

111TH CONGRESS
1ST SESSION

H. R. 1776

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.

IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 2009

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

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 2009”.

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 before fiscal year 2014, in the
18 case of a hospital that does not submit, to the Sec-
19 retary in accordance with this section, data required
20 to be submitted on specified quality measures (as de-
21 fined in paragraph (4)(A)) with respect to such fis-
22 cal year, the applicable percentage increase under
23 section 1886(b)(3)(B)(i) for such fiscal year shall be
24 reduced by 2.0 percentage points (or 1.5, 1.0, and
25 0.5 percentage points in the case of fiscal years
26 2011, 2012, and 2013, respectively).

1 “(2) APPLICATION OF REDUCTION ONLY TO
2 FISCAL YEAR INVOLVED.—Any reduction under
3 paragraph (1) shall apply only with respect to the
4 fiscal year involved. The Secretary shall not take
5 into account such reduction in computing the appli-
6 cable percentage increase under section
7 1886(b)(3)(B)(i) for a subsequent fiscal year.

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

12 “(4) DEFINITIONS.—In this section:

13 “(A) The term ‘specified quality measures’
14 means quality measures—

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

17 “(ii) selected under clause (viii) of
18 such section; and

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

20 “(B) The term ‘hospital’ means a sub-
21 section (d) hospital (as defined in section
22 1886(d)(1)(B)).

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

24 “(1) IN GENERAL.—In addition to the specified
25 quality measures described in clauses (i) and (ii) of

1 subsection (a)(4)(A), the Secretary shall select under
2 this subsection such quality measures as the Sec-
3 retary determines to be appropriate for the measure-
4 ment of the quality of care furnished by hospitals in
5 inpatient settings.

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

19 “(3) REQUIREMENT FOR EVIDENCE-BASED
20 MEASURES.—

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

1 “(i) is evidence-based and statistically
2 valid;

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

8 “(iii) is recommended for use by the
9 Hospital Quality Alliance; and

10 “(iv) has been sufficiently field tested,
11 as provided in subparagraph (C), to ensure
12 the measure is accurate and efficacious
13 and to determine the resources required of
14 a hospital to collect and report data on the
15 measure.

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

1 graph (A)(ii) and recommended as provided in
2 subparagraph (A)(iii).

3 “(C) FIELD TESTING.—The Secretary may
4 not specify a measure under this paragraph for
5 use in the determination of performance-based
6 payments under this section unless there has
7 been a field test of the measure for a period of
8 not less than six months. For purposes of the
9 preceding sentence, the term ‘field test’ means,
10 with respect to a measure, the voluntary imple-
11 mentation of the measure by hospitals to test
12 the feasibility, usefulness, and costs associated
13 with implementing the measure, including—

14 “(i) validating the accuracy, precision,
15 sensitivity, specificity, predictive value, and
16 efficacy of the measure;

17 “(ii) determining whether the measure
18 is useful for the internal quality improve-
19 ment efforts of hospitals;

20 “(iii) evaluating the training, staffing,
21 and time required for data collection and
22 submission;

23 “(iv) assessing the unintended con-
24 sequences, if any, associated with the use
25 of the measure;

1 “(v) assessing issues relating to data
2 quality (such as accuracy and completeness
3 of data), comparability across hospitals,
4 and data sources; and

5 “(vi) determining whether all data ele-
6 ments required on the measure are capable
7 of being transmitted to the Secretary on a
8 timely basis and evaluating the ability of
9 automated data capture through health in-
10 formation technology systems.

11 “(4) REQUIREMENT FOR COLLABORATION WITH
12 CONSENSUS ORGANIZATIONS.—

13 “(A) IN GENERAL.—With respect to fiscal
14 year 2010 and each subsequent fiscal year, the
15 Secretary shall collaborate with consensus-
16 building organizations to develop new quality
17 measures in each of the following areas of inpa-
18 tient hospital services:

19 “(i) Efficiency.

20 “(ii) Clinical effectiveness.

21 “(iii) Patient-centeredness.

22 “(iv) Care coordination.

23 “(v) Patient safety.

1 “(vi) Performance in areas where the
2 Secretary identifies a need for an appro-
3 priate quality measure.

4 “(B) CONSENSUS-BUILDING ORGANIZA-
5 TION.—For purposes of this subsection, the
6 term ‘consensus-building organization’ means
7 an organization, such as the National Quality
8 Forum, that the Secretary identifies as—

9 “(i) having experience in using a
10 transparent process for reaching a group
11 consensus with respect to measures relat-
12 ing to performance of hospitals providing
13 inpatient hospital services; and

14 “(ii) including in such process rep-
15 resentatives of the Secretary, hospitals,
16 physicians’ organizations, individuals enti-
17 tled to benefits under part A, experts in
18 health care quality, experts in measure de-
19 velopment, organizations with experience in
20 measure implementation, and individuals
21 with experience in the delivery of health
22 care in urban, rural, and frontier areas
23 and to underserved populations and those
24 who serve a disproportionate share of mi-
25 nority patients.

1 “(5) ALTERNATIVE MEASURES FOR PATIENT
2 OUTCOMES AND EXPERIENCE.—

3 “(A) IN GENERAL.—In addition to the
4 quality measures for clinical process selected by
5 the Secretary under section 1886(b)(3)(B)(viii),
6 the Secretary shall consider alternative meth-
7 odologies to measure quality that reflect patient
8 outcomes and patient experience of care meas-
9 ures. Of the alternative methodologies available
10 for the consideration of the Secretary, quality
11 measures under this paragraph shall be based
12 on a set of criteria that include importance, fea-
13 sibility, scientific acceptability, improvability,
14 usability, controllability, potential for unin-
15 tended consequences, and contribution to com-
16 prehensiveness.

17 “(B) RISK-ADJUSTMENT.—With respect to
18 quality measures for outcomes of care, the Sec-
19 retary shall provide for an appropriate adjust-
20 ment for such risk factors as age, disability sta-
21 tus, gender, institutional status, and such other
22 factors as the Secretary determines to be appro-
23 priate to maintain incentives for hospitals to
24 treat patients with severe illnesses or condi-
25 tions.

1 “(6) SUBMISSION OF DATA ON PROPOSED NEW
2 QUALITY MEASURES.—

3 “(A) PRELIMINARY DATA SUBMISSION PE-
4 RIOD.—With respect to any proposed new qual-
5 ity measure identified by the Secretary as a
6 possible addition to specified quality measures
7 in effect, data that are required to be submitted
8 by hospitals for that new quality measure shall
9 be submitted for a preliminary period of such
10 length as the Secretary may specify.

11 “(B) CONFIDENTIALITY OF INFORMA-
12 TION.—Any data submitted under subpara-
13 graph (A) during the preliminary data submis-
14 sion period shall be treated as a confidential
15 submission of information and may not be made
16 available to the public.

17 “(C) APPLICATION TO PERFORMANCE-
18 BASED PAYMENTS.—A new quality measure
19 may not be incorporated in the performance-
20 based payment program established under sub-
21 section (f) unless—

22 “(i) the preliminary data submission
23 period under subparagraph (A) is com-
24 pleted;

1 “(ii) the Secretary ensures that data
2 have been made available to the public
3 under subsection (e) for such period as the
4 Secretary determines to be appropriate to
5 provide adequate notice to the parties con-
6 cerned; and

7 “(iii) the requirements of paragraph
8 (3) have been met.

9 “(7) ALIGNMENT OF INPATIENT HOSPITAL
10 QUALITY MEASURES WITH QUALITY MEASURES OF
11 OTHER PROVIDERS AND SUPPLIERS.—

12 “(A) IN GENERAL.—The Secretary shall
13 ensure that the specified quality measures ap-
14 plicable to hospitals are coordinated with qual-
15 ity measures applicable to physicians under sec-
16 tion 1848(k) and with quality measures applica-
17 ble to other providers of services and suppliers
18 under this title.

19 “(B) USE OF QUALITY MEASUREMENT DE-
20 VELOPMENT ORGANIZATIONS.—If the Secretary
21 determines that there is evidence that a com-
22 plementary quality measure in a particular cir-
23 cumstance would improve the quality of patient
24 care, the Secretary shall enter into arrange-
25 ments with quality measurement development

1 organizations for the development of com-
2plementary quality measures for hospitals, phy-
3sicians, and other providers of services and sup-
4pliers.

5 “(C) CONDITION FOR SELECTION.—For
6 purposes of paragraph (3), the Secretary may
7 not accept the endorsement of a quality meas-
8ure by the National Quality Forum or such
9 other similar organization designated by the
10 Secretary under paragraph (3)(A)(ii) unless the
11 National Quality Forum or other organization
12 has ensured the alignment of the quality meas-
13ure for inpatient hospital services with one or
14 more related quality measures for physicians’
15 services (if any).

16 “(c) DISCONTINUED USE OF MEASURES.—

17 “(1) AUTHORITY TO DISCONTINUE USE OF
18 MEASURE.—The Secretary may terminate the use of
19 a specified quality measure under this section if the
20 Secretary determines that the continued use of the
21 measure is inappropriate or unnecessary by reason
22 of one or more of the following rationale:

23 “(A) A change in science, technology, or
24 practice patterns.

1 “(B) Subject to paragraph (2), a deter-
2 mination by the Secretary that hospitals have
3 achieved uniformly high performance with re-
4 spect to that measure (commonly referred to as
5 a ‘topped out measure’).

6 “(C) A determination by the Secretary
7 that the measure has been subsequently shown
8 not to represent the best clinical practice.

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

11 “(2) PROVISIONS RELATING TO TOPPED OUT
12 MEASURES.—

13 “(A) CONTINUED REPORTING.—In the
14 case of a specified quality measure referred to
15 in paragraph (1)(B), the Secretary shall require
16 the submission of data from hospitals on such
17 a measure notwithstanding that such measures
18 shall not be used for purposes of the perform-
19 ance-based payment program under subsection
20 (f).

21 “(B) REVIEW OF HOSPITAL PERFORM-
22 ANCE.—In the case of a specified quality meas-
23 ure referred to in paragraph (1)(B), the Sec-
24 retary shall monitor performance of hospitals

1 on such measure to ensure that hospitals main-
2 tain high levels of performance.

3 “(C) AUTHORITY TO REINSTATE.—

4 “(i) IN GENERAL.—Subject to clause
5 (ii), for purposes of the performance-based
6 payment program under subsection (f), the
7 Secretary may reinstate the use of a speci-
8 fied quality measure referred to in para-
9 graph (1)(B) that has been terminated
10 under paragraph (1) if the Secretary deter-
11 mines that a significant percentage of hos-
12 pitals fails to meet the performance thresh-
13 old for that quality measure.

14 “(ii) NOTICE.—The authority under
15 clause (i) shall not apply before the conclu-
16 sion of a period, of not less than one year,
17 of notice to the public indicating the intent
18 of the Secretary to reinstate such specified
19 quality measure.

20 “(3) REGULAR REVIEW OF MEASURES.—The
21 Secretary shall periodically reassess specified quality
22 measures to determine whether the continued use of
23 such measures is appropriate and necessary for pur-
24 poses of public reporting under subsection (e) and
25 performance-based payment under subsection (f).

1 “(d) DEVELOPMENT OF COMPOSITE MEASURES.—

2 “(1) IN GENERAL.—The Secretary shall com-
3 bine individual specified quality measures into com-
4 posite measures that assess the overall quality of
5 care for a clinical condition or in a performance
6 area.

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

9 “(A) evaluate the adequacy of individual
10 specified quality measures in each significant
11 clinical condition or performance area, including
12 the validity of such measures for the creation of
13 a composite measure; and

14 “(B) determine the best methodology to re-
15 port composite quality measures for those areas
16 of clinical practice with a limited number of
17 specified quality measures, including how to in-
18 corporate such composite measures in the per-
19 formance-based payment program under sub-
20 section (f).

21 “(e) PUBLIC REPORTING.—

22 “(1) CONTINUATION OF PUBLIC REPORTING RE-
23 QUIREMENTS.—Procedures established under sub-
24 clause (VII) of section 1886(b)(3)(B)(viii) for mak-
25 ing data submitted by a hospital under subclause (I)

1 of such section available to the public shall, as modi-
2 fied by the succeeding provisions of this subsection,
3 apply to data required to be submitted under this
4 section on all specified quality measures.

5 “(2) GENERAL REPORTING REQUIREMENTS.—
6 The Secretary shall report quality measures of proc-
7 ess, structure, outcome, patient perspectives on care,
8 efficiency, and costs of care that relate to services
9 furnished in inpatient hospital settings on the Hos-
10 pital Compare Internet website maintained by the
11 Department of Health and Human Services.

12 “(3) PROMPT DISSEMINATION OF INFORMATION
13 ON QUALITY.—The Secretary shall review ways in
14 which information on the quality of inpatient hos-
15 pital services can be used more effectively by hos-
16 pitals to increase the quality of patient care and to
17 improve performance in the delivery of inpatient hos-
18 pital services. The Secretary shall provide for the
19 dissemination of appropriate and timely quality in-
20 formation to such hospitals in a manner that most
21 effectively contributes to continuous quality improve-
22 ment by the hospitals.

23 “(4) DISSEMINATION ON QUALITY INFORMA-
24 TION TO PATIENTS.—

1 “(A) IN GENERAL.—The Secretary shall
2 make available to the public information on the
3 quality of inpatient hospital services provided
4 by hospitals to patients in a manner that facili-
5 tates informed and balanced decisionmaking by
6 patients and physicians.

7 “(B) REQUIREMENTS FOR COMPARATIVE
8 INFORMATION.—Insofar as the Secretary makes
9 information on the quality of inpatient hospital
10 services provided by hospitals to patients avail-
11 able for purposes of comparison among hos-
12 pitals, the Secretary shall only present such in-
13 formation by specific clinical condition or per-
14 formance area and may not aggregate results
15 across clinical conditions or performance areas
16 or otherwise make available information indi-
17 cating an overall ranking of hospitals.

18 “(5) WEBSITE IMPROVEMENTS.—

19 “(A) TAILORED STANDARD REPORTS.—
20 The Secretary shall develop a series of standard
21 Internet website reports tailored to respond to
22 the differing needs of hospitals, patients, re-
23 searchers, policymakers, and such other stake-
24 holders as the Secretary may identify. The Sec-
25 retary shall seek input from such stakeholders

1 through such means as the Secretary deter-
2 mines to be most effective, including meetings
3 and surveys, to determine the type of informa-
4 tion that is useful to the various stakeholders
5 and the format that best facilitates use of the
6 reports and of the Hospital Compare Internet
7 website maintained by the Department of
8 Health and Human Services.

9 “(B) INFORMATION AND FORMAT.—The
10 Secretary shall modify the Hospital Compare
11 Internet website maintained by the Department
12 of Health and Human Services to make the use
13 and navigation of that website readily available
14 to individuals accessing it. The Secretary shall
15 develop a flexible format to meet the differing
16 needs of the various stakeholders and shall
17 modify the website to permit a user to easily
18 customize queries.

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

20 “(1) ESTABLISHMENT.—The Secretary shall es-
21 tablish a program under which performance-based
22 payments are made each fiscal year to hospitals that
23 provide high quality inpatient hospital services to in-
24 dividuals who are entitled to benefits under part A
25 and who are inpatients of the hospital. The Sec-

1 retary shall implement the program under this sub-
2 section so that performance-based payments are
3 made to such hospitals in fiscal year 2011 and each
4 subsequent fiscal year.

5 “(2) ADJUSTMENT IN PAYMENT BASED ON
6 QUALITY PERFORMANCE.—

7 “(A) PAYMENT BASED ON PERFORM-
8 ANCE.—

9 “(i) INCREASE IN AMOUNT OF PAY-
10 MENT FOR OPERATING COSTS OF INPA-
11 TIENT HOSPITAL SERVICES.—Subject to
12 subparagraph (B), from payment amounts
13 reduced by the Secretary for operational
14 costs of inpatient hospital services of a
15 hospital for specified diagnosis-related
16 groups under section 1886(d)(1)(F)(i) with
17 respect to a fiscal year, the Secretary shall
18 make a performance-based payment to that
19 hospital for such costs for that fiscal year
20 in the amount determined under clause (ii)
21 and in the manner specified in section
22 1886(d)(1)(F)(iv).

23 “(ii) METHODOLOGY TO DETERMINE
24 THE AMOUNT OF PAYMENT.—The Sec-
25 retary shall determine the amount of the

1 performance-based payment based on the
2 hospital's performance on each specified
3 clinical condition or performance area dur-
4 ing the preceding year to individuals who
5 are entitled to benefits under part A and
6 are inpatients of the hospital using the
7 payment and scoring methodologies con-
8 tained in the Report to Congress submitted
9 by the Centers for Medicare & Medicaid
10 Services on November 21, 2007, as modi-
11 fied by the succeeding provisions of this
12 subsection.

13 “(B) REQUIREMENT TO SUBMIT DATA.—In
14 order for a hospital to be eligible for a perform-
15 ance-based payment with respect to a fiscal
16 year, the hospital must have complied with the
17 requirements under subsection (a)(1) to submit
18 data for specified quality measures.

19 “(C) MEASURED CLINICAL CONDITIONS
20 FOR PERFORMANCE-BASED PAYMENTS IN FIS-
21 CAL YEAR 2011.—

22 “(i) CONDITIONS MEASURED.—With
23 respect to performance-based payments
24 made to a hospital under this paragraph in
25 fiscal year 2011, the Secretary shall meas-

1 ure quality performance only for the fol-
2 lowing four specific conditions or clinical
3 performance areas: acute myocardial in-
4 farction (AMI), heart failure, pneumonia,
5 and Surgical Care Improvement Project
6 (formerly referred to as ‘Surgical Infection
7 Prevention’ for discharges occurring before
8 July 2006).

9 “(ii) MEASURES CITED IN NOVEMBER
10 2007 CMS REPORT TO CONGRESS.—In
11 measuring quality performance for the con-
12 ditions specified under clause (i), the Sec-
13 retary shall use the specified quality meas-
14 ures identified as initial performance meas-
15 ures in the report referred to in subpara-
16 graph (A)(ii).

17 “(iii) HCAHPS MEASURES EX-
18 CLUDED FROM INITIAL PERFORMANCE-
19 BASED PAYMENTS.—

20 “(I) IN GENERAL.—In measuring
21 quality performance under clause (i),
22 except as provided in subclause (II),
23 the Secretary may not include speci-
24 fied quality measures with respect to
25 the Hospital Consumer Assessment of

1 Healthcare Providers and Systems
2 Survey (HCAHPS).

3 “(II) USE IN SUBSEQUENT
4 YEARS.—Subject to subparagraph
5 (D)(ii), the Secretary shall collect
6 data on measures relating to assess-
7 ment of care by consumers and make
8 refinements to such measures for use
9 in measuring performance for fiscal
10 years after fiscal year 2011 for per-
11 formance-based payments under this
12 paragraph.

13 “(iv) 30-DAY MORTALITY MEASURES
14 EXCLUDED FROM INITIAL PERFORMANCE-
15 BASED PAYMENTS.—

16 “(I) IN GENERAL.—In measuring
17 quality performance under clause (i),
18 except as provided in subclause (II),
19 the Secretary may not include speci-
20 fied quality measures with respect to
21 mortality.

22 “(II) USE IN SUBSEQUENT
23 YEARS.—Subject to subparagraph
24 (D)(ii), the Secretary may include
25 specified quality measures with re-

1 spect to 30-day mortality rates for use
2 in measuring performance for fiscal
3 years after fiscal year 2011 for per-
4 formance-based payments under this
5 paragraph insofar as the Secretary es-
6 tablishes a mechanism for hospitals to
7 receive timely information from the
8 Secretary to enable hospitals to evalu-
9 ate performance on such measures.

10 “(D) MEASURED CLINICAL CONDITIONS
11 AND PERFORMANCE AREAS FOR FISCAL YEARS
12 AFTER FISCAL YEAR 2011.—

13 “(i) IN GENERAL.—Subject to clause
14 (ii), with respect to performance-based
15 payments made to a hospital under this
16 paragraph during a fiscal year after fiscal
17 year 2011, the Secretary may expand the
18 specified quality measures used in meas-
19 uring performance under subparagraph (C)
20 for performance-based payments under this
21 paragraph for fiscal year 2011.

22 “(ii) REQUIREMENT FOR NOTICE AND
23 COMMENT RULEMAKING.—The Secretary
24 may only exercise the authority under
25 clause (i) by regulation, after notice of the

1 proposed regulation in the Federal Reg-
2 ister and a period of not less than 60 days
3 for public comment thereon.

4 “(E) ADVANCE PUBLICATION OF FULL-IN-
5 CENTIVE BENCHMARKS.—The Secretary shall
6 provide for the publication of full-incentive
7 quality benchmarks (determined under para-
8 graph (4)(C)) sufficiently in advance of a fiscal
9 year so that hospitals may make such changes
10 as are required to meet full-incentive quality
11 benchmarks applicable during the fiscal year in-
12 volved, and in no case shall the publication of
13 the full-incentive quality benchmark be later
14 than two years before the start of the fiscal
15 year involved.

16 “(3) DETERMINATION OF HOSPITAL PERFORM-
17 ANCE.—

18 “(A) METHODOLOGY FOR SCORES.—The
19 Secretary shall evaluate the performance of
20 each hospital for the purpose of determining
21 performance-based payments under paragraph
22 (2). Subject to subparagraph (B), the Secretary
23 shall determine a set of performance scores for
24 each such hospital based on the performance

1 scoring methodology described in the report re-
2 ferred to in paragraph (2)(A)(ii).

3 “(B) CALCULATION OF SEPARATE SCORES
4 BY CLINICAL CONDITION OR PERFORMANCE
5 AREA.—The Secretary shall calculate composite
6 performance scores separately for each specified
7 clinical condition or performance area. The Sec-
8 retary may not calculate a single overall per-
9 formance score for each hospital.

10 “(C) CONSIDERATION OF RESULTS AND
11 IMPROVEMENT.—In calculating performance
12 scores for each specified quality measure for
13 each specified clinical condition or performance
14 area, the Secretary shall determine a score for
15 both the performance level attained by the hos-
16 pital and the degree of improvement of the per-
17 formance of the hospital. The final score for
18 each such measure shall be equal to the greater
19 of such attainment or such degree of improve-
20 ment on the measure.

21 “(D) EQUAL WEIGHT FOR INDIVIDUAL
22 MEASURES.—In calculating a composite per-
23 formance score for each specified clinical condi-
24 tion or performance area, the Secretary shall
25 weight equally the individual specified quality

1 measures involved in assessing performance for
2 such clinical condition or area.

3 “(E) REQUIREMENT FOR NOTICE AND
4 COMMENT RULEMAKING.—The Secretary shall
5 describe in detail the methodology to be used to
6 calculate performance scores under this sub-
7 paragraph by regulation, after notice of the pro-
8 posed regulation in the Federal Register and a
9 period of not less than 60 days for public com-
10 ment thereon.

11 “(4) CALCULATION OF PERFORMANCE-BASED
12 PAYMENT AMOUNT.—

13 “(A) METHODOLOGY.—

14 “(i) REPORT PROPOSAL.—Subject to
15 the succeeding provisions of this sub-
16 section, the Secretary shall calculate the
17 amount of performance-based payment
18 under paragraph (2) for a hospital by con-
19 verting performance scores of a hospital to
20 a payment amount for that hospital using
21 the methodology contained in the report
22 referred to in paragraph (2)(A)(ii).

23 “(ii) REQUIREMENT FOR NOTICE AND
24 COMMENT RULEMAKING.—The Secretary
25 shall describe in detail the methodology to

1 be used to calculate the amount of per-
2 formance-based payment under paragraph
3 (2) by regulation, after notice of the pro-
4 posed regulation in the Federal Register
5 and a period of not less than 60 days for
6 public comment thereon.

7 “(B) MINIMUM THRESHOLD.—

8 “(i) IN GENERAL.—The Secretary
9 shall establish a performance threshold for
10 a fiscal year of zero for all specified clinical
11 conditions or performance areas.

12 “(ii) PERFORMANCE THRESHOLD.—

13 No amount of performance-based payment
14 under paragraph (2) for a fiscal year may
15 be made to a hospital unless the perform-
16 ance score of that hospital with respect a
17 specified clinical condition or performance
18 area during the preceding fiscal year ex-
19 ceeds the performance threshold estab-
20 lished under clause (i).

21 “(C) FULL-INCENTIVE QUALITY BENCH-
22 MARK.—

23 “(i) IN GENERAL.—The Secretary
24 shall determine for each fiscal year a per-
25 formance level for each clinical condition or

1 performance area under a quality bench-
2 mark which, if met by a hospital, would
3 qualify the hospital to receive 100 percent
4 of the performance-based payment amount
5 available under paragraph (2) for the asso-
6 ciated diagnosis-related groups.

7 “(ii) DETERMINATION OF LEVELS.—

8 “(I) INITIAL LEVEL.—The per-
9 formance level referred to in clause (i)
10 shall be initially set at a level that the
11 Secretary determines that all hospitals
12 can reasonably achieve.

13 “(II) MODIFICATION OF LEV-
14 ELS.—The Secretary may revise the
15 performance level set under subclause
16 (I) to a higher level from time to time
17 as hospital performance improves.

18 “(iii) CONSIDERATIONS IN SETTING
19 LEVELS.—In determining such perform-
20 ance level, the Secretary shall take into ac-
21 count practical experience with specified
22 quality measures involved, historical per-
23 formance levels, improvement rates, the
24 opportunity for continued improvement,

1 and the results of the review of bench-
2 marks conducted under paragraph (5).

3 “(5) REVIEW AND MODIFICATION OF BENCH-
4 MARKS.—

5 “(A) IN GENERAL.—The Secretary shall
6 reevaluate a quality benchmark established
7 under this subsection if the Secretary deter-
8 mines with respect to a fiscal year that a sig-
9 nificant proportion of hospitals failed to meet
10 the benchmark. The Secretary shall determine
11 whether extenuating circumstances, such as
12 measure definition changes, prevented hospitals
13 from meeting the benchmark.

14 “(B) MODIFICATION FOR PERFORMANCE-
15 BASED PAYMENTS.—The Secretary may make
16 modifications to a benchmark described in sub-
17 paragraph (A), as applied to measure hospital
18 performance in a fiscal year, and reassess such
19 hospital performance in that fiscal year using
20 such modified benchmark for purposes of calcu-
21 lating the amount of performance-based pay-
22 ment under paragraph (2).

23 “(6) BUDGET NEUTRALITY FOR PAYMENTS.—

24 “(A) REQUIREMENT FOR BUDGET NEU-
25 TRALITY.—The aggregate amount of perform-

1 ance-based payments made to hospitals under
2 paragraphs (2) and (7) for a fiscal year shall be
3 equal to the aggregate amount of reductions
4 under section 1886(d)(1)(F)(i) for that fiscal
5 year.

6 “(B) METHOD AND TIMING.—Perform-
7 ance-based payments to hospitals under this
8 subsection shall be made from the Federal Hos-
9 pital Insurance Trust Fund under section 1817.
10 Performance-based payments shall be made to a
11 hospital under this subsection with respect to a
12 fiscal year based on quality performance for the
13 12-month period ending June 30th of the prior
14 fiscal year.

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

17 “(A) IN GENERAL.—The Secretary shall
18 establish a program to reward those hospitals
19 with high performance scores, as determined by
20 the Secretary, in a fiscal year through the mak-
21 ing of performance-based bonus payments.

22 “(B) ADDITIONAL PAYMENT.—Perform-
23 ance-based bonus payments made under the
24 program established in subparagraph (A) in a
25 fiscal year shall be in addition to performance-

1 based payments made under paragraph (2) in
2 that fiscal year.

3 “(C) DETERMINATION OF PAYMENT
4 AMOUNT.—Performance-based bonus payments
5 under the program established in subparagraph
6 (A) shall be made in such amount as the Sec-
7 retary determines to be appropriate.

8 “(D) REQUIRED AGGREGATE AMOUNT OF
9 PAYMENTS.—The Secretary shall make aggre-
10 gate payments in a fiscal year under the per-
11 formance-based bonus payment program estab-
12 lished in subparagraph (A) in an amount equal
13 to the difference between the aggregate amount
14 of reductions under section 1886(d)(1)(F)(i) for
15 the fiscal year involved and the aggregate
16 amount of performance-based payments made
17 under paragraph (2) for such fiscal year.

18 “(8) ADDITIONAL PERFORMANCE-BASED INCEN-
19 TIVE PAYMENTS.—

20 “(A) INDEPENDENT ACTUARIAL ESTIMATE
21 OF SAVINGS.—With respect to each fiscal year
22 beginning after fiscal year 2009, the Secretary
23 shall enter into arrangements for the analysis
24 by a qualified independent entity or organiza-
25 tion of the actuarial value of cost savings under

1 part A attributable to the improvement in the
2 delivery of inpatient hospital services by hos-
3 pitals by reason of this section.

4 “(B) PERFORMANCE-BASED INCENTIVE
5 PAYMENT FUND.—

6 “(i) IN GENERAL.—Amounts identi-
7 fied as savings under subparagraph (A) for
8 a fiscal year shall be available to the Sec-
9 retary to make performance-based pay-
10 ments in addition to those available under
11 paragraphs (2) and (7) as incentives to
12 hospitals to continue to improve the quality
13 of inpatient hospital services provided to
14 patients.

15 “(ii) INCENTIVE PAYMENTS.—Addi-
16 tional payments under clause (i) shall be
17 made in such form, manner, and perio-
18 dicity as the Secretary may specify.

19 “(9) ALTERNATIVE PERFORMANCE MEASURE.—

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

1 “(B) **METHODOLOGY.**—The alternative
2 method under subparagraph (A) shall measure
3 the extent to which such individuals are reliably
4 being provided evidence-based care by hospitals,
5 expressed as the percentage of occasions on
6 which a hospital provides the individual with all
7 of the appropriate actions identified under qual-
8 ity measures during a fiscal year.

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

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

21 “(g) **FINANCING.**—

22 “(1) **REDUCTION IN DRG PAYMENT AMOUNT.**—
23 The Secretary shall make performance-based pay-
24 ments under paragraphs (2) and (7) of subsection
25 (f) from amounts credited to the Federal Hospital

1 Insurance Trust Fund under section 1817 in the fis-
2 cal year by reason of the application of the reduction
3 under section 1886(d)(1)(F)(i).

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

11 “(h) PROVISIONS RELATING TO DATA SUBMIS-
12 SION.—

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

19 “(2) DATA SUBMISSION AND RESUBMISSION.—

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

25 “(B) RESUBMISSION PERIOD.—

1 “(i) IN GENERAL.—Subject to clause
2 (ii), insofar as an additional period of time
3 is required after the end of the 135-day
4 period referred to in subparagraph (A) to
5 correct errors with respect to the data sub-
6 mitted by hospitals, the Secretary shall
7 provide for an additional 30-day period,
8 beginning on the day after the date of the
9 end of such 135-day period, for the correc-
10 tion of such errors and resubmission of the
11 revised data.

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

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

25 “(3) VALIDATION OF DATA.—

1 “(A) IMPLEMENTATION OF PROCESS.—The
2 Secretary shall implement a process for the val-
3 idation of data submitted by hospitals under
4 subsection (a). Such process shall provide for
5 the selection of hospitals with respect to data
6 submitted by such hospitals on both a random
7 basis and on the basis of specific criteria, and
8 shall include standards for the validation of
9 data at the level of specified quality measures.

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

21 “(4) OPPORTUNITY TO REVIEW DATA.—The
22 Secretary shall provide a hospital the opportunity to
23 review data reported by the hospital before such
24 data is made available to the public under subsection

1 (e) or used for purposes of the performance-based
2 payment program under subsection (f).

3 “(i) RULE OF CONSTRUCTION WITH RESPECT TO
4 APPEAL RIGHTS.—Nothing in this section shall be con-
5 strued as effecting the right of a subsection (d) hospital
6 to seek reconsideration or judicial review under section
7 1869, 1878, or otherwise of a determination of the Sec-
8 retary with respect to the provisions of this section, includ-
9 ing the application of the performance-based payment pro-
10 gram.

11 “(j) REPORTS TO CONGRESS.—

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

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

21 “(A) identifies the accomplishments of the
22 program under this section;

23 “(B) identifies any unintended con-
24 sequences of such program for hospitals and
25 patients;

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

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

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

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

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

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

23 (1) REPORTING OF QUALITY DATA.—Section
24 1886(b)(3)(B) of the Social Security Act (42 U.S.C.
25 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 clause (viii)(I), by striking “fiscal
5 year 2007 and each subsequent fiscal year” and
6 inserting “fiscal years 2007, 2008, and 2009”.

7 (2) ADJUSTMENT TO PAYMENTS FOR OPER-
8 ATING COSTS OF INPATIENT HOSPITAL SERVICES.—
9 Section 1886(d)(1) of such Act (42 U.S.C.
10 1395ww(d)(1)) is amended by adding at the end the
11 following new subparagraph:

12 “(F) ADJUSTMENT FOR PERFORMANCE-
13 BASED PAYMENT PROGRAM.—

14 “(i) TARGETED REDUCTIONS.—

15 “(I) IN GENERAL.—Subject to
16 subclause (II), in the case of a sub-
17 section (d) hospital that complies with
18 the data submission requirements
19 under section 1886A(a)(1) for a fiscal
20 year, beginning with fiscal year 2011,
21 the Secretary shall reduce the amount
22 of the payment with respect to the op-
23 erating costs of inpatient hospital
24 services determined under subpara-
25 graph (A) for specified diagnosis-re-

1 lated groups (as defined in clause (ii))
2 for that fiscal year by the perform-
3 ance-based payment offset percent (as
4 defined in clause (iii)).

5 “(II) EXCEPTION.—There shall
6 be no reduction under subclause (I)
7 by reason of clause (ii)(II) before fis-
8 cal year 2012.

9 “(ii) SPECIFIED DIAGNOSIS-RELATED
10 GROUPS DEFINED.—

11 “(I) DIAGNOSIS-RELATED
12 GROUPS EVALUATED UNDER COM-
13 POSITE PERFORMANCE MEASURES.—
14 For purposes of clause (i) and subject
15 to subclause (II), the term ‘specified
16 diagnosis-related groups’ means only
17 those diagnosis-related groups that
18 are evaluated through specified qual-
19 ity measures (as defined in section
20 1886A(a)(4)(A))—

21 “(aa) that are used for a fis-
22 cal year to measure the perform-
23 ance of a subsection (d) hospital
24 under section 1886A(f) for pur-
25 poses of performance-based pay-

1 ments to that hospital under
2 paragraph (2) or (7) of such sec-
3 tion;

4 “(bb) that have been rec-
5 ommended by the Hospital Qual-
6 ity Alliance; and

7 “(cc) data from which are
8 made publicly available through
9 the use of the Hospital Compare
10 Internet website maintained by
11 the Department of Health and
12 Human Services (or such similar
13 website of the Department) as
14 meets the requirements of section
15 1886A(e).

16 “(II) ACROSS THE BOARD APPLI-
17 CATION FOR HCAHPS.—With respect
18 only to specified quality measures re-
19 lating to the Hospital Consumer As-
20 sessment of Healthcare Providers and
21 Systems Survey (HCAHPS) and for
22 which a diagnosis-related group is eli-
23 gible to report, such term includes a
24 group. Nothing in this subclause shall
25 be construed as applying a reduction

1 under this subparagraph to hospitals
2 that are not subsection (d) hospitals.

3 “(iii) PERFORMANCE-BASED PAYMENT
4 OFFSET PERCENT.—

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

18 “(II) INDIVIDUAL MAXIMUM OFF-
19 SETS.—Subject to subclause (III), in
20 no case may the percent determined
21 under subclause (I) for a fiscal year
22 exceed—

23 “(aa) with respect to speci-
24 fied quality measures described
25 in clause (ii)(I), 2.0 percent; and

1 “(bb) with respect to speci-
2 fied quality measures described
3 in clause (ii)(II), 0.25 percent.

4 “(III) AGGREGATE MAXIMUM
5 OFFSET.—In no case may the percent
6 determined under subclause (I) for a
7 fiscal year exceed—

8 “(aa) 0.50 percent for fiscal
9 year 2011;

10 “(bb) 1.0 percent for fiscal
11 year 2012;

12 “(cc) 1.5 percent for fiscal
13 year 2013; and

14 “(dd) 2.0 percent for fiscal
15 year 2014 and succeeding years.

16 “(iv) INCREASE IN PPS PAYMENT
17 AMOUNT FOR PERFORMANCE-BASED PAY-
18 MENT.—In the case of a subsection (d)
19 hospital that received a performance-based
20 payment under paragraph (2) or (7), or
21 both, of section 1886A(f) for a fiscal year
22 for a specified diagnosis-related group, the
23 amount of the payment with respect to the
24 operating costs of inpatient hospital serv-
25 ices determined under subparagraph (A)

1 for such specified diagnosis-related group
2 shall be increased by the amount of such
3 performance-based payment or payments
4 for that fiscal year.”.

5 **SEC. 3. CONSULTATION FOR APPROPRIATE APPLICATION**
6 **OF PERFORMANCE-BASED PAYMENTS TO**
7 **SMALL HOSPITALS.**

8 (a) CONSULTATION.—The Secretary of Health and
9 Human Services shall consult with representatives of small
10 hospitals, including critical access hospitals under section
11 1820 of the Social Security Act (42 U.S.C. 1395i–4), to
12 determine appropriate and effective methods for such hos-
13 pitals to participate in programs for performance-based
14 payments for inpatient hospital services (or inpatient crit-
15 ical access hospital services) furnished to individuals who
16 are entitled to benefits under part A of title XVIII of the
17 Social Security Act (42 U.S.C. 1395c et seq.) and who
18 are inpatients of the hospitals.

19 (b) CONSIDERATION.—The Secretary shall consider
20 innovative methods of measuring and rewarding quality
21 inpatient hospital services furnished by small hospitals, in-
22 cluding critical access hospitals, which may be difficult to
23 quantify due to the low volume of services provided by
24 such hospitals for which quality measures have been devel-
25 oped.

1 (c) REPORT TO CONGRESS.—Not later than two
2 years after the date of enactment of this Act, the Sec-
3 retary shall submit to Congress a report on the consulta-
4 tion required under this section. The report shall include
5 recommendations of the Secretary with respect to the ap-
6 propriate application of performance-based payment and
7 payment incentive programs to small hospitals, including
8 critical access hospitals, for the provision of quality inpa-
9 tient hospital services.

10 **SEC. 4. PRIORITY OF ASSISTANCE FROM QUALITY IM-**
11 **PROVEMENT ORGANIZATIONS AND OTHER**
12 **QUALITY ORGANIZATIONS FOR HOSPITALS**
13 **WITH RESULTS BELOW PERFORMANCE-**
14 **BASED PAYMENT BENCHMARKS.**

15 (a) PRIORITY OF ASSISTANCE TO LOW-PERFORMING
16 HOSPITALS.—Section 1154(a) of the Social Security Act
17 (42 U.S.C. 1320c–3(a)) is amended by adding at the end
18 the following new paragraph:

19 “(18)(A) The organization shall give priority in
20 the provision of quality improvement assistance to
21 subsection (d) hospitals that fail to meet quality
22 benchmarks established under section 1886A(f).

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

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

3 “(ii) Instruction on how to collect, submit,
4 aggregate, and interpret data on measures used
5 for quality improvement, public reporting, and
6 payment under section 1886A.

7 “(iii) Technical assistance to support qual-
8 ity improvement.

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

11 “(v) Facilitating adoption of procedures
12 that encourage timely candid feedback from pa-
13 tients and their families concerning perceived
14 problems.

15 “(vi) Guidance on redesigning clinical proc-
16 esses, including the adoption and effective use
17 of health information technology, to improve the
18 coordination, effectiveness, and safety of care.”.

19 (b) EVALUATION OF QUALITY IMPROVEMENT ORGA-
20 NIZATIONS.—Section 1153(c)(2) of such Act (42 U.S.C.
21 1320c-2(c)(2)) is amended by inserting before the semi-
22 colon at the end the following: “, including the effective-
23 ness of the organization in improving the ability of a hos-
24 pital referred to in section 1154(a)(18)(A) to meet quality
25 benchmarks established under section 1886A(f)”.

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

4 (1) by redesignating subsection (j) as sub-
5 section (k); and

6 (2) by inserting after subsection (i) the fol-
7 lowing new subsection (j):

8 “(j) ASSISTANCE FROM ALTERNATIVE QUALITY OR-
9 ORGANIZATIONS.—

10 “(1) PRIVATE QUALITY ORGANIZATIONS.—The
11 Secretary shall establish a program under which a
12 hospital seeking to improve the quality of the provi-
13 sion of inpatient hospital services based on the re-
14 sults of a performance evaluation under this section
15 may apply to the Secretary to receive quality im-
16 provement assistance from a private quality organi-
17 zation with expertise in supporting improvement in
18 the quality of the provision of inpatient hospital
19 services.

20 “(2) ACCREDITATION.—Before entering into ar-
21 rangements with a private quality organization for
22 the provision of assistance under paragraph (1), the
23 Secretary shall ensure that the organization has
24 been accredited or certified by a recognized accredi-
25 tation or certification agency or body.

1 “(3) PAYMENT.—The rate of payment for qual-
2 ity assistance services provided by a private quality
3 organization under paragraph (1) shall be negotiated
4 by the Secretary. Payment shall be made by the Sec-
5 retary from funds made available under part B of
6 title XI title for the payment of organizations with
7 contracts with the Secretary under such part.”.

○