

114TH CONGRESS
1ST SESSION

H. R. 1458

To amend title XVIII of the Social Security Act to provide bundled payments for post-acute care services under parts A and B of Medicare, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2015

Mr. MCKINLEY (for himself, Mr. TOM PRICE of Georgia, and Mr. MCNERNEY) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, 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 amend title XVIII of the Social Security Act to provide bundled payments for post-acute care services under parts A and B of Medicare, 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 “Bundling and Coordi-
5 nating Post-Acute Care Act of 2015” and as the
6 “BACPAC Act of 2015”.

1 **SEC. 2. PURPOSES.**

2 The purposes of this Act are to—

3 (1) foster the delivery of high-quality post-acute
4 care services in the most cost-effective manner pos-
5 sible;

6 (2) preserve the ability of patients, with the
7 guidance of their physicians, to select their preferred
8 providers of post-acute care services;

9 (3) promote competition among post-acute care
10 providers on the basis of quality, cost, account-
11 ability, and customer service;

12 (4) achieve long-term sustainability by ensuring
13 operational stability through regional breadth and
14 the engagement of experienced care PAC coordina-
15 tors;

16 (5) advance innovation in fields including tele-
17 health, care coordination, medication management,
18 and hospitalization avoidance; and

19 (6) provide for the financial security of the
20 Medicare program by achieving substantial program
21 savings through maximized efficiencies, cost avoid-
22 ance, and outcomes improvement.

1 **SEC. 3. PROVIDING BUNDLED PAYMENTS FOR POST-ACUTE**
2 **CARE SERVICES UNDER PARTS A AND B OF**
3 **MEDICARE.**

4 Title XVIII of the Social Security Act is amended by
5 inserting after section 1866E (42 U.S.C. 1395cc-5) the
6 following new section:

7 “PROVIDING BUNDLED PAYMENTS FOR POST-ACUTE CARE
8 SERVICES

9 “SEC. 1866F. (a) IN GENERAL.—For a PAC bundle
10 with respect to qualifying discharges occurring on or after
11 January 1, 2017, instead of the payment otherwise pro-
12 vided under parts A and B, there shall be paid a single
13 payment amount (determined under subsection (d) and as
14 limited under paragraph (4) of such subsection) to be paid
15 to a PAC coordinator (as described in subsection (c)) se-
16 lected by an individual under such subsection.

17 “(b) PAC-RELATED DEFINITIONS.—In this section:

18 “(1) PAC BUNDLE.—The term ‘PAC bundle’
19 means PAC services furnished to an individual dur-
20 ing a PAC period in a PAC area.

21 “(2) PAC SERVICES.—

22 “(A) IN GENERAL.—The term ‘PAC serv-
23 ices’ includes—

24 “(i) post-hospital extended care serv-
25 ices, subject to subparagraph (C)(i);

1 “(ii) home health services, subject to
2 clauses (ii) and (iii) of subparagraph (C);

3 “(iii) inpatient services provided in a
4 rehabilitation facility, subject to subpara-
5 graph (C)(iii);

6 “(iv) inpatient hospital services pro-
7 vided by a long-term care hospital, subject
8 to subparagraph (C)(iv);

9 “(v) durable medical equipment;

10 “(vi) outpatient physical therapy serv-
11 ices;

12 “(vii) outpatient occupational therapy
13 services;

14 “(viii) outpatient prescription drugs
15 and biologicals; and

16 “(ix) skilled nursing facility services.

17 “(B) EXCEPTIONS.—Such term does not
18 include—

19 “(i) physicians’ services;

20 “(ii) hospice care;

21 “(iii) outpatient hospital services;

22 “(iv) ambulance services;

23 “(v) outpatient speech-language pa-
24 thology services; and

1 “(vi) the items and services described
2 in section 1861(s)(9).

3 “(C) NONAPPLICATION OF CERTAIN COV-
4 ERAGE LIMITATIONS.—

5 “(i) WAIVER OF SKILLED NURSING
6 FACILITY THREE DAY STAY REQUIRE-
7 MENT.—In applying subparagraph (A)(i),
8 the 3-day stay requirement described in
9 section 1861(i) (requiring that an individ-
10 ual’s inpatient stay in a discharging hos-
11 pital be for a duration of not less than 3
12 consecutive days) shall not apply.

13 “(ii) WAIVER OF HOMEBOUND RE-
14 QUIREMENT FOR HOME HEALTH SERV-
15 ICES.—In applying subparagraph (A)(ii),
16 the requirements cited in sections
17 1814(a)(2)(C) and 1835(a)(2)(A) that
18 home health services are or were required
19 because the individual is or was confined to
20 the home of the individual shall not apply.

21 “(iii) WAIVER OF FACE-TO-FACE DOC-
22 UMENTATION REQUIREMENT.—In applying
23 the subparagraph (A)(ii), the requirements
24 cited in sections 1814(a)(2)(C) and
25 1835(a)(2)(A) that the face-to-face en-

1 counter described in each such section
2 must be documented shall not apply.

3 “(iv) NONAPPLICATION OF REHABILI-
4 TATION FACILITY PERCENTAGE REQUIRE-
5 MENT.—In applying subparagraph (A)(iii),
6 any requirement that a specified percent-
7 age of the inpatient population served by
8 the facility require intensive rehabilitation
9 services for treatment of one or more of
10 the conditions specified in section
11 412.29(b)(2) of title 42, Code of Federal
12 Regulations, as of December 19, 2013,
13 shall not apply.

14 “(v) NONAPPLICATION OF LONG-TERM
15 CARE HOSPITAL PERCENTAGE REQUIRE-
16 MENT.—In applying subparagraph (A)(iv),
17 any requirement that a specified percent-
18 age of the discharged Medicare inpatient
19 population of the long-term care hospital
20 or its satellite facility be admitted to the
21 hospital or its satellite facility from its co-
22 located hospital shall not apply.

23 “(vi) NONAPPLICATION OF SUCH
24 OTHER REQUIREMENTS AS DETERMINED
25 BY THE SECRETARY.—In applying sub-

1 paragraph (A), any other such requirement
2 that the Secretary determines it is nec-
3 essary not to apply in order to ensure ap-
4 propriate implementation of this section
5 shall not apply.

6 “(3) PAC PERIOD.—The term ‘PAC period’
7 means the period beginning on the date of a quali-
8 fying discharge (as defined in paragraph (10)) and
9 ending on the date that is the earlier of the fol-
10 lowing:

11 “(A) The date that is 90 days after the
12 date of such discharge.

13 “(B) The date on which the individual is
14 admitted to a hospital for purposes of receiving
15 services for a condition that is not related to
16 the condition for which the individual received
17 the acute care inpatient hospital services de-
18 scribed in paragraph (10)(A).

19 “(4) PAC AREA.—The term ‘PAC area’ means
20 an area with respect to which a PAC coordinator
21 has a PAC agreement in effect under subsection
22 (c)(1)(B).

23 “(5) PAC PHYSICIAN.—The term ‘PAC physi-
24 cian’ means, with respect to an individual receiving
25 a PAC bundle, the physician who has primary re-

1 sponsibility with respect to supervising the delivery
2 of services during the course of a PAC period.

3 “(6) PAC PROVIDER.—The term ‘PAC pro-
4 vider’ means, with respect to PAC services, the pro-
5 vider of services or supplier furnishing such services.

6 “(7) PAC NETWORK AGREEMENT.—The term
7 ‘PAC network agreement’ means, in the case that an
8 individual has selected a PAC coordinator under
9 subsection (c)(4)(A) for the furnishing of PAC serv-
10 ices, an agreement of a PAC coordinator with one
11 or more PAC providers to provide such services to
12 such individual.

13 “(8) PAC READMISSION.—The term ‘PAC re-
14 admission’ means, with respect to an individual re-
15 ceiving a PAC bundle, the individual’s admission to
16 a hospital within 90 days of the date of the quali-
17 fying discharge of the individual, for purposes of re-
18 ceiving services for a condition that is related to the
19 condition for which the individual received the acute
20 care inpatient hospital services described in para-
21 graph (10)(A).

22 “(9) PAC ASSESSMENT TOOL.—The term ‘PAC
23 assessment tool’ means the Continuity Assessment
24 Record and Evaluation (CARE) tool (or such equiv-
25 alent assessment tool as the Secretary may specify).

1 “(10) QUALIFYING DISCHARGE.—Subject to
2 subsection (e), the term ‘qualifying discharge’ means
3 a discharge after receiving acute care inpatient hos-
4 pital services (as defined by the Secretary) in a sub-
5 section (d) hospital (as defined in section
6 1886(d)(1)(B)) for which the discharge plan in-
7 cludes the furnishing of PAC services.

8 “(11) CRG.—The term ‘CRG’ means a condi-
9 tion-related group established under subsection
10 (d)(1).

11 “(c) PAC COORDINATORS.—

12 “(1) IN GENERAL.—In this section, the term
13 ‘PAC coordinator’ means a hospital, PAC provider,
14 insurer, third-party administrator, or combination of
15 hospital and PAC provider that—

16 “(A) is certified, under a process estab-
17 lished by the Secretary, as meeting appropriate
18 requirements specified by the Secretary, includ-
19 ing the requirements specified in paragraph (2);
20 and

21 “(B) has entered into and has in effect a
22 PAC agreement with the Secretary described in
23 paragraph (3).

24 For purposes of subparagraph (A), an entity that
25 meets the requirements specified in paragraph (2)

1 directly or indirectly (including through an arrange-
2 ment with one or more insurance providers or bene-
3 fits administrators) shall be considered as meeting
4 the requirements specified in such paragraph.

5 “(2) REQUIREMENTS.—The requirements speci-
6 fied in this paragraph, with respect to an entity
7 serving a PAC area, are the following:

8 “(A) FINANCIAL SOLVENCY.—The entity
9 has the capacity, and provides sufficient assur-
10 ances of solvency, to bear financial risk as a
11 PAC coordinator under this section.

12 “(B) CAPACITY TO MANAGE CARE AND
13 FUNDING.—The entity has the capability to
14 manage the care and funding for PAC services
15 in such area.

16 “(C) PAC NETWORK AGREEMENTS.—

17 “(i) NETWORK CAPACITY TO SERVE
18 PAC AREA.—

19 “(I) IN GENERAL.—The entity
20 has entered into PAC network agree-
21 ments with a sufficient number of
22 PAC providers in a PAC area to meet,
23 with respect to such area, such net-
24 work adequacy requirements as are
25 established by the Secretary.

1 “(II) PRESERVATION OF PA-
2 TIENT CHOICE.—The network ade-
3 quacy requirements described in sub-
4 clause (I) shall include a requirement
5 that the entity has, with respect to
6 any group of PAC providers described
7 in subclause (III), a governance or fi-
8 nancial relationship (outside of the
9 PAC network agreement) with less
10 than 50 percent of the PAC providers
11 in such group.

12 “(III) GROUPS DESCRIBED.—The
13 groups of PAC providers described in
14 this subclause are the following:

15 “(aa) The group of all the
16 PAC providers with which the en-
17 tity has entered into PAC net-
18 work agreements.

19 “(bb) Any group of PAC
20 providers with which the entity
21 has entered into PAC network
22 agreements that consists solely of
23 a single type of provider and that
24 includes all of the PAC providers
25 with which the entity has entered

1 into such agreements that are
2 such type of provider.

3 “(ii) LIMITATION ON BALANCE BILL-
4 ING.—Such a PAC network agreement
5 shall provide that the PAC provider shall
6 accept as payment in full for PAC services
7 furnished by such PAC provider the appli-
8 cable amount described in paragraph
9 (3)(C).

10 “(iii) QUALITY ASSURANCE.—Such a
11 PAC network agreement shall provide that
12 the PAC provider shall have in effect a
13 written plan of quality assurance and im-
14 provement, and procedures implementing
15 such plan, that meet such quality stand-
16 ards as the Secretary specifies.

17 “(D) CREDIT-WORTHINESS.—The entity
18 has demonstrated credit-worthiness.

19 “(E) MEDICAL DIRECTOR.—The entity em-
20 ploys or contracts with a medical director who
21 has an appropriate medical background.

22 “(F) PAC COORDINATOR PERFORM-
23 ANCE.—The entity has in effect a written plan
24 of quality assurance and improvement, and pro-
25 cedures implementing such plan, that meet such

1 quality standards as the Secretary may specify.
2 For purposes of implementing the preceding
3 sentence, the standards specified by the Sec-
4 retary shall address access to care, beneficiary
5 choice, clinical quality of network providers, pa-
6 tient experience of care, care coordination, effi-
7 ciency, and such other domains as are identified
8 by the Secretary.

9 “(3) TERMS OF PAC AGREEMENT.—The PAC
10 agreement described in this paragraph between an
11 entity and the Secretary shall, with respect to the
12 PAC area specified under subparagraph (B), have
13 such terms and conditions as are specified by the
14 Secretary consistent with this section and shall in-
15 clude the following:

16 “(A) CARE COORDINATION.—With respect
17 to an individual who selects the entity under
18 paragraph (4)(A)—

19 “(i) the individual shall select one or
20 more PAC providers in such area to fur-
21 nish, directly or indirectly, clinically appro-
22 priate PAC services (as determined
23 through the use of the PAC assessment
24 tool) to the individual; and

1 “(ii) the entity shall coordinate the
2 furnishing of all such services for the indi-
3 vidual.

4 “(B) PAC AREA COVERED.—The PAC
5 agreement shall specify the PAC area under the
6 PAC agreement.

7 “(C) PAYMENT AMOUNT FOR PAC SERV-
8 ICES.—For PAC services furnished by a PAC
9 provider and furnished with respect to a quali-
10 fying discharge, the entity shall pay the PAC
11 provider under the PAC network agreement be-
12 tween the entity and the PAC provider—

13 “(i) with respect to such PAC services
14 that are services for which the PAC pro-
15 vider would receive payment under this
16 title without regard to this section, an
17 amount that is not less than the amount
18 that would otherwise be paid to such PAC
19 provider under this title for such services;
20 and

21 “(ii) with respect to such PAC serv-
22 ices that are services for which the PAC
23 provider would not receive payment under
24 this title without regard to this section, an

1 amount specified under such PAC network
2 agreement; and

3 “(D) DISTRIBUTION OF SAVINGS.—Insofar
4 as the payment amount to a PAC coordinator
5 under subsection (d)(3) for a PAC bundle fur-
6 nished to an individual is greater than the ag-
7 gregate amounts paid to PAC providers under
8 subparagraph (C) for such bundle for such indi-
9 vidual, the entity shall not retain an amount
10 greater than 55 percent of such savings and
11 shall pay an amount equivalent to—

12 “(i) not less than 15 percent of such
13 savings to such PAC providers;

14 “(ii) not less than 15 percent of such
15 savings to the PAC physician of the indi-
16 vidual; and

17 “(iii) in the case that there is no PAC
18 readmission of the individual, not less than
19 15 percent of such savings to the hospital
20 discharging the individual immediately
21 prior to the furnishing of such services.

22 Payments shall be made under each of clauses
23 (i), (ii), and (iii) to individuals and entities
24 independent of whether payment may be made

1 to such an individual or entity under another
2 such clause.

3 “(E) MAINTENANCE OF ADVISORY COM-
4 MITTEE.—The entity shall maintain an advisory
5 committee of PAC providers and of patient
6 stakeholders to advise the entity regarding its
7 activities under this section.

8 “(F) USE OF TECHNOLOGY.—

9 “(i) IN GENERAL.—The entity shall
10 utilize information technology to receive
11 and maintain documentation regarding
12 interactions between PAC providers that
13 have entered into PAC network agreements
14 with the entity and individuals who have
15 selected the entity under paragraph (4)(A).

16 “(ii) FORMAT.—The entity shall re-
17 ceive and maintain the documentation de-
18 scribed in clause (i) in data fields that are
19 in a format that allows and for such data
20 fields to integrate with electronic medical
21 records in a standardized manner (as de-
22 termined by the Secretary).

23 “(G) EVIDENCE-BASED GUIDELINES.—The
24 entity shall encourage PAC providers that have
25 entered into PAC network agreements with the

1 entity to use evidence-based guidelines to in-
2 form clinical care decisions made with respect
3 to individuals who have selected the entity
4 under paragraph (4)(A).

5 “(4) SELECTION AND CHANGE OF SELECTION
6 OF PAC COORDINATORS BY INDIVIDUAL.—

7 “(A) IN GENERAL.—The Secretary shall
8 establish a process for the selection and change
9 of selection of a PAC coordinator by an indi-
10 vidual who is receiving inpatient hospital serv-
11 ices and whose discharge has been or is likely
12 to be classified as a qualifying discharge.

13 “(B) LIMITATION ON SELECTION DUE TO
14 NETWORK ADEQUACY.—The process established
15 under subparagraph (A) may not allow an indi-
16 vidual to select (or to change a selection to) a
17 PAC coordinator in a PAC area unless the PAC
18 coordinator has entered into PAC network
19 agreements with such PAC providers in such
20 PAC area such that the PAC coordinator has a
21 sufficient number and range of health care pro-
22 fessionals and providers willing to provide serv-
23 ices under the terms of the PAC agreement.

24 “(C) LIMITATION ON SELECTION IMPOSED
25 BY DISCHARGING HOSPITAL.—

1 “(i) IN GENERAL.—Subject to clause
2 (ii), the process established under subpara-
3 graph (A) shall allow the hospital in which
4 the individual receives the acute care inpa-
5 tient hospital services described in sub-
6 section (b)(10) to limit the selection of a
7 PAC coordinator by the individual to such
8 PAC coordinators as the hospital identifies
9 (such as through the adoption, by the hos-
10 pital, of additional standards that a PAC
11 coordinator must meet in order for such an
12 individual to select the PAC coordinator).

13 “(ii) MINIMUM SELECTION STAND-
14 ARDS.—With respect to an individual de-
15 scribed in clause (i), a hospital described in
16 such clause may not, in identifying PAC
17 coordinators under such clause from which
18 the individual may make a selection de-
19 scribed in subparagraph (A), do either of
20 the following:

21 “(I) Identify less than two PAC
22 coordinators.

23 “(II) Identify only PAC coordina-
24 tors that have a governance or finan-
25 cial relationship with the hospital.

1 “(D) ASSIGNMENT IN CASE OF NO SELEC-
2 TION BY INDIVIDUAL.—In the case that an indi-
3 vidual described in subparagraph (A) does not
4 select a PAC coordinator through the process
5 established under such subparagraph, the Sec-
6 retary shall assign a PAC coordinator to the in-
7 dividual. For purposes of this section, an as-
8 signment described in the preceding sentence
9 shall be considered to be a selection by the indi-
10 vidual under subparagraph (A).

11 “(5) CONSTRUCTION RELATING TO PAC COOR-
12 DINATORS OFFERING NON-PAC SERVICES.—Nothing
13 in this section shall be construed as prohibiting PAC
14 providers from offering, either directly or indirectly,
15 services that contribute to patient care, safety, and
16 readmission avoidance (such as medication manage-
17 ment, telehealth technologies, home environment
18 services, and transportation services) that are not
19 PAC services.

20 “(6) CONSTRUCTION REGARDING FLEXIBILITY
21 IN THE DELIVERY OF PAC SERVICES.—Nothing in
22 this section shall be construed to prevent a PAC net-
23 work agreement from permitting a PAC provider to
24 subcontract for the furnishing of PAC services that
25 the PAC provider is otherwise obligated to provide

1 under the agreement so long as the subcontractor
2 meets the same terms and conditions in furnishing
3 such services as would apply if the PAC provider
4 were to provide such services.

5 “(d) PAYMENT AMOUNTS.—

6 “(1) CLASSIFICATION OF CONDITIONS BY CRGS;
7 METHODOLOGY FOR CLASSIFICATION.—The Sec-
8 retary shall use standardized post-acute care assess-
9 ment data reported pursuant to section 1899B to es-
10 tablish a classification of the conditions of individ-
11 uals receiving a PAC bundle by CRG and a method-
12 ology for classifying specific PAC bundles within
13 these groups. The methodology shall, to the extent
14 feasible, classify such bundles through the use of the
15 PAC assessment tool.

16 “(2) COMPUTATION OF BASE RATE.—

17 “(A) IN GENERAL.—The Secretary shall
18 compute an average payment rate for PAC bun-
19 dles classified in each CRG and furnished dur-
20 ing a PAC period ending in the base year se-
21 lected under subparagraph (B).

22 “(B) BASE YEAR SELECTION.—The Sec-
23 retary shall select as a base year the most re-
24 cent year ending before the date of the enact-

1 ment of this section for which data are available
2 to carry out this section.

3 “(C) BUDGET-NEUTRAL COMPUTATION.—
4 The average payment rate for a PAC bundle
5 classified in a CRG shall be computed in a
6 manner so that, if it had been applied in the
7 base year, the aggregate payments for PAC
8 bundles classified in such CRG and furnished
9 during a PAC period ending in such year would
10 be equivalent to the aggregate payments under
11 this title for such bundles.

12 “(3) CALCULATION OF PAYMENT AMOUNT
13 BASED ON BASE RATE.—Subject to the succeeding
14 provisions of this subsection, the amount of the sin-
15 gle payment described in this paragraph, with re-
16 spect to a PAC bundle classified within a CRG and
17 furnished to an individual during a PAC period end-
18 ing—

19 “(A) in 2020, is the base average payment
20 rate for such bundle computed under paragraph
21 (2), increased by such percentage as the Sec-
22 retary estimates is the average rate of increase
23 in payments under this title for such bundle be-
24 tween the base year and 2020; and

1 “(B) in a subsequent year, is the amount
2 of the single payment for such bundle computed
3 under this paragraph for the previous year, in-
4 creased, subject to paragraph (4), by such per-
5 centage as the Secretary estimates is the aver-
6 age rate of increase in payments under this title
7 for such bundle between such previous year and
8 such subsequent year.

9 “(4) CALCULATION OF ANNUAL PERCENTAGE
10 INCREASE.—In calculating the percentage increases
11 applied under paragraph (3)(B), the Secretary shall
12 ensure that total expenditures for all PAC bundles
13 provided in accordance with this section over the 8-
14 fiscal year period beginning with fiscal year 2020 do
15 not exceed 96 percent of the expenditures that would
16 have been made over such period but for the applica-
17 tion of this section.

18 “(5) ADJUSTMENT FOR READMISSIONS DURING
19 PAC PERIOD.—The amount paid to a PAC coordi-
20 nator under this subsection for a PAC bundle in a
21 PAC period that includes a PAC readmission shall
22 be reduced by an amount equal to the aggregate
23 amount of payments made for such PAC readmis-
24 sion of such individual.

1 “(6) ADJUSTMENT FOR GEOGRAPHIC, RISK,
2 AND SOCIO-ECONOMIC AND DEMOGRAPHIC FAC-
3 TORS.—The Secretary shall adjust the amount of
4 payment described in paragraph (3) with respect to
5 services furnished to an individual in a PAC area in
6 a budget-neutral manner for a year—

7 “(A) by an appropriate factor that reflects
8 variations in costs for the furnishing of PAC
9 bundles among different geographic areas;

10 “(B) by an appropriate factor that ac-
11 counts for variations in costs for the furnishing
12 of such PAC services to the individual based
13 upon the health status of the individual; and

14 “(C) by an appropriate factor that ac-
15 counts for variations in socioeconomic and de-
16 mographic characteristics of the individual,
17 such as whether the individual is both eligible
18 for benefits under title XVIII and eligible under
19 a State plan for medical assistance under title
20 XIX, and whether the individual has a willing
21 and able caregiver.

22 “(7) ADJUSTMENT IN CASE OF CHANGE OF SE-
23 LECTION BY INDIVIDUAL.—In the case of a change
24 of selection of PAC coordinator by the individual
25 under subsection (c)(4) during a PAC period, the

1 Secretary shall adjust the amount of payment de-
2 scribed in paragraph (3) in order to provide appro-
3 priate partial payments to be paid to the PAC coor-
4 dinator selected initially by the individual and to the
5 PAC coordinator selected under the change of selec-
6 tion by the individual. The method of calculating the
7 respective amounts of such appropriate partial pay-
8 ments shall be based on the method used for the
9 Home Health Partial Episode Payment adjustment.

10 “(8) ADJUSTMENT IN CASE OF DEATH OF INDI-
11 VIDUAL.—In the case of the death of an individual
12 during a PAC period who has selected a PAC coor-
13 dinator under subsection (c)(4), the Secretary shall
14 adjust the amount of payment described in para-
15 graph (3) to the PAC coordinator in a manner that
16 reduces such payment by a proportion equal to the
17 proportion by which the 90-day PAC period of the
18 individual was reduced by the death of the indi-
19 vidual.

20 “(9) USE OF PAC ASSESSMENT TOOL FOR PUR-
21 POSES OF ADJUSTMENT FOR RISK FACTORS.—In de-
22 termining an appropriate factor under paragraph
23 (6)(B) with respect to an individual, the Secretary
24 shall take into account an assessment of the indi-
25 vidual conducted using the PAC assessment tool.

1 “(e) PHASE-IN.—

2 “(1) DETERMINATION OF PAC EXPENDITURES
3 BY CRG.—Based on the most recent data available,
4 the Secretary shall determine the aggregate amount
5 of expenditures under this title for PAC services fur-
6 nished during the PAC period for each CRG (as de-
7 fined in paragraph (b)(11)).

8 “(2) RANKING OF CRGS BY VOLUME OF EX-
9 PENDITURE.—The Secretary shall rank the CRGs in
10 order based on the aggregate amount of expendi-
11 tures for PAC services described in clause (i) for
12 each CRG.

13 “(3) GROUPING OF CRGS.—The Secretary shall
14 group CRGs into four groups as follows:

15 “(A) FIRST GROUP.—The first group con-
16 sists of the CRGs that have the highest rank
17 under clause (ii) and that collectively account
18 for 25 percent of the aggregate amount of ex-
19 penditures for PAC services described in clause
20 (i).

21 “(B) SECOND GROUP.—The second group
22 consists of the CRGs that have the next highest
23 rank under clause (ii) after the first group in
24 subclause (I) and that collectively account for

1 25 percent of the aggregate amount of expendi-
2 tures for PAC services described in clause (i).

3 “(C) THIRD GROUP.—The third group con-
4 sists of the CRGs that have the next highest
5 rank under clause (ii) after the second group in
6 subclause (II) and that collectively account for
7 25 percent of the aggregate amount of expendi-
8 tures for PAC services described in clause (i).

9 “(D) FOURTH GROUP.—The fourth group
10 consists of the CRGs that are not included in
11 the first, second, or third group under this
12 clause.

13 “(4) PHASE-IN BY CRG GROUPING.—In apply-
14 ing this section for discharges in—

15 “(A) 2020, only discharges that are classi-
16 fied within the first group under subclause (I)
17 of clause (iii) shall be included;

18 “(B) 2021, only discharges that are classi-
19 fied within the first or second group under sub-
20 clause (I) or (II) of clause (iii) shall be in-
21 cluded;

22 “(C) 2022, only discharges that are classi-
23 fied within the first, second, or third group
24 under subclause (I), (II), or (III) of clause (iii)
25 shall be included; and

1 “(D) 2023 and subsequent years, dis-
2 charges that are classified within any group of
3 CRGs shall be included.”.

4 **SEC. 4. STUDY AND REPORT ON INTEGRATION OF POST-**
5 **ACUTE CARE PAYMENTS WITH ACUTE CARE**
6 **PAYMENTS.**

7 (a) **STUDY.**—The Secretary of Health and Human
8 Services shall conduct a study to examine the feasibility
9 of integrating (or “bundling”) all payments under the
10 Medicare program for post acute care services under sec-
11 tion 1866F of the Social Security Act, as added by section
12 3, with payments for acute care inpatient hospital services
13 (as defined by the Secretary pursuant to subsection
14 (b)(10) of such section 1866F) in a subsection (d) hospital
15 (as defined in section 1886(d)(1)(B) of such Act (42
16 U.S.C. 1395ww(d)(1)(B))), including an examination of
17 the anticipated timing and impact of such integration.

18 (b) **REPORT.**—Not later than January 1, 2020, the
19 Secretary shall submit a report to the Committees on
20 Ways and Means and on Energy and Commerce in the
21 House of Representatives, and to the Committee on Fi-
22 nance in the Senate, on the results of the study conducted
23 under subsection (a).

1 **SEC. 5. MORATORIUM ON IPPS PAYMENT RATE IN CERTAIN**
2 **CASES.**

3 Section 1886(m)(6) of the Social Security Act (42
4 U.S.C. 1395ww(m)(6)) is amended in—

5 (1) subparagraph (A)(i), by striking “2015”
6 and inserting “2021”;

7 (2) subparagraph (B)(i)(I), by striking “2016”
8 and “2017” and inserting “2022” and “2023”, re-
9 spectively;

10 (3) subparagraph (B)(i)(II), by striking “2018”
11 and inserting “2024”;

12 (4) subparagraph (C)(i), by striking “2016”
13 and inserting “2022”;

14 (5) subparagraph (C)(ii), by striking “2020”
15 and inserting “2026”; and

16 (6) subparagraph (C)(iv), by striking “2020”
17 and inserting “2026”.

18 **SEC. 6. TRANSITIONAL CARE MANAGEMENT PAYMENTS**
19 **FOR PHYSICIANS.**

20 For purposes of encouraging transitional care man-
21 agement by PAC physicians (as defined in section
22 1866F(b)(5) of the Social Security Act), in carrying out
23 section 1848(e) of the Social Security Act (42 U.S.C.
24 1395w-4(e)), the Secretary of Health and Human Serv-
25 ices shall establish a new Transitional Care Management
26 (TCM) code to pay for care management by such a PAC

- 1 physician or revise and expand the use of existing TCM
- 2 codes 99495 and 99494.

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