

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.

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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

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

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

(2) by adding at the end the following new subparagraph:

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

“(i) NATIONAL TESTING.—

“(I) IN GENERAL.—Subject to subclause (II), the Secretary shall allow each State to develop and submit to the Secretary an application to begin testing such model in accordance with this clause within 1 year of the date on which the model is selected for such testing.

“(II) STATE DESIGNATION OF 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

“(bb) following such assessment survey, submit and, subject to clause (vi), receive approval of a Rural Hospital Transformation Plan (as described in clause (v)) from the implementing State and the Secretary.

“(II) EXCEPTION.—A rural hospital meets the requirement described in subclause (I)(aa) if the rural hospital has conducted a community health needs assessment survey during the preceding year for any purpose.

“(v) RURAL HOSPITAL TRANSFORMATION PLAN DESCRIBED.—A Rural Hospital Transformation Plan described in this clause, with respect to a rural hospital, shall include the following information:

“(I) Results of the community health needs assessment survey under clause (iv)(I)(aa) and an explanation of how the Transformation Plan suits 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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