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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 563 Session of  
2013

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INTRODUCED BY MUNDY, V. BROWN, KORTZ, FRANKEL, HARKINS, DELUCA,  
MOLCHANY, COHEN, FREEMAN AND MCCARTER, FEBRUARY 8, 2013

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REFERRED TO COMMITTEE ON HEALTH, FEBRUARY 8, 2013

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AN ACT

1 Providing for quality health care management system discount;  
2 imposing duties on the Department of Health; and providing  
3 for penalties.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Quality  
8 Management in Health Care Act.

9 Section 2. Findings and declarations.

10 The General Assembly finds and declares as follows:

11 (1) It is the purpose of this act to ensure that quality  
12 medical care is available to all citizens of this  
13 Commonwealth through a comprehensive and high-quality health  
14 care system.

15 (2) To maintain and improve this system, medical  
16 professional liability insurance has to be obtainable at an  
17 affordable and reasonable cost throughout this Commonwealth.

18 (3) Every effort must be made to reduce and eliminate

1 medical errors by identifying problems and implementing  
2 solutions that promote patient safety.

3 (4) Recognition and furtherance of these elements is  
4 essential to the health, safety and welfare of the citizens  
5 of Pennsylvania.

6 (5) The costs of medical malpractice insurance premiums  
7 are directly impacted by medical errors.

8 (6) Research shows a vast majority of medical errors are  
9 systemic rather than human errors.

10 (7) Quality management systems implemented in the health  
11 care industry and by the United States Department of Veterans  
12 Affairs hospital system have reduced medical errors.

13 (8) It is a further purpose of this act to improve  
14 patient safety, improve health care quality and lower health  
15 care costs by offering a reduction in medical malpractice  
16 costs to health care providers that institute quality  
17 management systems into health care.

18 Section 3. Definitions.

19 The following words and phrases when used in this act shall  
20 have the meanings given to them in this section unless the  
21 context clearly indicates otherwise:

22 "Assessment." The assessment imposed under section 712 of  
23 the act of March 20, 2002 (P.L.154, No.13), known as the Medical  
24 Care Availability and Reduction of Error (Mcare) Act.

25 "Department." The Department of Health of the Commonwealth.

26 "Health care provider." A primary health care center or a  
27 person which contributes to and participates in the Medical Care  
28 Availability and Reduction of Error Fund established under  
29 section 712 of the act of March 20, 2002 (P.L.154, No.13), known  
30 as the Medical Care Availability and Reduction of Error (Mcare)

1 Act, including a corporation, university or other educational  
2 institution licensed or approved by the Commonwealth to provide  
3 health care or professional medical services as a physician, a  
4 certified nurse midwife, a podiatrist, hospital, nursing home,  
5 birth center and an officer, employee or agent thereof acting in  
6 the course and scope of their employment.

7 "Quality health care management system." A health care  
8 management system which is industrywide, systematic, sustainable  
9 and centered on the quality of the system's operations and  
10 outcomes. The term includes participation and accountability of  
11 its members and an assurance of the availability of resources  
12 and information needed to operate as planned, smoothly  
13 integrated processes and systems, clear communications and  
14 ongoing monitoring, measurement, feedback and corrective or  
15 preventive actions to ensure the system produces intended  
16 results.

17 Section 4. Quality health care management system discount.

18 A health care provider which implements a quality health care  
19 management system to the satisfaction and approval of the  
20 department shall be entitled to a 20% discount of the health  
21 care provider's assessment for each year the total quality  
22 health care management system is implemented and utilized. The  
23 discount shall apply to the assessment paid by a health care  
24 provider on behalf of other health care providers participating  
25 in the quality management system.

26 Section 5. Department.

27 (a) Quality management health care system approval.--

28 (1) A quality management health care system may apply to  
29 the department for approval. The application shall be on a  
30 form prescribed by the department and shall be accompanied by

1 a fee set by regulation.

2 (2) Within 30 days of receipt of an application under  
3 paragraph (1), the department shall:

4 (i) if the department determines the system will  
5 successfully reduce medical errors by a health care  
6 provider, approve the application; or

7 (ii) if the department determines the system will  
8 not successfully reduce medical errors by a health care  
9 provider, deny the application. This subparagraph is  
10 subject to 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial  
11 review of Commonwealth agency action).

12 (3) If the department fails to act within the time  
13 specified in paragraph (2), the application shall be deemed  
14 approved.

15 (b) Quality management health care system implementation.--  
16 The department shall provide health care providers with a  
17 certification of implementation of total quality management  
18 health care systems once the provider's application is approved  
19 under this section. Health care providers shall provide the  
20 certification to the Insurance Department in order to claim the  
21 discount provided for under section 4.

22 (c) Regulations.--The department and the Insurance  
23 Department may promulgate regulations to implement this act.

24 (d) Report.--On or before January 1, 2012, and each year  
25 thereafter, the department and the Insurance Department shall  
26 jointly provide a report on the effectiveness of this act. The  
27 report shall include:

28 (1) The name and number of total quality management  
29 systems approved by the department.

30 (2) The name and number of quality management systems

1 disapproved by the department.

2 (3) The name and number of health care providers who  
3 have received the discount.

4 (4) The total estimated savings to the health care  
5 system.

6 Section 6. Penalties and remedies.

7 (a) Penalties and remedies.--Upon a determination by hearing  
8 this act was violated, the Secretary of Health may pursue one or  
9 more of the following courses of action:

10 (1) Issue an order requiring the person in violation to  
11 cease and desist from engaging in the violation.

12 (2) Suspend or revoke or refuse to issue or renew the  
13 certificate or license of the person in violation.

14 (3) Impose a civil penalty of not more than \$50,000 for  
15 each violation.

16 (4) Impose another appropriate remedy.

17 (b) Other remedies.--The enforcement remedies imposed under  
18 this section are in addition to other remedies or penalties that  
19 may be imposed by another applicable statute.

20 Section 20. Effective date.

21 This act shall take effect in 60 days.