.

18 “(B) REQUIREMENTS FOR COMPARATIVE  
19 INFORMATION.—Insofar as the Secretary makes  
20 information on the quality of inpatient hospital  
21 services provided by hospitals to patients avail-  
22 able for purposes of comparison among hos-  
23 pitals, the Secretary shall only present such in-  
24 formation by specific clinical condition or per-  
25 formance area and may not aggregate results

1 across clinical conditions or performance areas  
2 or otherwise make available information indi-  
3 cating an overall ranking of hospitals.

4 “(5) WEBSITE IMPROVEMENTS.—

5 “(A) TAILORED STANDARD REPORTS.—

6 The Secretary shall develop a series of standard  
7 Internet website reports tailored to respond to  
8 the differing needs of hospitals, patients, re-  
9 searchers, policymakers, and such other stake-  
10 holders as the Secretary may identify. The Sec-  
11 retary shall seek input from such stakeholders  
12 through such means as the Secretary deter-  
13 mines to be most effective, including meetings  
14 and surveys, to determine the type of informa-  
15 tion that is useful to the various stakeholders  
16 and the format that best facilitates use of the  
17 reports and of the Hospital Compare Internet  
18 website maintained by the Department of  
19 Health and Human Services.

20 “(B) INFORMATION AND FORMAT.—The  
21 Secretary shall modify the Hospital Compare  
22 Internet website maintained by the Department  
23 of Health and Human Services to make the use  
24 and navigation of that website readily available  
25 to individuals accessing it. The Secretary shall

1           develop a flexible format to meet the differing  
2           needs of the various stakeholders and shall  
3           modify the website to permit a user to easily  
4           customize queries.

5           “(f) PERFORMANCE-BASED PAYMENT PROGRAM.—

6           “(1) ESTABLISHMENT.—The Secretary shall es-  
7           tablish a program under which performance-based  
8           payments are made each fiscal year to hospitals that  
9           provide high quality inpatient hospital services to in-  
10          dividuals who are entitled to benefits under part A  
11          and who are inpatients of the hospital. The Sec-  
12          retary shall implement the program under this sub-  
13          section so that performance-based payments are  
14          made to such hospitals in fiscal year 2011 and each  
15          subsequent fiscal year.

16          “(2) ADJUSTMENT IN PAYMENT BASED ON  
17          QUALITY PERFORMANCE.—

18                  “(A) PAYMENT BASED ON PERFORM-  
19                  ANCE.—

20                  “(i) INCREASE IN AMOUNT OF PAY-  
21                  MENT FOR OPERATING COSTS OF INPA-  
22                  TIENT HOSPITAL SERVICES.—Subject to  
23                  subparagraph (B), from payment amounts  
24                  reduced by the Secretary for operational  
25                  costs of inpatient hospital services of a

1 hospital for specified diagnosis-related  
2 groups under section 1886(d)(1)(F)(i) with  
3 respect to a fiscal year, the Secretary shall  
4 make a performance-based payment to that  
5 hospital for such costs for that fiscal year  
6 in the amount determined under clause (ii)  
7 and in the manner specified in section  
8 1886(d)(1)(F)(iv).

9 “(ii) METHODOLOGY TO DETERMINE  
10 THE AMOUNT OF PAYMENT.—The Sec-  
11 retary shall determine the amount of the  
12 performance-based payment based on the  
13 hospital’s performance on each specified  
14 clinical condition or performance area dur-  
15 ing the preceding year to individuals who  
16 are entitled to benefits under part A and  
17 are inpatients of the hospital using the  
18 payment and scoring methodologies con-  
19 tained in the Report to Congress submitted  
20 by the Centers for Medicare & Medicaid  
21 Services on November 21, 2007, as modi-  
22 fied by the succeeding provisions of this  
23 subsection.

24 “(B) REQUIREMENT TO SUBMIT DATA.—In  
25 order for a hospital to be eligible for a perform-

1           ance-based payment with respect to a fiscal  
2           year, the hospital must have complied with the  
3           requirements under subsection (a)(1) to submit  
4           data for specified quality measures.

5           “(C) MEASURED CLINICAL CONDITIONS  
6           FOR PERFORMANCE-BASED PAYMENTS IN FIS-  
7           CAL YEAR 2011.—

8           “(i) CONDITIONS MEASURED.—With  
9           respect to performance-based payments  
10          made to a hospital under this paragraph in  
11          fiscal year 2011, the Secretary shall meas-  
12          ure quality performance only for the fol-  
13          lowing four specific conditions or clinical  
14          performance areas: acute myocardial in-  
15          farction (AMI), heart failure, pneumonia,  
16          and Surgical Care Improvement Project  
17          (formerly referred to as ‘Surgical Infection  
18          Prevention’ for discharges occurring before  
19          July 2006).

20          “(ii) MEASURES CITED IN NOVEMBER  
21          2007 CMS REPORT TO CONGRESS.—In  
22          measuring quality performance for the con-  
23          ditions specified under clause (i), the Sec-  
24          retary shall use the specified quality meas-  
25          ures identified as initial performance meas-

1           ures in the report referred to in subpara-  
2           graph (A)(ii).

3           “(iii) HCAHPS MEASURES EX-  
4           CLUDED FROM INITIAL PERFORMANCE-  
5           BASED PAYMENTS.—

6           “(I) IN GENERAL.—In measuring  
7           quality performance under clause (i),  
8           except as provided in subclause (II),  
9           the Secretary may not include speci-  
10          fied quality measures with respect to  
11          the Hospital Consumer Assessment of  
12          Healthcare Providers and Systems  
13          Survey (HCAHPS).

14          “(II) USE IN SUBSEQUENT  
15          YEARS.—Subject to subparagraph  
16          (D)(ii), the Secretary shall collect  
17          data on measures relating to assess-  
18          ment of care by consumers and make  
19          refinements to such measures for use  
20          in measuring performance for fiscal  
21          years after fiscal year 2011 for per-  
22          formance-based payments under this  
23          paragraph.

1                   “(iv) 30-DAY MORTALITY MEASURES  
2 EXCLUDED FROM INITIAL PERFORMANCE-  
3 BASED PAYMENTS.—

4                   “(I) IN GENERAL.—In measuring  
5 quality performance under clause (i),  
6 except as provided in subclause (II),  
7 the Secretary may not include speci-  
8 fied quality measures with respect to  
9 mortality.

10                   “(II) USE IN SUBSEQUENT  
11 YEARS.—Subject to subparagraph  
12 (D)(ii), the Secretary may include  
13 specified quality measures with re-  
14 spect to 30-day mortality rates for use  
15 in measuring performance for fiscal  
16 years after fiscal year 2011 for per-  
17 formance-based payments under this  
18 paragraph insofar as the Secretary es-  
19 tablishes a mechanism for hospitals to  
20 receive timely information from the  
21 Secretary to enable hospitals to evalu-  
22 ate performance on such measures.

23                   “(D) MEASURED CLINICAL CONDITIONS  
24 AND PERFORMANCE AREAS FOR FISCAL YEARS  
25 AFTER FISCAL YEAR 2011.—

1                   “(i) IN GENERAL.—Subject to clause  
2                   (ii), with respect to performance-based  
3                   payments made to a hospital under this  
4                   paragraph during a fiscal year after fiscal  
5                   year 2011, the Secretary may expand the  
6                   specified quality measures used in meas-  
7                   uring performance under subparagraph (C)  
8                   for performance-based payments under this  
9                   paragraph for fiscal year 2011.

10                   “(ii) REQUIREMENT FOR NOTICE AND  
11                   COMMENT RULEMAKING.—The Secretary  
12                   may only exercise the authority under  
13                   clause (i) by regulation, after notice of the  
14                   proposed regulation in the Federal Reg-  
15                   ister and a period of not less than 60 days  
16                   for public comment thereon.

17                   “(E) ADVANCE PUBLICATION OF FULL-IN-  
18                   CENTIVE BENCHMARKS.—The Secretary shall  
19                   provide for the publication of full-incentive  
20                   quality benchmarks (determined under para-  
21                   graph (4)(C)) sufficiently in advance of a fiscal  
22                   year so that hospitals may make such changes  
23                   as are required to meet full-incentive quality  
24                   benchmarks applicable during the fiscal year in-  
25                   volved, and in no case shall the publication of

1 the full-incentive quality benchmark be later  
2 than two years before the start of the fiscal  
3 year involved.

4 “(3) DETERMINATION OF HOSPITAL PERFORM-  
5 ANCE.—

6 “(A) METHODOLOGY FOR SCORES.—The  
7 Secretary shall evaluate the performance of  
8 each hospital for the purpose of determining  
9 performance-based payments under paragraph  
10 (2). Subject to subparagraph (B), the Secretary  
11 shall determine a set of performance scores for  
12 each such hospital based on the performance  
13 scoring methodology described in the report re-  
14 ferred to in paragraph (2)(A)(ii).

15 “(B) CALCULATION OF SEPARATE SCORES  
16 BY CLINICAL CONDITION OR PERFORMANCE  
17 AREA.—The Secretary shall calculate composite  
18 performance scores separately for each specified  
19 clinical condition or performance area. The Sec-  
20 retary may not calculate a single overall per-  
21 formance score for each hospital.

22 “(C) CONSIDERATION OF RESULTS AND  
23 IMPROVEMENT.—In calculating performance  
24 scores for each specified quality measure for  
25 each specified clinical condition or performance

1 area, the Secretary shall determine a score for  
2 both the performance level attained by the hos-  
3 pital and the degree of improvement of the per-  
4 formance of the hospital. The final score for  
5 each such measure shall be equal to the greater  
6 of such attainment or such degree of improve-  
7 ment on the measure.

8 “(D) EQUAL WEIGHT FOR INDIVIDUAL  
9 MEASURES.—In calculating a composite per-  
10 formance score for each specified clinical condi-  
11 tion or performance area, the Secretary shall  
12 weight equally the individual specified quality  
13 measures involved in assessing performance for  
14 such clinical condition or area.

15 “(E) REQUIREMENT FOR NOTICE AND  
16 COMMENT RULEMAKING.—The Secretary shall  
17 describe in detail the methodology to be used to  
18 calculate performance scores under this sub-  
19 paragraph by regulation, after notice of the pro-  
20 posed regulation in the Federal Register and a  
21 period of not less than 60 days for public com-  
22 ment thereon.

23 “(4) CALCULATION OF PERFORMANCE-BASED  
24 PAYMENT AMOUNT.—

25 “(A) METHODOLOGY.—

1           “(i) REPORT PROPOSAL.—Subject to  
2           the succeeding provisions of this sub-  
3           section, the Secretary shall calculate the  
4           amount of performance-based payment  
5           under paragraph (2) for a hospital by con-  
6           verting performance scores of a hospital to  
7           a payment amount for that hospital using  
8           the methodology contained in the report  
9           referred to in paragraph (2)(A)(ii).

10           “(ii) REQUIREMENT FOR NOTICE AND  
11           COMMENT RULEMAKING.—The Secretary  
12           shall describe in detail the methodology to  
13           be used to calculate the amount of per-  
14           formance-based payment under paragraph  
15           (2) by regulation, after notice of the pro-  
16           posed regulation in the Federal Register  
17           and a period of not less than 60 days for  
18           public comment thereon.

19           “(B) MINIMUM THRESHOLD.—

20           “(i) IN GENERAL.—The Secretary  
21           shall establish a performance threshold for  
22           a fiscal year of zero for all specified clinical  
23           conditions or performance areas.

24           “(ii) PERFORMANCE THRESHOLD.—  
25           No amount of performance-based payment

1 under paragraph (2) for a fiscal year may  
2 be made to a hospital unless the perform-  
3 ance score of that hospital with respect a  
4 specified clinical condition or performance  
5 area during the preceding fiscal year ex-  
6 ceeds the performance threshold estab-  
7 lished under clause (i).

8 “(C) FULL-INCENTIVE QUALITY BENCH-  
9 MARK.—

10 “(i) IN GENERAL.—The Secretary  
11 shall determine for each fiscal year a per-  
12 formance level for each clinical condition or  
13 performance area under a quality bench-  
14 mark which, if met by a hospital, would  
15 qualify the hospital to receive 100 percent  
16 of the performance-based payment amount  
17 available under paragraph (2) for the asso-  
18 ciated diagnosis-related groups.

19 “(ii) DETERMINATION OF LEVELS.—

20 “(I) INITIAL LEVEL.—The per-  
21 formance level referred to in clause (i)  
22 shall be initially set at a level that the  
23 Secretary determines that all hospitals  
24 can reasonably achieve.

1                   “(II) MODIFICATION OF LEV-  
2                   ELS.—The Secretary may revise the  
3                   performance level set under subclause  
4                   (I) to a higher level from time to time  
5                   as hospital performance improves.

6                   “(iii) CONSIDERATIONS IN SETTING  
7                   LEVELS.—In determining such perform-  
8                   ance level, the Secretary shall take into ac-  
9                   count practical experience with specified  
10                  quality measures involved, historical per-  
11                  formance levels, improvement rates, the  
12                  opportunity for continued improvement,  
13                  and the results of the review of bench-  
14                  marks conducted under paragraph (5).

15                  “(5) REVIEW AND MODIFICATION OF BENCH-  
16                  MARKS.—

17                  “(A) IN GENERAL.—The Secretary shall  
18                  reevaluate a quality benchmark established  
19                  under this subsection if the Secretary deter-  
20                  mines with respect to a fiscal year that a sig-  
21                  nificant proportion of hospitals failed to meet  
22                  the benchmark. The Secretary shall determine  
23                  whether extenuating circumstances, such as  
24                  measure definition changes, prevented hospitals  
25                  from meeting the benchmark.

1           “(B) MODIFICATION FOR PERFORMANCE-  
2           BASED PAYMENTS.—The Secretary may make  
3           modifications to a benchmark described in sub-  
4           paragraph (A), as applied to measure hospital  
5           performance in a fiscal year, and reassess such  
6           hospital performance in that fiscal year using  
7           such modified benchmark for purposes of calcu-  
8           lating the amount of performance-based-pay-  
9           ment under paragraph (2).

10          “(6) BUDGET NEUTRALITY FOR PAYMENTS.—

11                 “(A) REQUIREMENT FOR BUDGET NEU-  
12                 TRALITY.—The aggregate amount available for  
13                 performance-based payments to hospitals under  
14                 paragraph (2) with respect to a fiscal year may  
15                 not exceed the aggregate amount of reductions  
16                 described in subsection (g)(1) for the fiscal year  
17                 and such performance-based payments shall be  
18                 designed in a manner so that the aggregate of  
19                 such payments for a fiscal year is equal to the  
20                 aggregate amount of such reductions for the  
21                 fiscal year.

22                 “(B) METHOD AND TIMING.—Perform-  
23                 ance-based payments to hospitals under this  
24                 subsection shall be made from the Federal Hos-  
25                 pital Insurance Trust Fund under section 1817.

1 Performance-based payments shall be made to a  
2 hospital under this subsection with respect to a  
3 fiscal year based on quality performance for the  
4 12-month period ending June 30th of the prior  
5 fiscal year.

6 “(7) PERFORMANCE-BASED BONUS PAYMENT  
7 FOR HIGHEST PERFORMING HOSPITALS.—

8 “(A) IN GENERAL.—The Secretary shall  
9 establish a program to reward those hospitals  
10 with high performance scores, as determined by  
11 the Secretary, in a fiscal year through the mak-  
12 ing of performance-based bonus payments.

13 “(B) ADDITIONAL PAYMENT.—Perform-  
14 ance-based bonus payments made under the  
15 program established in subparagraph (A) in a  
16 fiscal year shall be in addition to performance-  
17 based payments made under paragraph (2) in  
18 that fiscal year.

19 “(C) DETERMINATION OF PAYMENT  
20 AMOUNT.—Performance-based bonus payments  
21 under the program established in subparagraph  
22 (A) shall be made in such amount as the Sec-  
23 retary determines to be appropriate.

24 “(D) REQUIRED AGGREGATE AMOUNT OF  
25 PAYMENTS.—The Secretary shall make aggre-

1           gate payments in a fiscal year under the per-  
2           formance-based bonus payment program estab-  
3           lished in subparagraph (A) in an amount equal  
4           to the difference between the aggregate amount  
5           of reductions under section 1886(d)(1)(F)(i) for  
6           the fiscal year involved and the aggregate  
7           amount of performance-based payments made  
8           under paragraph (2) for such fiscal year.

9           “(8) ADDITIONAL PERFORMANCE-BASED INCEN-  
10          TIVE PAYMENTS.—

11                 “(A) INDEPENDENT ACTUARIAL ESTIMATE  
12                 OF SAVINGS.—With respect to each fiscal year  
13                 beginning after fiscal year 2009, the Secretary  
14                 shall enter into arrangements for the analysis  
15                 by a qualified independent entity or organiza-  
16                 tion of the actuarial value of cost savings under  
17                 part A attributable to the improvement in the  
18                 delivery of inpatient hospital services by hos-  
19                 pitals by reason of this section.

20                 “(B) PERFORMANCE-BASED INCENTIVE  
21                 PAYMENT FUND.—

22                         “(i) IN GENERAL.—Amounts identi-  
23                         fied as savings under subparagraph (A) for  
24                         a fiscal year shall be available to the Sec-  
25                         retary to make performance-based pay-

1           ments in addition to those available under  
2           paragraphs (2) and (7) as incentives to  
3           hospitals to continue to improve the quality  
4           of inpatient hospital services provided to  
5           patients.

6           “(ii) INCENTIVE PAYMENTS.—Addi-  
7           tional payments under clause (i) shall be  
8           made in such form, manner, and perio-  
9           dicity as the Secretary may specify, and  
10          may include payments to physicians fur-  
11          nishing physicians’ services as part of in-  
12          patient hospital services based on the re-  
13          sults of performance measures on quality  
14          of care furnished and volume of patients  
15          treated.

16          “(9) ALTERNATIVE PERFORMANCE MEASURE.—

17               “(A) IN GENERAL.—The Secretary shall  
18               evaluate the appropriateness of applying an al-  
19               ternative method for the measurement of the  
20               quality of care provided by hospitals to individ-  
21               uals who are entitled to benefits under part A  
22               and who are inpatients of the hospitals.

23               “(B) METHODOLOGY.—The alternative  
24               method under subparagraph (A) shall measure  
25               the extent to which such individuals are reliably

1 being provided evidence-based care by hospitals,  
2 expressed as the percentage of occasions on  
3 which a hospital provides the individual with all  
4 of the appropriate actions identified under qual-  
5 ity measures during a fiscal year.

6 “(C) PUBLIC AVAILABILITY.—The Sec-  
7 retary shall measure the performance of hos-  
8 pitals using the alternative method under sub-  
9 paragraph (A), and shall make the results of  
10 such performance measurement available to the  
11 public.

12 “(D) USE FOR EVALUATION OF FUTURE  
13 MEASURES.—The Secretary shall evaluate the  
14 appropriateness of using the alternative meas-  
15 ure under subparagraph (A) for the purpose of  
16 making performance-based payments under this  
17 subsection.

18 “(g) FINANCING.—

19 “(1) REDUCTION IN DRG PAYMENT AMOUNT.—  
20 The Secretary shall make performance-based pay-  
21 ments under paragraphs (2) and (7) of subsection  
22 (f) from amounts credited to the Federal Hospital  
23 Insurance Trust Fund under section 1817 in the fis-  
24 cal year by reason of the application of the reduction  
25 under section 1886(d)(1)(F)(i).

1           “(2) NO EFFECT ON ADJUSTMENTS FOR  
2           OUTLIER, IME, DSH, OR CAPITAL-RELATED COSTS.—  
3           The adjustments under paragraphs (5)(A), (5)(B),  
4           and (5)(F) of section 1886(d), and payments for  
5           capital-related costs under section 1886(g), shall be  
6           computed without regard to the adjustments made  
7           by reason of section 1886(d)(1)(F).

8           “(h) PROVISIONS RELATING TO DATA SUBMIS-  
9           SION.—

10           “(1) IN GENERAL.—Subject to the succeeding  
11           provisions of this subsection, each hospital shall sub-  
12           mit data on measures selected under this section to  
13           the Secretary in a form and manner, and at a time,  
14           specified by the Secretary for purposes of subsection  
15           (a).

16           “(2) DATA SUBMISSION AND RESUBMISSION.—

17           “(A) PERIOD FOR SUBMISSION AND VALI-  
18           DATION.—The Secretary shall provide a 135-  
19           day period after the close of a calendar quarter  
20           for hospitals to submit data required under sub-  
21           section (a) for such quarter.

22           “(B) RESUBMISSION PERIOD.—

23           “(i) IN GENERAL.—Subject to clause  
24           (ii), insofar as an additional period of time  
25           is required after the end of the 135-day

1 period referred to in subparagraph (A) to  
2 correct errors with respect to the data sub-  
3 mitted by hospitals, the Secretary shall  
4 provide for an additional 30-day period,  
5 beginning on the day after the date of the  
6 end of such 135-day period, for the correc-  
7 tion of such errors and resubmission of the  
8 revised data.

9 “(ii) EXCEPTION.—The Secretary  
10 may not provide for an additional 30-day  
11 period under clause (i) if the data sub-  
12 mitted by the hospital have been used to  
13 determine an amount performance-based  
14 payments under subsection (f) for that  
15 hospital.

16 “(C) REPORT ON SHORTER TIMEFRAME.—  
17 The Secretary shall submit to Congress a report  
18 on the feasibility and advisability of reducing  
19 the length of the 135-day period under subpara-  
20 graph (A) to 60 days for the submission and  
21 validation of data.

22 “(3) VALIDATION OF DATA.—

23 “(A) IMPLEMENTATION OF PROCESS.—The  
24 Secretary shall implement a process for the val-  
25 idation of data submitted by hospitals under

1 subsection (a). Such process shall provide for  
2 the selection of hospitals with respect to data  
3 submitted by such hospitals on both a random  
4 basis and on the basis of specific criteria, and  
5 shall include standards for the validation of  
6 data at the level of specified quality measures.

7 “(B) VALIDATION FOR NEW QUALITY  
8 MEASURES.—With respect to proposed new  
9 quality measures, the Secretary shall not estab-  
10 lish standards for the validation of data for the  
11 period of time that the Secretary determines  
12 hospitals require to gain experience with the  
13 new quality measures to properly report data  
14 with respect to such measure. The Secretary  
15 may use processes such as re-abstraction and  
16 validation as a learning tool for hospitals in-  
17 stead of establishing such standards.

18 “(4) OPPORTUNITY TO REVIEW DATA.—The  
19 Secretary shall provide a hospital the opportunity to  
20 review data reported by the hospital before such  
21 data is made available to the public under subsection  
22 (e) or used for purposes of the performance-based  
23 payment program under subsection (f).

24 “(i) RULE OF CONSTRUCTION WITH RESPECT TO  
25 APPEAL RIGHTS.—Nothing in this section shall be con-

1 strued as effecting the right of a subsection (d) hospital  
2 to seek reconsideration or judicial review under section  
3 1869, 1878, or otherwise of a determination of the Sec-  
4 retary with respect to the provisions of this section, includ-  
5 ing the application of the performance-based payment pro-  
6 gram.

7 “(j) REPORTS TO CONGRESS.—

8 “(1) QUALITY ASSESSMENTS.—The Secretary  
9 shall conduct assessments of the quality measure-  
10 ment and performance-based payment program  
11 under this section, which shall be used in developing  
12 the reports under paragraph (2).

13 “(2) REPORTS BASED ON ASSESSMENTS.—The  
14 Secretary shall submit to Congress by not later than  
15 March 31, 2012, and every 18 months thereafter, a  
16 report that—

17 “(A) identifies the accomplishments of the  
18 program under this section;

19 “(B) identifies any unintended con-  
20 sequences of such program for hospitals and  
21 patients;

22 “(C) provides recommendations for legisla-  
23 tive and other modifications to the program;

1           “(D) includes evidence indicating changes  
2           in access to, quality of, and efficiency and out-  
3           comes in care related to the program;

4           “(E) assesses the program’s impact on dis-  
5           parities in care by race and ethnicity; and

6           “(F) identifies the impact of the program  
7           on hospitals of differing size and patient acuity  
8           levels, including safety net hospitals and hos-  
9           pitals with a substantial medical education com-  
10          mitment.

11          “(3) GAO EVALUATION.—Not later than Sep-  
12          tember 30, 2012, the Comptroller General shall con-  
13          duct an independent evaluation of the impact of the  
14          program under this section on hospitals and pa-  
15          tients. Such evaluation shall include the items de-  
16          scribed in paragraph (2) as well as barriers to the  
17          program achieving its full potential.”.

18          (b) CONFORMING AMENDMENTS TO QUALITY RE-  
19          PORTING AND PAYMENT UNDER INPATIENT HOSPITAL  
20          PROSPECTIVE PAYMENT SYSTEM.—

21                 (1) REPORTING OF QUALITY DATA.—Section  
22                 1886(b)(3)(B) of the Social Security Act (42 U.S.C.  
23                 1395ww(b)(3)(B)) is amended—

1 (A) in clause (i), by inserting “and subject  
2 to section 1886A(a)(1),” after “during a fiscal  
3 year,”; and

4 (B) in the first sentence of clause  
5 (viii)(I)—

6 (i) by inserting after “each subse-  
7 quent fiscal year” the following “before  
8 2014”; and

9 (ii) by inserting before the period at  
10 the end the following: “(or 1.5, 1.0, and  
11 0.5 percentage points in the case of fiscal  
12 years 2011, 2012, and 2013, respec-  
13 tively)”.

14 (2) ADJUSTMENT TO PAYMENTS FOR OPER-  
15 ATING COSTS OF INPATIENT HOSPITAL SERVICES.—  
16 Section 1886(d)(1) of such Act (42 U.S.C.  
17 1395ww(d)(1)) is amended by adding at the end the  
18 following new subparagraph:

19 “(F) ADJUSTMENT FOR PERFORMANCE-  
20 BASED PAYMENT PROGRAM.—

21 “(i) TARGETED REDUCTIONS.—

22 “(I) IN GENERAL.—Subject to  
23 subclause (II), in the case of a sub-  
24 section (d) hospital that complies with  
25 the data submission requirements

1 under section 1886A(a)(1) for a fiscal  
2 year, beginning with fiscal year 2011,  
3 the Secretary shall reduce the amount  
4 of the payment with respect to the op-  
5 erating costs of inpatient hospital  
6 services determined under subpara-  
7 graph (A) for specified diagnosis-re-  
8 lated groups (as defined in clause (ii))  
9 for that fiscal year by the perform-  
10 ance-based payment offset percent (as  
11 defined in clause (iii)).

12 “(II) EXCEPTION.—There shall  
13 be no reduction under subclause (I)  
14 by reason of clause (ii)(II) before fis-  
15 cal year 2012.

16 “(ii) SPECIFIED DIAGNOSIS-RELATED  
17 GROUPS DEFINED.—

18 “(I) DIAGNOSIS-RELATED  
19 GROUPS EVALUATED UNDER COM-  
20 POSITE PERFORMANCE MEASURES.—  
21 For purposes of clause (i) and subject  
22 to subclause (II), the term ‘specified  
23 diagnosis-related groups’ means only  
24 those diagnosis-related groups that  
25 are evaluated through specified qual-

1           ity measures (as defined in section  
2           1886A(a)(4)(A))—

3                   “(aa) that are used for a fis-  
4                   cal year to measure the perform-  
5                   ance of a subsection (d) hospital  
6                   under section 1886A(f) for pur-  
7                   poses of performance-based pay-  
8                   ments to that hospital under  
9                   paragraph (2) or (7) of such sec-  
10                  tion;

11                  “(bb) that have been rec-  
12                  ommended by the Hospital Qual-  
13                  ity Alliance; and

14                  “(cc) data from which are  
15                  made publicly available through  
16                  the use of the Hospital Compare  
17                  Internet website maintained by  
18                  the Department of Health and  
19                  Human Services (or such similar  
20                  website of the Department) as  
21                  meets the requirements of section  
22                  1886A(e).

23                  “(II) ACROSS THE BOARD APPLI-  
24                  CATION FOR HCAHPS.—With respect  
25                  only to specified quality measures re-

1 relating to the Hospital Consumer As-  
2 sessment of Healthcare Providers and  
3 Systems Survey (HCAHPS) and for  
4 which a diagnosis-related group is eli-  
5 gible to report, such term includes a  
6 group. Nothing in this subclause shall  
7 be construed as applying a reduction  
8 under this subparagraph to hospitals  
9 that are not subsection (d) hospitals.

10 “(iii) PERFORMANCE-BASED PAYMENT  
11 OFFSET PERCENT.—

12 “(I) IN GENERAL.—For purposes  
13 of clause (i) and subject to subclauses  
14 (II) and (III), the term ‘performance-  
15 based payment offset percent’ means  
16 the percent determined by the Sec-  
17 retary for a fiscal year that results in  
18 aggregate reductions in payments  
19 under clause (i) in that fiscal year in  
20 an amount equal to the aggregate  
21 amount of performance-based pay-  
22 ments that the Secretary elects to  
23 make under section 1886A(f)(2) for  
24 that fiscal year.

1           “(II) INDIVIDUAL MAXIMUM OFF-  
2           SETS.—Subject to subclause (III), in  
3           no case may the percent determined  
4           under subclause (I) for a fiscal year  
5           exceed—

6                   “(aa) with respect to speci-  
7                   fied quality measures described  
8                   in clause (ii)(I), 2.0 percent; and

9                   “(bb) with respect to speci-  
10                  fied quality measures described  
11                  in clause (ii)(II), 0.25 percent.

12           “(III) AGGREGATE MAXIMUM  
13           OFFSET.—In no case may the percent  
14           determined under subclause (I) for a  
15           fiscal year exceed—

16                   “(aa) 0.50 percent for fiscal  
17                   year 2011;

18                   “(bb) 1.0 percent for fiscal  
19                   year 2012;

20                   “(cc) 1.5 percent for fiscal  
21                   year 2013; and

22                   “(dd) 2.0 percent for fiscal  
23                   year 2014 and succeeding years.

24           “(iv) INCREASE IN PPS PAYMENT  
25           AMOUNT FOR PERFORMANCE-BASED PAY-

1           MENT.—In the case of a subsection (d)  
2           hospital that received a performance-based  
3           payment under paragraph (2) or (7), or  
4           both, of section 1886A(f) for a fiscal year  
5           for a specified diagnosis-related group, the  
6           amount of the payment with respect to the  
7           operating costs of inpatient hospital serv-  
8           ices determined under subparagraph (A)  
9           for such specified diagnosis-related group  
10          shall be increased by the amount of such  
11          performance-based payment or payments  
12          for that fiscal year.”.

13 **SEC. 3. CONSULTATION FOR APPROPRIATE APPLICATION**  
14 **OF PERFORMANCE-BASED PAYMENTS TO**  
15 **SMALL HOSPITALS.**

16          (a) CONSULTATION.—The Secretary of Health and  
17 Human Services shall consult with representatives of small  
18 hospitals, including critical access hospitals under section  
19 1820 of the Social Security Act (42 U.S.C. 1395i–4), to  
20 determine appropriate and effective methods for such hos-  
21 pitals to participate in programs for performance-based  
22 payments for inpatient hospital services (or inpatient crit-  
23 ical access hospital services) furnished to individuals who  
24 are entitled to benefits under part A of title XVIII of the

1 Social Security Act (42 U.S.C. 1395c et seq.) and who  
2 are inpatients of the hospitals.

3 (b) CONSIDERATION.—The Secretary shall consider  
4 innovative methods of measuring and rewarding quality  
5 inpatient hospital services furnished by small hospitals, in-  
6 cluding critical access hospitals, which may be difficult to  
7 quantify due to the low volume of services provided by  
8 such hospitals for which quality measures have been devel-  
9 oped.

10 (c) REPORT TO CONGRESS.—Not later than two  
11 years after the date of enactment of this Act, the Sec-  
12 retary shall submit to Congress a report on the consulta-  
13 tion required under this section. The report shall include  
14 recommendations of the Secretary with respect to the ap-  
15 propriate application of performance-based payment and  
16 payment incentive programs to small hospitals, including  
17 critical access hospitals, for the provision of quality inpa-  
18 tient hospital services.

19 **SEC. 4. PRIORITY OF ASSISTANCE FROM QUALITY IM-**  
20 **PROVEMENT ORGANIZATIONS AND OTHER**  
21 **QUALITY ORGANIZATIONS FOR HOSPITALS**  
22 **WITH RESULTS BELOW PERFORMANCE-**  
23 **BASED PAYMENT BENCHMARKS.**

24 (a) PRIORITY OF ASSISTANCE TO LOW-PERFORMING  
25 HOSPITALS.—Section 1154(a) of the Social Security Act

1 (42 U.S.C. 1320c-3(a)) is amended by adding at the end  
2 the following new paragraph:

3 “(18)(A) The organization shall give priority in  
4 the provision of quality improvement assistance to  
5 subsection (d) hospitals that fail to meet quality  
6 benchmarks established under section 1886A(f).

7 “(B) In this paragraph, the term ‘quality im-  
8 provement assistance’ includes the following:

9 “(i) Education on quality improvement ini-  
10 tiatives, strategies, and techniques.

11 “(ii) Instruction on how to collect, submit,  
12 aggregate, and interpret data on measures used  
13 for quality improvement, public reporting, and  
14 payment under section 1886A.

15 “(iii) Technical assistance to support qual-  
16 ity improvement.

17 “(iv) Technical assistance and instruction  
18 in the conduct of root-cause analyses.

19 “(v) Facilitating adoption of procedures  
20 that encourage timely candid feedback from pa-  
21 tients and their families concerning perceived  
22 problems.

23 “(vi) Guidance on redesigning clinical proc-  
24 esses, including the adoption and effective use

1 of health information technology, to improve the  
2 coordination, effectiveness, and safety of care.”.

3 (b) EVALUATION OF QUALITY IMPROVEMENT ORGA-  
4 NIZATIONS.—Section 1153(c)(2) of such Act (42 U.S.C.  
5 1320c–2(c)(2)) is amended by inserting before the semi-  
6 colon at the end the following: “, including the effective-  
7 ness of the organization in improving the ability of a hos-  
8 pital referred to in section 1154(a)(18)(A) to meet quality  
9 benchmarks established under section 1886A(f)”.

10 (c) ASSISTANCE FROM ALTERNATIVE QUALITY OR-  
11 GANIZATIONS.—Section 1886A of the Social Security Act,  
12 as inserted by section 2(a), is amended—

13 (1) by redesignating subsection (j) as sub-  
14 section (k); and

15 (2) by inserting after subsection (i) the fol-  
16 lowing new subsection (j):

17 “(j) ASSISTANCE FROM ALTERNATIVE QUALITY OR-  
18 GANIZATIONS.—

19 “(1) PRIVATE QUALITY ORGANIZATIONS.—The  
20 Secretary shall establish a program under which a  
21 hospital seeking to improve the quality of the provi-  
22 sion of inpatient hospital services based on the re-  
23 sults of a performance evaluation under this section  
24 may apply to the Secretary to receive quality im-  
25 provement assistance from a private quality organi-

1 zation with expertise in supporting improvement in  
2 the quality of the provision of inpatient hospital  
3 services.

4 “(2) ACCREDITATION.—Before entering into ar-  
5 rangements with a private quality organization for  
6 the provision of assistance under paragraph (1), the  
7 Secretary shall ensure that the organization has  
8 been accredited or certified by a recognized accredi-  
9 tation or certification agency or body.

10 “(3) PAYMENT.—The rate of payment for qual-  
11 ity assistance services provided by a private quality  
12 organization under paragraph (1) shall be negotiated  
13 by the Secretary. Payment shall be made by the Sec-  
14 retary from funds made available under part B of  
15 title XI title for the payment of organizations with  
16 contracts with the Secretary under such part.”.

17 (d) NQF FUNDING AUTHORIZATION.—There are au-  
18 thorized to be appropriated to the Secretary of Health and  
19 Human Services \$10,000,000 for each of 5 fiscal years  
20 to enter into arrangements with the National Quality  
21 Forum for the development of quality measures that may  
22 be applied under section 1886A of the Social Security Act,  
23 as inserted by section 2(a).

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