

111TH CONGRESS
1ST SESSION

H. R. 3664

To direct the Secretary of Health and Human Services to establish a
Healthcare Innovation Zone pilot program.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2009

Ms. SCHWARTZ introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To direct the Secretary of Health and Human Services to
establish a Healthcare Innovation Zone pilot program.

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 “Healthcare Innovation
5 Zone Pilot Act of 2009”.

6 **SEC. 2. HEALTHCARE INNOVATION ZONE PILOT PROGRAM.**

7 (a) ESTABLISHMENT.—The Secretary of Health and
8 Human Services shall establish a Healthcare Innovation
9 Zone pilot program to increase health care provider inte-

1 gration and align health care provider incentives to reduce
2 the rate of growth of health care costs while improving
3 quality of care for Medicare, Medicaid, and privately in-
4 sured patients. The HIZ program, by including teaching
5 hospitals, shall provide for the incorporation of new and
6 innovative clinical initiatives for the training of the next
7 generation of physicians, nurses, and other health profes-
8 sionals in a new model of cost-effective, high-quality health
9 care.

10 (b) FEATURES OF PROGRAM.—The HIZ pilot pro-
11 gram established under subsection (a) shall consist of—

12 (1) an HIZ planning grant program, as de-
13 scribed in section 3; and

14 (2) an HIZ pilot project, as described in section
15 4.

16 **SEC. 3. HIZ PLANNING GRANT PROGRAM.**

17 (a) ESTABLISHMENT.—Within 6 months after the
18 date of the enactment of this Act, the Secretary shall
19 begin accepting applications for HIZ planning grants. The
20 Secretary will make grants to successful applicants for the
21 purposes of researching and preparing an HIZ design
22 plan, in accordance with subsection (d).

23 (b) ELIGIBILITY REQUIREMENTS.—An applicant for
24 a grant under this section shall be a group of clinical or
25 other entities that provides a full spectrum of health care,

1 including inpatient, outpatient, post-acute, and preventive
2 care, to Medicare beneficiaries, Medicaid enrollees, and
3 other individuals enrolled in private insurance plans. Such
4 applicants must include a teaching hospital, and may in-
5 clude—

6 (1) other clinical entities, including community
7 hospitals and health centers or physician group prac-
8 tices;

9 (2) schools of medicine or other health profes-
10 sions; and

11 (3) other nonclinical entities, including commu-
12 nity organizations.

13 (c) APPLICATION.—An application for a grant under
14 this section shall include—

15 (1) a description of the geographic region to be
16 included in the HIZ established under section 4, in-
17 cluding population and health care provider demo-
18 graphics, as well as an estimate of the number of
19 people that could be cared for in the HIZ;

20 (2) a demonstration that the grant applicant
21 has the expertise to engage community and clinical
22 care leaders in developing a design plan for the HIZ
23 that will meet the requirements listed in subsection
24 (e); and

1 (3) a proposed budget setting forth the costs to
2 be incurred in creating the HIZ design plan.

3 (d) CRITERIA FOR AWARDING GRANTS.—The Sec-
4 retary shall give preference to grant applications in which
5 the potential HIZ would care for large and diverse popu-
6 lations and that also demonstrate the commitment of clin-
7 ical and community partners to participate in the planning
8 process for creating and submitting the HIZ design plan
9 as set forth in subsection (e).

10 (e) HIZ DESIGN PLAN REQUIREMENTS.—A recipient
11 of a grant under this section must submit to the Secretary,
12 within 1 year after receiving such grant funds, an HIZ
13 design plan describing the HIZ to be created in the pilot
14 program under section 4. Such HIZ design plan must con-
15 tain—

16 (1) an estimate of the number of people to
17 whom health care will be delivered by the providers
18 in the HIZ using the models of care described in
19 such plan;

20 (2) a description of the legal and management
21 structure of the HIZ Coordinating Entity under
22 which the full spectrum of care would be provided
23 through the HIZ, and that will receive and admin-
24 ister payments received under the pilot program;

1 (3) a description of how the full spectrum of
2 care will be provided and by whom;

3 (4) a description, including supporting financial
4 documentation, of how the HIZ will reduce the rate
5 of increase in Medicare and other health care spend-
6 ing including the level of the reduction and over
7 what time frame such reduction will be achieved;

8 (5) a description of how physician, hospital, and
9 other providers will be integrated and aligned, and
10 how health care delivery processes will be changed to
11 reduce the rate of growth of health care costs while
12 improving quality of care for Medicare, Medicaid,
13 and privately insured patients;

14 (6) a description of the target population to be
15 served by the HIZ;

16 (7) a list and description of quality metrics that
17 will be used to measure quality improvement, includ-
18 ing both quality of care and community health sta-
19 tus; and cost indicators that best would track cost
20 containment over time;

21 (8) a description of how the HIZ will incor-
22 porate the training of the next generation of physi-
23 cians, nurses, and other health professionals in a
24 new model of cost-effective, high-quality health care;

1 (9) a proposal to address non-financial barriers
2 to the provision of the full spectrum of care, includ-
3 ing physician self-referral laws, anti-trust consider-
4 ations, State laws, and accreditation or certification
5 requirements;

6 (10) a description of the infrastructure and
7 mechanisms to be used to collect, analyze, and ap-
8 propriately share data among clinical partners;

9 (11) a description of the methods to be used to
10 monitor and track health costs and utilization;

11 (12) a description of a strategy to improve pre-
12 vention and public health and the health status of
13 the community;

14 (13) a description of mechanisms to achieve in-
15 volvement by the community and external experts as
16 ongoing partners in and monitors of the HIZ;

17 (14) a description of payment methodology op-
18 tions that address both funding level and mecha-
19 nisms to distribute funds to HIZ providers; and

20 (15) a description of the start-up and other ad-
21 ditional costs that would be required to establish and
22 operate the HIZ.

23 (f) NUMBER AND AMOUNT OF PLANNING GRANTS.—
24 The Secretary shall award no more than 25 grants under

1 this section in an amount of at least \$250,000 and not
2 more than \$1,000,000 per grant.

3 (g) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated to carry out this section
5 \$25,000,000 for the first fiscal year beginning after the
6 date of enactment of this section and such sums as may
7 be necessary for subsequent fiscal years.

8 **SEC. 4. HEALTHCARE INNOVATION ZONE PILOT PROJECT.**

9 (a) ESTABLISHMENT.—The Secretary shall establish
10 an HIZ pilot project to test the effectiveness of HIZs in
11 reducing the rate of growth of health care costs while im-
12 proving quality of care for Medicare, Medicaid, and pri-
13 vately insured patients.

14 (b) DURATION.—The pilot project shall operate for
15 a period of at least 3 years and shall be subject to renewal
16 at the Secretary's discretion.

17 (c) APPLICATION.—A person who is eligible under
18 section 3(b) may submit an application for participation
19 in the HIZ pilot project to the Secretary at such time and
20 manner, and containing the information described in sec-
21 tions 3(e) and section 4(d) and any such additional infor-
22 mation, as the Secretary may require.

23 (d) REQUIREMENTS.—In addition to the require-
24 ments established by the Secretary under subsection (c),

1 to be eligible to participate in the HIZ pilot project under
2 this section, the HIZ providers shall—

3 (1) provide comprehensive health care services,
4 as defined by the Secretary, to at least 50 percent
5 of the population within the HIZ;

6 (2) maintain or improve the quality of health
7 care services provided under the HIZ, according to
8 metrics approved by the Secretary, and submit the
9 information necessary to the Secretary so that the
10 Secretary may determine whether such maintenance
11 or improvement has occurred; and

12 (3) collect and submit information on changes
13 that are being made to clinical education processes
14 to reflect changes made in the delivery of health
15 care.

16 (e) PAYMENT.—The Secretary shall distribute pay-
17 ments to the HIZ Coordinating Entity so that the aggre-
18 gate level of payment for all Medicare beneficiaries partici-
19 pating in the HIZ pilot project will be equal to a base
20 level of Medicare payments, as defined by the Secretary,
21 increased by a rate of growth that is 1.5 percentage points
22 less than the projected rate of growth for the HIZ. The
23 Secretary may modify the 1.5 percentage point reduction
24 if the estimated growth rate is lower than the national
25 average. The types of payments subject of this arrange-

1 ment and additional payment mechanisms shall be at the
2 discretion of the Secretary and each HIZ based on the
3 methodology options submitted by the grant recipient, as
4 set forth under section 3(e)(14).

5 (f) WAIVER OF RIGHTS TO PAYMENT UNDER PUBLIC
6 PROGRAMS.—A health care provider receiving payments
7 for patients under this section shall waive any right to ad-
8 ditional reimbursement under title XVIII of the Social Se-
9 curity Act (42 U.S.C. 1395 et seq.) beyond those estab-
10 lished under subsection (e) for those services provided to
11 Medicare beneficiaries participating in the HIZ pilot.

12 (g) WAIVERS.—The Secretary may waive any re-
13 quirements under titles XI, XVIII, and XIX of the Social
14 Security Act (42 U.S.C. 1301 et seq.; 42 U.S.C. 1395 et
15 seq.; and 42 U.S.C. 1396 et seq.), including the
16 antikickback and civil monetary penalty statutes, and with
17 regard to title XIX, statewideness, comparability, and
18 managed care requirements, as necessary to carry out the
19 pilot program established under this section. In the inter-
20 est of facilitating the development of HIZ pilot projects,
21 the Secretary shall release a streamlined Medicare or Med-
22 icaid waiver application form. Use of such form is vol-
23 untary. Nothing contained in the antitrust laws shall be
24 construed to prohibit persons providing health care serv-
25 ices as part of a pilot project authorized under this section

1 from lawfully carrying out the legitimate object thereof,
2 nor shall such persons be held or construed to be illegal
3 combinations or conspiracies in restraint of trade under
4 the antitrust laws, if acting in accordance with the busi-
5 ness model approved by the Secretary under this section.

6 (h) REPORTS.—

7 (1) HIZ REPORT.—A person that establishes an
8 HIZ pilot project under this section shall submit, 2
9 years after the beginning of such project to the Sec-
10 retary a report that describes and evaluates the ac-
11 tivities of the HIZ.

12 (2) SECRETARY REPORT.—The Secretary shall
13 submit to Congress an evaluation of the current sta-
14 tus of the pilot within 6 months after the end of the
15 first year of the pilot and every year thereafter until
16 the end of pilot.

17 **SEC. 5. DEFINITIONS.**

18 In this Act:

19 (1) PLANNING GRANT PROGRAM.—The term
20 “planning grant program” means the HIZ planning
21 grant program as described in section 3.

22 (2) HIZ.—Each of the terms “HIZ” and
23 “Healthcare Innovation Zone” mean a geographic
24 region that contains—

1 (A) clinical and other entities that provide
2 a full spectrum of health care, including inpa-
3 tient, outpatient, post-acute, and preventive
4 care, to Medicare beneficiaries, Medicaid enroll-
5 ees, and other individuals enrolled in private in-
6 surance plans; and

7 (B) a teaching hospital that has the capaci-
8 ty to conduct health services research and pro-
9 vides clinical training for health professionals.

10 (3) HIZ COORDINATING ENTITY.—The term
11 “HIZ Coordinating Entity” means a legal and man-
12 agement structure that is responsible for overseeing
13 the delivery of the full spectrum of care in the HIZ,
14 and that will receive and administer payments re-
15 ceived under the pilot program.

16 (4) SECRETARY.—The term “Secretary” means
17 the Secretary of Health and Human Services.

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