

116TH CONGRESS
1ST SESSION

S. 2157

To amend title XI of the Social Security Act to expand the use of global payments to hospitals in rural areas.

IN THE SENATE OF THE UNITED STATES

JULY 18, 2019

Mr. CASEY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XI of the Social Security Act to expand the use of global payments to hospitals in rural areas.

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 “Rural Hospital Sus-
5 tainability Act”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) Approximately 10,000,000 individuals age
9 65 and older live in rural America today. In fact, 1

1 out of every 4 older adults lives in a small town or
2 other rural area.

3 (2) Residents of rural areas are more likely to
4 be poorer, sicker, and have lower incomes compared
5 to their urban counterparts.

6 (3) According to the Office of Rural Health
7 Policy, from 2005 to 2009, people living in rural
8 areas had an average life expectancy of 76.8 years,
9 a full two years less than their urban counterparts
10 who had an average life expectancy of 78.8 years.

11 (4) Many rural hospitals are located in areas
12 where a majority of the population is age 65 and
13 older and has Medicare coverage.

14 (5) Certain State-based demonstrations to im-
15 prove payment models for rural hospitals show
16 promise in improving healthcare, reducing costs, and
17 integrating services for patients.

18 (6) Experts and organizations suggest that
19 transitioning rural hospitals to global payment sys-
20 tems would benefit patients, providers, and rural
21 communities.

22 **SEC. 3. EXPANDING THE USE OF GLOBAL PAYMENTS TO**
23 **HOSPITALS IN RURAL AREAS.**

24 Section 1115A(b)(2) of the Social Security Act (42
25 U.S.C. 1315a(b)(2)) is amended—

1 (1) in subparagraph (B), by adding at the end
2 the following new clause:

3 “(xxviii) National testing of a model
4 for global payments to hospitals in rural
5 areas as described in subparagraph (D).”;
6 and

7 (2) by adding at the end the following new sub-
8 paragraph:

9 “(D) NATIONAL TESTING OF MODEL FOR
10 GLOBAL PAYMENTS TO HOSPITALS IN RURAL
11 AREAS.—In the case where the Secretary selects
12 the model described in clause (ii) of this sub-
13 paragraph for testing pursuant to clause (xxviii)
14 of subparagraph (B), the following shall apply:

15 “(i) NATIONAL TESTING.—

16 “(I) IN GENERAL.—Subject to
17 subclause (II), the Secretary shall
18 allow each State to develop and sub-
19 mit to the Secretary an application to
20 begin testing such model in accord-
21 ance with this clause within 1 year of
22 the date on which the model is se-
23 lected for such testing.

24 “(II) STATE DESIGNATION OF
25 ENTITIES.—A State may designate an

1 entity or organization for purposes of
2 developing and submitting an applica-
3 tion under subclause (I) with respect
4 to the State, which may include the
5 implementation of such model in the
6 State. In the case where a State
7 makes such a designation, with re-
8 spect to any activities covered by the
9 designation, the entity or organization
10 so designated shall be subject to any
11 requirements applicable to the imple-
12 menting State under this subpara-
13 graph in the same manner as such re-
14 quirements are applicable to the im-
15 plementing State.

16 “(III) NO EFFECT ON ONGOING
17 MODELS OR DEMONSTRATION
18 PROJECTS.—Nothing in this subpara-
19 graph shall effect the testing of any
20 model under this subsection or any
21 demonstration project under this Act
22 that is implemented prior to the date
23 of the enactment of this subpara-
24 graph.

1 “(ii) MODEL DESCRIBED.—The model
2 described in this clause seeks to increase
3 rural Americans’ access to quality care in
4 order to improve health, while also reduc-
5 ing the growth of hospital expenditures
6 across payers, including Medicare, and in-
7 creasing the financial viability of rural hos-
8 pitals to ensure continued access to care.
9 Under this model, participating rural hos-
10 pitals would—

11 “(I) be paid based on all-payer
12 global budget, a fixed amount that is
13 set in advance for inpatient and out-
14 patient hospital-based services and
15 paid monthly by Medicare fee-for-serv-
16 ice, State Medicaid plans, and all
17 other participating payers;

18 “(II) deliberately redesign the de-
19 livery of care to improve quality of
20 care and meet the needs of their local
21 communities;

22 “(III) receive an upfront, fixed
23 payment for infrastructure redesign,
24 in an amount to be recovered over a

1 period of time as set forth by the Sec-
2 retary;

3 “(IV) receive annual global budg-
4 et payment adjustments based on an
5 amount determined in conjunction
6 with the Secretary; and

7 “(V) partner with non-hospital
8 providers such as physicians, behav-
9 ioral health providers, schools, and
10 community based organizations to cre-
11 ate a comprehensive care delivery sys-
12 tem.

13 “(iii) DEFINITIONS.—In this subpara-
14 graph:

15 “(I) IMPLEMENTING STATE.—
16 The term ‘implementing State’ means
17 a State whose application to begin
18 testing such model is approved by the
19 Secretary under clause (i).

20 “(II) RURAL HOSPITAL.—The
21 term ‘rural hospital’ means the fol-
22 lowing:

23 “(aa) A critical access hos-
24 pital (as defined in section
25 1861(mm)(1)).

1 “(bb) A sole community hos-
2 pital (as defined in section
3 1886(d)(5)(D)(iii)).

4 “(cc) A medicare-dependent,
5 small rural hospital (as defined
6 in section 1886(d)(5)(G)(iv)).

7 “(dd) Any other hospital
8 that is located in a rural area (as
9 defined in section 1886(d)(2)(D))
10 or is treated as being located in
11 a rural area pursuant to section
12 1886(d)(8)(E).

13 “(iv) REQUIREMENTS FOR PARTICI-
14 PATING HOSPITALS.—

15 “(I) IN GENERAL.—In order to
16 participate in the model in an imple-
17 menting State, a rural hospital
18 must—

19 “(aa) subject to subclause
20 (II), conduct a community health
21 needs assessment survey to deter-
22 mine the condition and health
23 needs in their community, includ-
24 ing those needs with respect to
25 mental or behavioral health; and

1 “(bb) following such assess-
2 ment survey, submit and, subject
3 to clause (vi), receive approval of
4 a Rural Hospital Transformation
5 Plan (as described in clause (v))
6 from the implementing State and
7 the Secretary.

8 “(II) EXCEPTION.—A rural hos-
9 pital meets the requirement described
10 in subclause (I)(aa) if the rural hos-
11 pital has conducted a community
12 health needs assessment survey during
13 the preceding year for any purpose.

14 “(v) RURAL HOSPITAL TRANS-
15 FORMATION PLAN DESCRIBED.—A Rural
16 Hospital Transformation Plan described in
17 this clause, with respect to a rural hos-
18 pital, shall include the following informa-
19 tion:

20 “(I) Results of the community
21 health needs assessment survey under
22 clause (iv)(I)(aa) and an explanation
23 of how the Transformation Plan suits
24 the needs of the community.

1 “(II) The population of individ-
2 uals who will be served by the rural
3 hospital under the model.

4 “(III) The types of services that
5 will be included in the global payment
6 under the model.

7 “(IV) How the rural hospital in-
8 tends to improve quality and health
9 outcomes under the model, including
10 which population health outcomes the
11 hospital will assess on an annual
12 basis.

13 “(V) How the rural hospital will
14 achieve patient engagement and in-
15 volvement in the model.

16 “(VI) How the rural hospital will
17 identify, partner with, and pay other
18 entities participating in the model.

19 “(VII) How private payers will be
20 included in the model.

21 “(VIII) Plans to account for any
22 market share changes under the
23 model.

1 “(IX) How access to preventive
2 care will be increased under the
3 model.

4 “(X) How the rural hospital will
5 sustain the changes made under the
6 model.

7 “(XI) How savings under the
8 model will accrue to the Medicare pro-
9 gram under title XVIII.

10 “(XII) Any other information re-
11 quired by the implementing State or
12 the Secretary.

13 “(vi) OPPORTUNITY FOR PUBLIC COM-
14 MENT.—In order for the Secretary or an
15 implementing State to approve a Rural
16 Hospital Transformation Plan under
17 clause (iv), the Secretary in consultation
18 with the implementing State, shall—

19 “(I) provide the public with a
20 meaningful opportunity, as deter-
21 mined by the Secretary, to provide
22 comments on the plan; and

23 “(II) make a summary of com-
24 ments provided available to the public

1 on the Internet website of the Centers
2 for Medicare & Medicaid Services.

3 “(vii) TECHNICAL ASSISTANCE.—The
4 Secretary shall designate an entity to pro-
5 vide technical assistance to participating
6 rural hospitals as they redesign the care
7 they deliver under the model.

8 “(viii) ACCOUNTING FOR UNCER-
9 TAINTY.—In order for implementing States
10 and participating rural hospitals to receive
11 unanticipated additional resources needed
12 to implement the model, the Secretary
13 shall establish procedures for implementing
14 States and participating rural hospitals to
15 submit to the Secretary a request for addi-
16 tional resources, should variations in serv-
17 ices outside of normally planned volume
18 occur or should new technologies be devel-
19 oped, or in such other circumstances as the
20 Secretary determines appropriate.

21 “(ix) MONITORING OUTCOMES.—The
22 Secretary, in conjunction with imple-
23 menting States and participating rural
24 hospitals, shall develop a plan to—

1 “(I) identify, using a partici-
2 pating rural hospital’s approved Rural
3 Hospital Transformation Plan de-
4 scribed in clause (v), the relevant local
5 population of patients attributable to
6 the hospital, the data points the hos-
7 pital may need to guide care redesign
8 for that population, and how the hos-
9 pital may use such data;

10 “(II) annually monitor outcomes
11 under the model, which may include
12 financial, quality, access, and utiliza-
13 tion outcomes;

14 “(III) annually monitor the spe-
15 cific population health outcomes listed
16 in the approved Rural Hospital
17 Transformation Plan of each partici-
18 pating rural hospital pursuant to
19 clause (v)(IV); and

20 “(IV) any other outcomes as de-
21 termined by the Secretary.

22 “(x) RISK MITIGATION.—As part of
23 the model, the Secretary, in conjunction
24 with implementing States and participating
25 rural hospitals, shall develop appropriate

1 mechanisms to mitigate risks, including
2 the use of reinsurance.

3 “(xi) REPORTING REQUIREMENTS.—

4 “(I) REPORT TO SECRETARY.—

5 An implementing State, as a condition
6 of implementing the model, shall part-
7 ner with an independent entity to re-
8 port to the Secretary on the ability of
9 a participating rural hospital to carry
10 out the Rural Hospital Trans-
11 formation Plan described in clause
12 (v).

13 “(II) REPORT TO CONGRESS.—

14 Not less frequently than every 5 years
15 (for the duration of the implementa-
16 tion of the model under this subpara-
17 graph), the Secretary shall submit to
18 Congress a report on the implementa-
19 tion of the model under this subpara-
20 graph. The report shall include best
21 practices for future implementation
22 efforts and any other information the
23 Secretary determines appropriate, in-
24 cluding the information reported
25 under subclause (I), together with rec-

1 ommendations for such legislation and
2 administrative action as the Secretary
3 determines appropriate.

4 “(xii) FUNDING.—The Secretary shall
5 allocate funds made available under sub-
6 section (f)(1) to design, implement, evalu-
7 ate, and report on the model described in
8 clause (ii) in accordance with this subpara-
9 graph.”.

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