

115TH CONGRESS
1ST SESSION

H. R. 2957

To amend titles XVIII and XIX of the Social Security Act to provide for enhanced payments to rural health care providers under the Medicare and Medicaid programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2017

Mr. GRAVES of Missouri (for himself and Mr. LOEBSACK) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, and the Budget, 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 titles XVIII and XIX of the Social Security Act to provide for enhanced payments to rural health care providers under the Medicare and Medicaid programs, 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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Save Rural Hospitals Act”.

6 (b) **FINDINGS.**—Congress finds the following:

1 (1) More than 60,000,000 individuals in rural
2 areas of the United States rely on rural hospitals
3 and other providers as critical access points to
4 health care.

5 (2) Access to health care is essential to commu-
6 nities that Americans living in rural areas call home.

7 (3) Americans living in rural areas are older,
8 poorer, and sicker than Americans living in urban
9 areas.

10 (4) From January 2010 until January 1, 2017,
11 80 rural hospitals have closed in the United States,
12 according to the University of North Carolina’s Cecil
13 G. Sheps Center for Health Services Research, and
14 the rate of these closures is increasing.

15 (5) Six hundred and seventy-three hospitals are
16 at risk of closing, according to iVantage’s Hospital
17 Strength INDEX study, and such closings would im-
18 pact 11,700,000 patient encounters, 99,000 commu-
19 nity jobs would be lost, 137,000 healthcare jobs
20 would be lost, and 277,000,000,000 would be lost
21 from the gross domestic product (over 10 years).

22 (6) Rural Medicare beneficiaries already face a
23 number of challenges when trying to access health
24 care services close to home, including the weather,

1 geography, and cultural, social, and language bar-
 2 riers.

3 (7) Seventy-seven percent of rural counties in
 4 the United States are designated as primary care
 5 health professional shortage areas while 9 percent
 6 have no physicians at all.

7 (8) Seniors living in rural areas are forced to
 8 travel significant distances for care.

9 (9) On average, trauma victims in rural areas
 10 must travel twice as far as victims in urban areas
 11 to the closest hospital, and, as a result, 60 percent
 12 of trauma deaths occur in rural areas, even though
 13 only 20 percent of Americans live in rural areas.

14 (10) With the 673 hospitals on the brink of clo-
 15 sure, 11,700,000 Americans living in rural areas are
 16 on the brink of losing access to the closest emer-
 17 gency room.

18 (c) TABLE OF CONTENTS.—The table of contents of
 19 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—RURAL PROVIDER PAYMENT STABILIZATION

Subtitle A—Rural Hospitals

Sec. 101. Eliminating Medicare sequestration for rural hospitals.

Sec. 102. Reversing cuts to reimbursement of bad debt for critical access hos-
 pitals (CAHs) and rural hospitals.

Sec. 103. Extending payment levels for low-volume hospitals and Medicare-de-
 pendent hospitals (MDHs).

Sec. 104. Reinstating revised diagnosis-related group payments for MDHs and
 sole community hospitals (SCHs).

- Sec. 105. Reinstating hold harmless treatment for hospital outpatient services for SCHs.
- Sec. 106. Delaying application of penalties for failure to be a meaningful electronic health record user.
- Sec. 107. Eliminating rural Medicare and Medicaid disproportionate share hospital payment reductions.

Subtitle B—Other Rural Providers

- Sec. 111. Making permanent increased Medicare payments for ground ambulance services in rural areas.
- Sec. 112. Extending Medicaid primary care payments.

TITLE II—RURAL MEDICARE BENEFICIARY EQUITY

- Sec. 201. Equalizing beneficiary copayments for services furnished by CAHs.

TITLE III—REGULATORY RELIEF

- Sec. 301. Eliminating 96-hour physician certification requirement with respect to inpatient CAH services.
- Sec. 302. Rebasement supervision requirements.
- Sec. 303. Reforming practices of recovery audit contractors under Medicare.

TITLE IV—FUTURE OF RURAL HEALTH CARE

- Sec. 401. Community outpatient hospital program.
- Sec. 402. Grant funding to assist rural hospitals.
- Sec. 403. CMMI demonstration of shared savings in rural hospitals.

1 **TITLE I—RURAL PROVIDER**
 2 **PAYMENT STABILIZATION**
 3 **Subtitle A—Rural Hospitals**

4 **SEC. 101. ELIMINATING MEDICARE SEQUESTRATION FOR**
 5 **RURAL HOSPITALS.**

6 (a) IN GENERAL.—Section 256(d)(7) of the Balanced
 7 Budget and Emergency Deficit Control Act of 1985 (2
 8 U.S.C. 906(d)(7)) is amended by adding at the end the
 9 following:

10 “(D) RURAL HOSPITALS.—Payments
 11 under part A or part B of title XVIII of the So-
 12 cial Security Act with respect to items and serv-
 13 ices furnished by a critical access hospital (as

1 defined in section 1861(mm)(1) of such Act), a
2 sole community hospital (as defined in section
3 1886(d)(5)(D)(iii) of such Act), a medicare-de-
4 pendent small rural hospital (as defined in sec-
5 tion 1886(d)(5)(G)(iv) of such Act), or a sub-
6 section (d) hospital located in a rural area (as
7 defined in section 1886(d)(2)(D) of such Act).”.

8 (b) APPLICABILITY.—The amendment made by this
9 section applies with respect to orders of sequestration ef-
10 fective on or after the date that is 60 days after the date
11 of the enactment of this Act.

12 **SEC. 102. REVERSING CUTS TO REIMBURSEMENT OF BAD**
13 **DEBT FOR CRITICAL ACCESS HOSPITALS**
14 **(CAHS) AND RURAL HOSPITALS.**

15 (a) RURAL HOSPITALS.—Section 1861(v)(1)(T)(v) of
16 the Social Security Act (42 U.S.C. 1395x(v)(1)(T)(v)) is
17 amended by inserting before the period the following: “or,
18 in the case of a hospital located in a rural area, by 30
19 percent of such amount otherwise allowable”.

20 (b) CAHS.—Section 1861(v)(1)(W)(ii) of the Social
21 Security Act (42 U.S.C. 1395x(v)(1)(W)(ii)) is amended
22 by inserting after “or (V)” the following: “, a critical ac-
23 cess hospital”.

24 (c) APPLICABILITY.—The amendments made by this
25 section apply with respect to cost reporting periods begin-

1 ning more than 60 days after the date of the enactment
2 of this Act.

3 **SEC. 103. EXTENDING PAYMENT LEVELS FOR LOW-VOLUME**
4 **HOSPITALS AND MEDICARE-DEPENDENT**
5 **HOSPITALS (MDHS).**

6 (a) EXTENSION OF INCREASED PAYMENTS FOR
7 MDHS.—

8 (1) EXTENSION OF PAYMENT METHODOLOGY.—

9 Section 1886(d)(5)(G) of the Social Security Act (42
10 U.S.C. 1395ww(d)(5)(G)), as amended by section
11 205(a) of the Medicare Access and CHIP Reauthor-
12 ization Act of 2015, is amended—

13 (A) in clause (i), by striking “, and before
14 October 1, 2017”; and

15 (B) in clause (ii)(II), by striking “, and be-
16 fore October 1, 2017”.

17 (2) CONFORMING AMENDMENTS.—

18 (A) EXTENSION OF TARGET AMOUNT.—

19 Section 1886(b)(3)(D) of the Social Security
20 Act (42 U.S.C. 1395ww(b)(3)(D)), as amended
21 by section 205(b) of the Medicare Access and
22 CHIP Reauthorization Act of 2015, is amend-
23 ed—

1 (i) in the matter preceding clause (i),
2 by striking “, and before October 1,
3 2017”; and

4 (ii) in clause (iv), by striking “during
5 fiscal year 1998 through fiscal year 2017”
6 and inserting “during or after fiscal year
7 1998”.

8 (B) EXTENDING THE PERIOD DURING
9 WHICH HOSPITALS CAN DECLINE RECLASSI-
10 FICATION AS URBAN.—Section 13501(e)(2) of
11 the Omnibus Budget Reconciliation Act of 1993
12 (42 U.S.C. 1395ww note), as amended by sec-
13 tion 205(b) of the Medicare Access and CHIP
14 Reauthorization Act of 2015, is amended—

15 (i) by inserting after “2017” the fol-
16 lowing: “or a subsequent fiscal year”; and

17 (ii) in subparagraph (C), by inserting
18 after “such reclassification” the following:
19 “during the 1-year period that begins on
20 the date of the notification of the hospital
21 under subparagraph (A)”.

22 (b) EXTENSION OF INCREASED PAYMENTS FOR LOW-
23 VOLUME HOSPITALS.—Section 1886(d)(12) of the Social
24 Security Act (42 U.S.C. 1395ww(d)(12)), as amended by

1 section 204 of the Medicare Access and CHIP Reauthor-
2 ization Act of 2015, is amended—

3 (1) in subparagraph (B)—

4 (A) in the heading, by inserting after “IN-
5 CREASE” the following: “THROUGH FISCAL
6 YEAR 2010”; and

7 (B) by striking “and for discharges occur-
8 ring in fiscal year 2018 and subsequent fiscal
9 years”;

10 (2) in subparagraph (C)(i)—

11 (A) by striking “25 road miles (or, with re-
12 spect to fiscal years 2011 through 2017, 15
13 road miles)” and inserting “15 road miles”;
14 and

15 (B) by striking “(or, with respect to fiscal
16 years 2011 through 2017, 1,600 discharges of
17 individuals entitled to, or enrolled for, benefits
18 under part A)” and inserting “or 1,600 dis-
19 charges of individuals entitled to, or enrolled
20 for, benefits under part A”; and

21 (3) in subparagraph (D)—

22 (A) by amending the heading to read as
23 follows: “APPLICABLE PERCENTAGE INCREASE
24 AFTER FISCAL YEAR 2010”; and

1 (B) by striking “in fiscal years 2011
2 through 2017” and inserting “in fiscal year
3 2011 and each subsequent fiscal year”.

4 **SEC. 104. REINSTATING REVISED DIAGNOSIS-RELATED**
5 **GROUP PAYMENTS FOR MDHS AND SOLE**
6 **COMMUNITY HOSPITALS (SCHS).**

7 (a) PAYMENTS FOR MDHS AND SCHS FOR VALUE-
8 BASED INCENTIVE PROGRAMS.—Section
9 1886(o)(7)(D)(ii)(I) of the Social Security Act (42 U.S.C.
10 1395ww(o)(7)(D)(ii)(I)) is amended by inserting “or after
11 fiscal year 2018” after “2013”.

12 (b) PAYMENTS FOR MDHS AND SCHS UNDER HOS-
13 PITAL READMISSIONS REDUCTION PROGRAM.—Section
14 1886(q)(2)(B)(i) of the Social Security Act (42 U.S.C.
15 1395ww(q)(2)(B)(i)) is amended by inserting “or after fis-
16 cal year 2018” after “2013”.

17 **SEC. 105. REINSTATING HOLD HARMLESS TREATMENT FOR**
18 **HOSPITAL OUTPATIENT SERVICES FOR SCHS.**

19 Section 1833(t)(7)(D)(i) of the Social Security Act
20 (42 U.S.C. 1395l(t)(7)(D)(i)) is amended—

21 (1) in the heading, by striking “**TEMPORARY**”
22 and inserting “**PERMANENT**”;

23 (2) in subclause (II)—

1 (A) in the first sentence, by inserting “or
2 on or after January 1, 2018,” after “January
3 1, 2013,”; and

4 (B) in the second sentence, by inserting “,
5 or during or after 2018” after “or 2012”; and

6 (3) in subclause (III), in the first sentence, by
7 inserting “or on or after January 1, 2018,” after
8 “January 1, 2013.”.

9 **SEC. 106. DELAYING APPLICATION OF PENALTIES FOR**
10 **FAILURE TO BE A MEANINGFUL ELECTRONIC**
11 **HEALTH RECORD USER.**

12 (a) IN GENERAL.—Section 1886(b)(3)(B)(ix)(I) of
13 the Social Security Act (42 U.S.C.
14 1395ww(b)(3)(B)(ix)(I)) is amended by adding at the end
15 the following: “In the case of a hospital located in a rural
16 area, each fiscal year referred to in the first sentence of
17 this subclause shall be applied as if it were a reference
18 to the year that is 4 fiscal years later.”.

19 (b) APPLICABILITY.—The amendment made by this
20 section applies with respect fiscal years beginning after the
21 date of the enactment of this Act.

1 **SEC. 107. ELIMINATING RURAL MEDICARE AND MEDICAID**
2 **DISPROPORTIONATE SHARE HOSPITAL PAY-**
3 **MENT REDUCTIONS.**

4 (a) **MEDICARE.**—Section 1886(r)(1) of the Social Se-
5 curity Act (42 U.S.C. 1395ww(r)(1)) is amended by in-
6 serting before “25 percent” the following: “(unless such
7 hospital is located in a rural area, as defined in subsection
8 (d)(2)(D))”.

9 (b) **MEDICAID.**—Section 1923(f)(3) of the Social Se-
10 curity Act (42 U.S.C.1396r-4(f)(3)) is amended—

11 (1) in subparagraph (A) by striking “subpara-
12 graph (E)” and inserting “subparagraphs (E) and
13 (F)”; and

14 (2) by adding at the end the following:

15 “(F) **INCREASE IN ALLOTMENTS AND PAY-**
16 **MENTS FOR RURAL HOSPITALS.**—

17 “(i) **ALLOTMENTS.**—Subject to clause
18 (iii) and notwithstanding subparagraphs
19 (B), (C), and (E), the DSH allotment for
20 a State with respect to a fiscal year that
21 would be determined under this paragraph
22 for the State for the fiscal year if this sub-
23 paragraph did not apply, shall be increased
24 by the product of—

1 “(I) the reduction of such State’s
2 DSH allotment under paragraph
3 (7)(A)(i)(I) for such fiscal year; and

4 “(II) the percentage of individ-
5 uals in the State who receive medical
6 assistance under a State plan under
7 this title and who live in a rural area
8 (as defined in section 1886(d)(2)(D))
9 of the State.

10 “(ii) PAYMENTS.—Subject to clause
11 (iii), the payments made to a State under
12 section 1903(a) for each calendar quarter
13 shall be increased by the product of—

14 “(I) the reduction such State’s
15 DSH allotment under paragraph
16 (7)(A)(i)(II) for such fiscal year; and

17 “(II) the percentage of individ-
18 uals in the State who receive medical
19 assistance under a State plan under
20 this title and who live in a rural area
21 (as defined in section 1886(d)(2)(D))
22 of the State.

23 “(iii) SUPPLEMENT, NOT SUP-
24 PLANT.—A State may only receive an in-
25 creased allotment under clause (i) or an in-

1 creased payment under clause (ii) if such
 2 State provides such assurances as the Sec-
 3 retary may require that any funds made
 4 available to such State pursuant to such
 5 clauses shall be used to supplement, and
 6 not supplant, amounts paid under this sec-
 7 tion to hospitals in the State that are lo-
 8 cated in rural areas (as defined in section
 9 1886(d)(2)(D)).”.

10 (c) APPLICABILITY.—The amendments made by this
 11 section apply with respect to fiscal year 2018 and each
 12 subsequent fiscal year.

13 **Subtitle B—Other Rural Providers**

14 **SEC. 111. MAKING PERMANENT INCREASED MEDICARE** 15 **PAYMENTS FOR GROUND AMBULANCE SERV-** 16 **ICES IN RURAL AREAS.**

17 Section 1834(l)(13) of the Social Security Act (42
 18 U.S.C. 1395m(l)(13)) is amended—

19 (1) by striking “**TEMPORARY INCREASE**” and
 20 inserting “**INCREASE**”; and

21 (2) in subparagraph (A)—

22 (A) in the matter preceding clause (i), by
 23 striking “, and before January 1, 2018”; and

24 (B) in clause (i), by striking “, and before
 25 January 1, 2018”.

1 **SEC. 112. EXTENDING MEDICAID PRIMARY CARE PAY-**
2 **MENTS.**

3 (a) **IN GENERAL.**—Section 1902(a)(13)(C) of the So-
4 cial Security Act (42 U.S.C. 1396a(a)(13)(C)) is amended
5 by inserting after “2014” the following: “(or in the case
6 of a primary care services furnished by a physician located
7 in a rural area, as defined in section 1886(d)(2)(D), fur-
8 nished in any year)”.

9 (b) **APPLICABILITY.**—

10 (1) **IN GENERAL.**—Except as provided in para-
11 graph (2), the amendment made by this section ap-
12 plies to services furnished in a year beginning on or
13 after the date of the enactment of this Act.

14 (2) **EXCEPTION IF STATE LEGISLATION RE-**
15 **QUIRED.**—In the case of a State plan for medical as-
16 sistance under title XIX of the Social Security Act
17 which the Secretary of Health and Human Services
18 determines requires State legislation (other than leg-
19 islation appropriating funds) in order for the plan to
20 meet the additional requirement imposed by the
21 amendment made by this section, the State plan
22 shall not be regarded as failing to comply with the
23 requirements of such title solely on the basis of its
24 failure to meet this additional requirement before
25 the first day of the first calendar quarter beginning
26 after the close of the first regular session of the

1 State legislature that begins after the date of the en-
2 actment of this Act. For purposes of the previous
3 sentence, in the case of a State that has a 2-year
4 legislative session, each year of such session shall be
5 deemed to be a separate regular session of the State
6 legislature.

7 **TITLE II—RURAL MEDICARE** 8 **BENEFICIARY EQUITY**

9 **SEC. 201. EQUALIZING BENEFICIARY COPAYMENTS FOR** 10 **SERVICES FURNISHED BY CAHS.**

11 (a) **IN GENERAL.**—Section 1866(a)(2)(A) of the So-
12 cial Security Act (42 U.S.C. 1395cc(a)(2)(A)) is amended
13 by adding at the end the following: “In the case of out-
14 patient critical access hospital services for which payment
15 is made under section 1834(g), clause (ii) of the first sen-
16 tence shall be applied by substituting ‘20 percent of the
17 lesser of the actual charge or the payment basis under
18 this part for such services if the critical access hospital
19 were treated as a hospital’ for ‘20 per centum of the rea-
20 sonable charge for such items and services’.”.

21 (b) **APPLICABILITY.**—The amendment made by this
22 section applies with respect to services furnished during
23 a year that begins more than 60 days after the date of
24 the enactment of this Act.

1 **TITLE III—REGULATORY RELIEF**

2 **SEC. 301. ELIMINATING 96-HOUR PHYSICIAN CERTIFI-**
3 **CATION REQUIREMENT WITH RESPECT TO**
4 **INPATIENT CAH SERVICES.**

5 (a) IN GENERAL.—Section 1814(a) of the Social Se-
6 curity Act (42 U.S.C. 1395f(a)) is amended—

7 (1) in paragraph (6), by adding “and” at the
8 end;

9 (2) in paragraph (7)(E), by striking “; and”
10 and inserting a period; and

11 (3) by striking paragraph (8).

12 (b) APPLICABILITY.—The amendments made by this
13 section apply with respect to services furnished during a
14 year that begins more than 60 days after the date of the
15 enactment of this Act.

16 **SEC. 302. REBASING SUPERVISION REQUIREMENTS.**

17 (a) THERAPEUTIC HOSPITAL OUTPATIENT SERV-
18 ICES.—

19 (1) SUPERVISION REQUIREMENTS.—Section
20 1833 of the Social Security Act (42 U.S.C. 1395l)
21 is amended by adding at the end the following:

22 “(aa) PHYSICIAN SUPERVISION REQUIREMENTS FOR
23 THERAPEUTIC HOSPITAL OUTPATIENT SERVICES.—

24 “(1) GENERAL SUPERVISION FOR THERAPEUTIC
25 SERVICES.—Except as may be provided under para-

1 graph (2), insofar as the Secretary requires the su-
2 pervision by a physician or a non-physician practi-
3 tioner for payment for therapeutic hospital out-
4 patient services (as defined in paragraph (5)(A))
5 furnished under this part, such requirement shall be
6 met if such services are furnished under the general
7 supervision (as defined in paragraph (5)(B)) of the
8 physician or non-physician practitioner, as the case
9 may be.

10 “(2) EXCEPTIONS PROCESS FOR HIGH-RISK OR
11 COMPLEX MEDICAL SERVICES REQUIRING A DIRECT
12 LEVEL OF SUPERVISION.—

13 “(A) IN GENERAL.—Subject to the suc-
14 ceeding provisions of this paragraph, the Sec-
15 retary shall establish a process for the designa-
16 tion of therapeutic hospital outpatient services
17 furnished under this part that, by reason of
18 complexity or high risk, require—

19 “(i) direct supervision (as defined in
20 paragraph (5)(C)) for the entire service; or

21 “(ii) direct supervision during the ini-
22 tiation of the service followed by general
23 supervision for the remainder of the serv-
24 ice.

1 “(B) CONSULTATION WITH CLINICAL EX-
2 PERTS.—

3 “(i) IN GENERAL.—Under the process
4 established under subparagraph (A), before
5 the designation of any therapeutic hospital
6 outpatient service for which direct super-
7 vision may be required under this part, the
8 Secretary shall consult with a panel of out-
9 side experts described in clause (ii) to ad-
10 vise the Secretary with respect to each
11 such designation.

12 “(ii) ADVISORY PANEL ON SUPER-
13 VISION OF THERAPEUTIC HOSPITAL OUT-
14 PATIENT SERVICES.—For purposes of
15 clause (i), a panel of outside experts de-
16 scribed in this clause is a panel appointed
17 by the Secretary, based on nominations
18 submitted by hospital, rural health, and
19 medical organizations representing physi-
20 cians, non-physician practitioners, and hos-
21 pital administrators, as the case may be,
22 that meets the following requirements:

23 “(I) COMPOSITION.—The panel
24 shall be composed of at least 15 phy-
25 sicians and non-physician practi-

1 tioners who furnish therapeutic hos-
2 pital outpatient services for which
3 payment is made under this part and
4 who collectively represent the medical
5 specialties that furnish such services,
6 and of 4 hospital administrators of
7 hospitals located in rural areas (as de-
8 fined in section 1886(d)(2)(D)) or
9 critical access hospitals.

10 “(II) PRACTICAL EXPERIENCE
11 REQUIRED FOR PHYSICIANS AND NON-
12 PHYSICIAN PRACTITIONERS.—During
13 the 12-month period preceding ap-
14 pointment to the panel by the Sec-
15 retary, each physician or non-physi-
16 cian practitioner described in sub-
17 clause (I) shall have furnished thera-
18 peutic hospital outpatient services for
19 which payment was made under this
20 part.

21 “(III) MINIMUM RURAL REP-
22 RESENTATION REQUIREMENT FOR
23 PHYSICIANS AND NON-PHYSICIAN
24 PRACTITIONERS.—Not less than 50
25 percent of the membership of the

1 panel that is comprised of physicians
2 and non-physician practitioners shall
3 be physicians or non-physician practi-
4 tioners described in subclause (I) who
5 practice in rural areas (as defined in
6 section 1886(d)(2)(D)) or who furnish
7 such services in critical access hos-
8 pitals.

9 “(iii) APPLICATION OF FACA.—The
10 Federal Advisory Committee Act (5 U.S.C.
11 2 App.), other than section 14 of such Act,
12 shall apply to the panel of outside experts
13 appointed by the Secretary under clause
14 (ii).

15 “(C) SPECIAL RULE FOR OUTPATIENT
16 CRITICAL ACCESS HOSPITAL SERVICES.—Inso-
17 far as a therapeutic outpatient hospital service
18 that is an outpatient critical access hospital
19 service is designated as requiring direct super-
20 vision under the process established under sub-
21 paragraph (A), the Secretary shall deem the
22 critical access hospital furnishing that service
23 as having met the requirement for direct super-
24 vision for that service if, when furnishing such
25 service, the critical access hospital meets the

1 standard for personnel required as a condition
2 of participation under section 485.618(d) of
3 title 42, Code of Federal Regulations (as in ef-
4 fect on the date of the enactment of this sub-
5 section).

6 “(D) CONSIDERATION OF COMPLIANCE
7 BURDENS.—Under the process established
8 under subparagraph (A), the Secretary shall
9 take into account the impact on hospitals and
10 critical access hospitals in complying with re-
11 quirements for direct supervision in the fur-
12 nishing of therapeutic hospital outpatient serv-
13 ices, including hospital resources, availability of
14 hospital-privileged physicians, specialty physi-
15 cians, and non-physician practitioners, and ad-
16 ministrative burdens.

17 “(E) REQUIREMENT FOR NOTICE AND
18 COMMENT RULEMAKING.—Under the process
19 established under subparagraph (A), the Sec-
20 retary shall only designate therapeutic hospital
21 outpatient services requiring direct supervision
22 under this part through proposed and final
23 rulemaking that provides for public notice and
24 opportunity for comment.

1 “(F) RULE OF CONSTRUCTION.—Nothing
2 in this subsection shall be construed as author-
3 izing the Secretary to apply or require any level
4 of supervision other than general or direct su-
5 pervision with respect to the furnishing of
6 therapeutic hospital outpatient services.

7 “(3) INITIAL LIST OF DESIGNATED SERVICES.—
8 The Secretary shall include in the proposed and final
9 regulation for payment for hospital outpatient serv-
10 ices for 2018 under this part a list of initial thera-
11 peutic hospital outpatient services, if any, designated
12 under the process established under paragraph
13 (2)(A) as requiring direct supervision under this
14 part.

15 “(4) DIRECT SUPERVISION BY NON-PHYSICIAN
16 PRACTITIONERS FOR CERTAIN HOSPITAL OUT-
17 PATIENT SERVICES PERMITTED.—

18 “(A) IN GENERAL.—Subject to the suc-
19 ceeding provisions of this subsection, a non-phy-
20 sician practitioner may directly supervise the
21 furnishing of—

22 “(i) therapeutic hospital outpatient
23 services under this part, including cardiac
24 rehabilitation services (under section
25 1861(eee)(1)), intensive cardiac rehabilita-

1 tion services (under section 1861(eee)(4)),
2 and pulmonary rehabilitation services
3 (under section 1861(fff)(1)); and

4 “(ii) those hospital outpatient diag-
5 nostic services (described in section
6 1861(s)(2)(C)) that require direct super-
7 vision under the fee schedule established
8 under section 1848.

9 “(B) REQUIREMENTS.—Subparagraph (A)
10 shall apply insofar as the non-physician practi-
11 tioner involved meets the following require-
12 ments:

13 “(i) SCOPE OF PRACTICE.—The non-
14 physician practitioner is acting within the
15 scope of practice under State law applica-
16 ble to the practitioner.

17 “(ii) ADDITIONAL REQUIREMENTS.—
18 The non-physician practitioner meets such
19 requirements as the Secretary may specify.

20 “(5) DEFINITIONS.—In this subsection:

21 “(A) THERAPEUTIC HOSPITAL OUT-
22 PATIENT SERVICES.—The term ‘therapeutic
23 hospital outpatient services’ means hospital
24 services described in section 1861(s)(2)(B) fur-

1 nished by a hospital or critical access hospital
2 and includes—

3 “(i) cardiac rehabilitation services and
4 intensive cardiac rehabilitation services (as
5 defined in paragraphs (1) and (4), respec-
6 tively, of section 1861(eee)); and

7 “(ii) pulmonary rehabilitation services
8 (as defined in section 1861(fff)(1)).

9 “(B) GENERAL SUPERVISION.—

10 “(i) OVERALL DIRECTION AND CON-
11 TROL OF PHYSICIAN.—Subject to clause
12 (ii), with respect to the furnishing of
13 therapeutic hospital outpatient services for
14 which payment may be made under this
15 part, the term ‘general supervision’ means
16 such services that are furnished under the
17 overall direction and control of a physician
18 or non-physician practitioner, as the case
19 may be.

20 “(ii) PRESENCE NOT REQUIRED.—For
21 purposes of clause (i), the presence of a
22 physician or non-physician practitioner is
23 not required during the performance of the
24 procedure involved.

25 “(C) DIRECT SUPERVISION.—

1 “(i) PROVISION OF ASSISTANCE AND
2 DIRECTION.—Subject to clause (ii), with
3 respect to the furnishing of therapeutic
4 hospital outpatient services for which pay-
5 ment may be made under this part, the
6 term ‘direct supervision’ means that a phy-
7 sician or non-physician practitioner, as the
8 case may be, is immediately available (in-
9 cluding by telephone or other means) to
10 furnish assistance and direction through-
11 out the furnishing of such services. Such
12 term includes, with respect to the fur-
13 nishing of a therapeutic hospital outpatient
14 service for which payment may be made
15 under this part, direct supervision during
16 the initiation of the service followed by
17 general supervision for the remainder of
18 the service (as described in paragraph
19 (2)(A)(ii)).

20 “(ii) PRESENCE IN ROOM NOT RE-
21 QUIRED.—For purposes of clause (i), a
22 physician or non-physician practitioner, as
23 the case may be, is not required to be
24 present in the room during the perform-
25 ance of the procedure involved or within

1 any other physical boundary as long as the
2 physician or non-physician practitioner, as
3 the case may be, is immediately available.

4 “(D) NON-PHYSICIAN PRACTITIONER DE-
5 FINED.—The term ‘non-physician practitioner’
6 means an individual who—

7 “(i) is a physician assistant, a nurse
8 practitioner, a clinical nurse specialist, a
9 clinical social worker, a clinical psycholo-
10 gist, a certified nurse midwife, or a cer-
11 tified registered nurse anesthetist, and in-
12 cludes such other practitioners as the Sec-
13 retary may specify; and

14 “(ii) with respect to the furnishing of
15 therapeutic outpatient hospital services,
16 meets the requirements of paragraph
17 (4)(B).”.

18 (2) CONFORMING AMENDMENT.—Section
19 1861(eee)(2)(B) of the Social Security Act (42
20 U.S.C. 1395x(eee)(2)(B)) is amended by inserting “,
21 and a non-physician practitioner (as defined in sec-
22 tion 1833(aa)(5)(D)) may supervise the furnishing
23 of such items and services in the hospital” after “in
24 the case of items and services furnished under such

1 a program in a hospital, such availability shall be
2 presumed”.

3 (b) PROHIBITION ON RETROACTIVE ENFORCEMENT
4 OF REVISED INTERPRETATION.—

5 (1) REPEAL OF REGULATORY CLARIFICA-
6 TION.—The restatement and clarification under the
7 final rulemaking changes to the Medicare hospital
8 outpatient prospective payment system and calendar
9 year 2009 payment rates (published in the Federal
10 Register on November 18, 2008, 73 Fed. Reg.
11 68702 through 68704) with respect to requirements
12 for direct supervision by physicians for therapeutic
13 hospital outpatient services (as defined in paragraph
14 (3)) for purposes of payment for such services under
15 the Medicare program shall have no force or effect
16 in law.

17 (2) HOLD HARMLESS.—A hospital or critical
18 access hospital that furnishes therapeutic hospital
19 outpatient services during the period beginning on
20 January 1, 2001, and ending on the later of Decem-
21 ber 31, 2017, or the date on which the final regula-
22 tion promulgated by the Secretary of Health and
23 Human Services to carry out this section takes ef-
24 fect, for which a claim for payment is made under
25 part B of title XVIII of the Social Security Act shall

1 not be subject to any civil or criminal action or pen-
2 alty under Federal law for failure to meet super-
3 vision requirements under the regulation described
4 in paragraph (1), under program manuals, or other-
5 wise.

6 (3) THERAPEUTIC HOSPITAL OUTPATIENT
7 SERVICES DEFINED.—In this subsection, the term
8 “therapeutic hospital outpatient services” means
9 medical and other health services furnished by a
10 hospital or critical access hospital that are—

11 (A) hospital services described in sub-
12 section (s)(2)(B) of section 1861 of the Social
13 Security Act (42 U.S.C. 1395x);

14 (B) cardiac rehabilitation services or inten-
15 sive cardiac rehabilitation services (as defined
16 in paragraphs (1) and (4), respectively, of sub-
17 section (eee) of such section); or

18 (C) pulmonary rehabilitation services (as
19 defined in subsection (fff)(1) of such section).

20 **SEC. 303. REFORMING PRACTICES OF RECOVERY AUDIT**
21 **CONTRACTORS UNDER MEDICARE.**

22 (a) ELIMINATION OF CONTINGENCY FEE PAYMENT
23 SYSTEM.—Section 1893(h) of the Social Security Act (42
24 U.S.C. 1395ddd(h)), as amended by section 505(b) of the

1 Medicare Access and CHIP Reauthorization Act of 2015,
2 is amended—

3 (1) in paragraph (1), by inserting “, for recov-
4 ery activities conducted during a fiscal year before
5 fiscal year 2016” after “Under the contracts”; and

6 (2) by adding at the end the following new
7 paragraph:

8 “(11) PAYMENT FOR RECOVERY ACTIVITIES
9 PERFORMED AFTER FISCAL YEAR 2017.—

10 “(A) IN GENERAL.—Under the contracts,
11 subject to subparagraphs (B) and (C), payment
12 shall be made to recovery audit contractors for
13 recovery activities conducted during fiscal year
14 2018 and each fiscal year thereafter in the
15 same manner, and from the same amounts, as
16 payment is made to eligible entities under con-
17 tracts entered into for recovery activities con-
18 ducted during fiscal year 2015 under subsection
19 (a).

20 “(B) PROHIBITION ON INCENTIVE PAY-
21 MENTS.—Under the contracts, payment made
22 to a recovery audit contractor for recovery ac-
23 tivities conducted during fiscal year 2018 or
24 any fiscal year thereafter may not include any
25 incentive payments.

1 “(C) PERFORMANCE ACCOUNTABILITY.—

2 “(i) IN GENERAL.—Under the con-
3 tracts, payment made to a recovery audit
4 contractor for recovery activities conducted
5 during fiscal year 2018 or any fiscal year
6 thereafter shall, in the case that the con-
7 tractor has a complex audit denial overturn
8 rate at the end of such fiscal year (as cal-
9 culated under the methodology described in
10 clause (iv)) that is .1 or greater, be re-
11 duced in an amount determined in accord-
12 ance with clause (ii).

13 “(ii) PAYMENT REDUCTIONS.—

14 “(I) SLIDING SCALE OF AMOUNT
15 OF REDUCTIONS.—The Secretary
16 shall establish, for purposes of deter-
17 mining the amount of a reduction in
18 payment to a recovery audit con-
19 tractor under clause (i) for recovery
20 activities conducted during fiscal year,
21 a linear sliding scale of payment re-
22 ductions for recovery audit contrac-
23 tors for such fiscal year. Under such
24 linear sliding scale, the amount of
25 such a reduction in payment to a re-

1 recovery audit contractor for a fiscal
2 year shall be calculated in a manner
3 that provides for such reduction to be
4 greater than the reduction for such
5 fiscal year for recovery audit contrac-
6 tors that have complex audit denial
7 overturn rates at the end of such fis-
8 cal year (as calculated under the
9 methodology described in clause (iv))
10 that are lower than the complex audit
11 denial overturn rate of the contractor
12 at the end of such fiscal year (as so
13 calculated).

14 “(II) MANNER OF COLLECTING
15 REDUCTION.—The Secretary may as-
16 sess and collect the reductions in pay-
17 ment to recovery audit contractors
18 under clause (i) in such manner as
19 the Secretary may specify (such as by
20 reducing the amount paid to the con-
21 tractor for recovery activities con-
22 ducted during a fiscal year or by as-
23 sessing the reduction as a separate
24 penalty payment to be paid to the
25 Secretary by the contractor with re-

1 spect to each complex audit denial
2 issued by the contractor that is over-
3 turned on appeal).

4 “(iii) TIMING OF DETERMINATIONS OF
5 PAYMENT REDUCTIONS.—The Secretary
6 shall, with respect to a recovery audit con-
7 tractor, determine not later than six
8 months after the end of a fiscal year—

9 “(I) whether to reduce payment
10 to the recovery audit contractor under
11 clause (i) for recovery activities con-
12 ducted during such fiscal year; and

13 “(II) in the case that the Sec-
14 retary determines to so reduce pay-
15 ment to the contractor, the amount of
16 such payment reduction.

17 “(iv) METHODOLOGY FOR CALCULA-
18 TION OF OVERTURNED COMPLEX AUDIT
19 DENIAL OVERTURN RATE.—

20 “(I) CALCULATION OF OVERTURN
21 RATE.—The Secretary shall calculate
22 a complex audit denial overturn rate
23 for a recovery audit contractor for a
24 fiscal year by—

1 “(aa) determining, with re-
2 spect to the contract entered into
3 under paragraph (1) by the con-
4 tractor, the number of complex
5 audit denials issued by the con-
6 tractor under the contract (in-
7 cluding denials issued before such
8 fiscal year and during such fiscal
9 year) that are overturned on ap-
10 peal; and

11 “(bb) dividing the number
12 determined under item (aa) by
13 the number of complex audit de-
14 nials issued by the contractor
15 under such contract (including
16 denials issued before such fiscal
17 year and during such fiscal year).

18 “(II) FAIRNESS AND TRANS-
19 PARENCY.—The Secretary shall cal-
20 culate the percentage described in
21 subclause (I) in a fair and trans-
22 parent manner.

23 “(III) ACCOUNTING FOR SUBSE-
24 QUENTLY OVERTURNED APPEALS.—
25 The Secretary shall calculate the per-

1 centage described in subclause (I) in a
2 manner that accounts for the likeli-
3 hood that complex audit denials
4 issued by the contractor for such fis-
5 cal year will be overturned on appeal
6 in a subsequent fiscal year.

7 “(IV) COMPLEX AUDIT DENIAL
8 DEFINED.—In this subparagraph, the
9 term ‘complex audit denial’ means a
10 denial by a recovery audit contractor
11 of a claim for payment under this title
12 submitted by a hospital, psychiatric
13 hospital, or critical access hospital
14 that is so denied by the contractor
15 after the contractor has—

16 “(aa) requested that the
17 hospital, psychiatric hospital, or
18 critical access hospital, in order
19 to support such claim for pay-
20 ment, provide supporting medical
21 records to the contractor; and

22 “(bb) reviewed such medical
23 records in order to determine
24 whether an improper payment
25 has been made to the hospital,

1 psychiatric hospital, or critical
2 access hospital for such claim.

3 “(V) OVERTURNED ON APPEAL
4 DEFINED.—In this subparagraph, the
5 term ‘overturned on appeal’ means,
6 with respect to a complex audit de-
7 nial, a denial that is overturned on
8 appeal at the reconsideration level, the
9 redetermination level, or the adminis-
10 trative law judge hearing level.

11 “(D) APPLICATION TO EXISTING CON-
12 TRACTS.—Not later than 60 days after the date
13 of the enactment of this paragraph, the Sec-
14 retary shall modify, as necessary, each contract
15 under paragraph (1) that the Secretary entered
16 into prior to such date of enactment in order to
17 ensure that payment with respect to recovery
18 activities conducted under such contract is
19 made in accordance with the requirements de-
20 scribed in this paragraph.”.

21 (b) ELIMINATION OF ONE-YEAR TIMELY FILING
22 LIMIT TO REBILL PART B CLAIMS.—

23 (1) IN GENERAL.—Section 1842(b) of the So-
24 cial Security Act (42 U.S.C. 1395u(b)) is amended
25 by adding at the end the following new paragraph:

1 “(20) EXCEPTION TO THE ONE-YEAR TIMELY
2 FILING LIMIT FOR CERTAIN REBILLED CLAIMS.—

3 “(A) IN GENERAL.—In the case of a claim
4 submitted under this part by a hospital (as de-
5 fined in subparagraph (B)(i)) for hospital serv-
6 ices with respect to which there was a previous
7 claim submitted under part A as inpatient hos-
8 pital services or inpatient critical access hos-
9 pital services that was denied by a medicare
10 contractor (as defined in subparagraph (B)(ii))
11 because of a determination that the inpatient
12 admission was not medically reasonable and
13 necessary under section 1862(a)(1)(A), the
14 deadline described in this paragraph is 180
15 days after the date of the final denial of such
16 claim under part A.

17 “(B) DEFINITIONS.—In this paragraph:

18 “(i) HOSPITAL.—The term ‘hospital’
19 has the meaning given such term in section
20 1861(e) and includes a psychiatric hospital
21 (as defined in section 1861(f)) and a crit-
22 ical access hospital (as defined in section
23 1861(mm)(1)).

24 “(ii) MEDICARE CONTRACTOR.—The
25 term ‘medicare contractor’ has the mean-

1 ing given such term under section 1889(g),
2 and includes a recovery audit contractor
3 with a contract under section 1893(h).

4 “(iii) FINAL DENIAL.—The term ‘final
5 denial’ means—

6 “(I) in the case that a hospital
7 elects not to appeal a denial described
8 in subparagraph (A) by a medicare
9 contractor, the date of such denial; or

10 “(II) in the case that a hospital
11 elects to appeal a such a denial, the
12 date on which such appeal is ex-
13 hausted.”.

14 (2) CONFORMING AMENDMENTS.—

15 (A) Section 1835(a)(1) of the Social Secu-
16 rity Act (42 U.S.C. 1395n(a)(1)) is amended by
17 inserting “or, in the case of a claim described
18 in section 1842(b)(20), not later than the dead-
19 line described in such paragraph” after “the
20 date of service”.

21 (B) Section 1842(b)(3)(B) of the Social
22 Security Act (42 U.S.C. 1395u(b)(3)(B)) is
23 amended in the flush language following clause
24 (ii) by inserting “or, in the case of a claim de-
25 scribed in section 1842(b)(20), not later than

1 the deadline described in such paragraph” after
2 “the date of service”.

3 (3) APPLICABILITY.—The amendments made
4 by this subsection apply to claims submitted under
5 part B of title XVIII of the Social Security Act for
6 hospital services for which there was a previous
7 claim submitted under part A as inpatient hospital
8 services or inpatient critical access hospital services
9 that was subject to a final denial (as defined in
10 paragraph (20)(B)(iii) of section 1842(b) of such
11 Act (42 U.S.C. 1395u(b))) on or after the date of
12 the enactment of this Act.

13 (c) MEDICAL DOCUMENTATION CONSIDERED FOR
14 MEDICAL NECESSITY REVIEWS OF CLAIMS FOR INPA-
15 TIENT HOSPITAL SERVICES.—Section 1862(a) of the So-
16 cial Security Act (42 U.S.C. 1395y(a)) is amended by add-
17 ing at the end the following new sentence: “A determina-
18 tion under paragraph (1) of whether inpatient hospital
19 services or inpatient critical access hospital services fur-
20 nished to an individual on or after the date of the enact-
21 ment of this sentence are reasonable and necessary shall
22 be based solely upon information available to the admit-
23 ting physician at the time of the inpatient admission of
24 the individual for such inpatient services, as documented
25 in the medical record.”.

1 **TITLE IV—FUTURE OF RURAL**
2 **HEALTH CARE**

3 **SEC. 401. COMMUNITY OUTPATIENT HOSPITAL PROGRAM.**

4 (a) IN GENERAL.—

5 (1) COMMUNITY OUTPATIENT HOSPITAL AND
6 QUALIFIED OUTPATIENT SERVICES DEFINED.—Sec-
7 tion 1861 of the Social Security Act (42 U.S.C.
8 1395x) is amended—

9 (A) in the last sentence of subsection (e),
10 by inserting before the period at the end “or a
11 community outpatient hospital (as defined in
12 subsection (iii)(1))”; and

13 (B) by adding at the end the following:

14 “Community Outpatient Hospital

15 “(iii)(1) The term ‘community outpatient hospital’
16 means a facility that—

17 “(A) at any time during the period beginning
18 on the date that is 5 years before the date of the
19 enactment of this subsection and ending on Decem-
20 ber 31, 2016, was a critical access hospital, or is a
21 hospital with not more than 50 beds that is—

22 “(i) located in a rural area (as defined in
23 section 1886(d)(2)(D)); or

24 “(ii) treated as being located in a rural
25 area under section 1886(d)(8)(E);

1 “(B) provides emergency medical care and ob-
2 servation care available on a 24-hour basis;

3 “(C) with respect to continuous care for an in-
4 dividual, does not provide care over two or more con-
5 secutive midnights;

6 “(D) does not provide any acute care inpatient
7 beds and has protocols in place for the timely trans-
8 fer of patients who require other inpatient services;

9 “(E) has the resources required of a level IV or
10 higher trauma center (as verified by the American
11 College of Surgeons or other means specified by the
12 Secretary), or has available for consultation on a 24-
13 hour basis a health care professional who success-
14 fully completed the Advanced Trauma Life Support
15 Course offered by the American College of Surgeons
16 (or an equivalent course as determined by the Sec-
17 retary) within the preceding 4 years;

18 “(F) has in effect a transfer agreement with a
19 level I or level II trauma center designated under
20 section 1231(1) of the Public Health Service Act;

21 “(G) meets the requirements of subsection
22 (aa)(2)(I);

23 “(H) has been approved by the State in which
24 the facility is located for treatment as a community
25 outpatient hospital;

1 “(I) notifies the Secretary at such time and in
2 such manner as the Secretary may require of the in-
3 tent of such facility to be designated as a community
4 outpatient facility; and

5 “(J) meets such staff training and certification
6 requirements as the Secretary may require.

7 “(2) Nothing in this subsection or section 1834(r)
8 shall be construed to prohibit a community outpatient hos-
9 pital from having an agreement under section 1883 for
10 the provision of extended care services.

11 “(3) Unless the context otherwise requires, a ref-
12 erence to a community outpatient hospital in this title
13 shall be deemed to also be a reference to a critical access
14 hospital.

15 “Qualified Outpatient Services

16 “(jjj) The term ‘qualified outpatient services’ means
17 medical and other health services furnished on an out-
18 patient basis by a community outpatient hospital, rural
19 health clinic (as defined in section 1861(aa)(2)), federally
20 qualified health center (as defined in section 1861(aa)(4)),
21 or an entity certified by the Health Resources and Services
22 Administration as a federally qualified health center look-
23 alike, including, for individuals who require services from
24 a hospital or critical access hospital, transportation serv-

1 ices from such community outpatient hospital to a hospital
2 or critical access hospital.”.

3 (2) PAYMENT FOR QUALIFIED OUTPATIENT
4 SERVICES.—Section 1834 of the Social Security Act
5 (42 U.S.C. 1395m) is amended by adding at the end
6 the following:

7 “(r) PAYMENT FOR QUALIFIED OUTPATIENT SERV-
8 ICES.—

9 “(1) IN GENERAL.—The amount of payment
10 for qualified outpatient services is equal to 105 per-
11 cent of the reasonable costs of providing such serv-
12 ices.

13 “(2) TELEHEALTH SERVICES AS REASONABLE
14 COSTS.—For purposes of this subsection, with re-
15 spect to qualified outpatient services, costs reason-
16 ably associated with having a backup physician
17 available via a telecommunications system shall be
18 considered reasonable costs.”.

19 (b) WAIVER OF DISTANCE REQUIREMENT FOR RE-
20 PLACEMENT CAHS; SUBSEQUENT REDESIGNATION OF
21 COMMUNITY OUTPATIENT HOSPITALS AS CAHS.—Sec-
22 tion 1820(c)(2) of the Social Security Act (42 U.S.C.
23 1395i–4(c)(2)) is amended—

1 (1) in subparagraph (B)(i)(I), by inserting “,
2 subject to subparagraph (F),” before “is located”;
3 and

4 (2) by adding at the end the following:

5 “(F) OPTION TO WAIVE DISTANCE RE-
6 QUIREMENT.—The State may waive the dis-
7 tance requirement described in subparagraph
8 (B)(i)(I) with respect to a facility located in the
9 State that is seeking designation as a critical
10 access hospital under this paragraph if the total
11 number of waivers for such facilities does not
12 exceed the number of facilities that are critical
13 access hospitals without such a waiver.

14 “(G) REDESIGNATION OF A CRITICAL AC-
15 CESS HOSPITAL AS A COMMUNITY OUTPATIENT
16 HOSPITAL.—A community outpatient hospital
17 may elect to be redesignated as a community
18 outpatient hospital by notifying the Secretary at
19 the same time and in the same manner as noti-
20 fications under section 1861(iii)(1)(I) if such
21 community outpatient hospital—

22 “(i) meets the requirements in para-
23 graphs (1) and (3) of section 1820(e); and

24 “(ii) was designated as a critical ac-
25 cess hospital under this paragraph on the

1 date that the Secretary first considered
2 such community outpatient hospital to be a
3 community outpatient hospital.”.

4 (c) CONFORMING AMENDMENTS.—

5 (1) REASONABLE COST FOR COHS.—Section
6 1861(v)(7) of the Social Security Act (42 U.S.C.
7 1395x(v)(7)) is amended by adding at the end the
8 following:

9 “(E) For additional items included in reason-
10 able cost for community outpatient hospitals and for
11 determination of payment amounts for qualified out-
12 patient services, see section 1834(r).”.

13 (2) COHS AS COVERED SERVICES.—Section
14 1832(a)(2)(H) of the Social Security Act (42 U.S.C.
15 1395k(a)(2)(H)) is amended by inserting “and
16 qualified outpatient services (as defined in section
17 1861(iii)(2))” before the semicolon.

18 (3) COH PAYMENTS.—Section 1833(a) of the
19 Social Security Act (42 U.S.C. 1395l(a)) is amend-
20 ed—

21 (A) in paragraph (8), by striking “; and”;

22 (B) in paragraph (9), by striking the pe-
23 riod at the end and inserting “; and”; and

24 (C) by inserting after paragraph (9) the
25 following:

1 “(10) in the case of qualified outpatient serv-
2 ices, the amounts described in section 1834(r).”.

3 (4) EFFECTIVE DATE.—The amendments made
4 by this subsection shall apply to items and services
5 furnished on or after the first day of the first cal-
6 endar year beginning more than 1 year after the
7 date of the enactment of this Act.

8 (d) REPORTS.—The Secretary of Health and Human
9 Services shall submit to Congress three reports on the im-
10 pact of community outpatient hospitals on the availability
11 of health care and health outcomes in rural areas (as de-
12 fined in section 1886(d)(2)(D) of the Social Security Act
13 (42 U.S.C. 1395ww(d)(2)(D))) as follows:

14 (1) INITIAL REPORT.—An initial report ap-
15 proximately 2 years after the date of the enactment
16 of this Act.

17 (2) INTERIM REPORT.—An interim report ap-
18 proximately 5 years after the date of the enactment
19 of this Act.

20 (3) FINAL REPORT.—A final report approxi-
21 mately 10 years after the date of the enactment of
22 this Act.

23 **SEC. 402. GRANT FUNDING TO ASSIST RURAL HOSPITALS.**

24 Section 330A of the Public Health Service Act (42
25 U.S.C. 254c) is amended—

1 (1) in subsection (b)—

2 (A) in paragraph (1), by striking “Director
3 specified in subsection (d)” and inserting “Di-
4 rector of the Office of Rural Health Policy of
5 the Health Resources and Services Administra-
6 tion”; and

7 (B) by adding at the end the following:

8 “(6) ELIGIBLE RURAL HOSPITAL.—The term
9 ‘eligible rural hospital’ means—

10 “(A) a hospital (as defined in section
11 1861(e) of the Social Security Act) that—

12 “(i) has fewer than 50 beds; and

13 “(ii) is located in a rural area (as de-
14 fined in section 1886(d)(2)(D) of such
15 Act) or treated as being located in a rural
16 area pursuant to section 1886(d)(8)(E) of
17 such Act;

18 “(B) a community outpatient hospital (as
19 defined in section 1861(iii) of such Act); or

20 “(C) a critical access hospital (as defined
21 in section 1861(mm) of such Act).”; and

22 (2) by adding at the end the following:

23 “(i) QUALITY IMPROVEMENT AND COMPLIANCE
24 GRANTS FOR ELIGIBLE RURAL HOSPITALS.—

1 “(1) GRANTS.—The Director may award grants
2 to eligible rural hospitals to assist such hospitals
3 with reporting on quality and to prepare such hos-
4 pitals to transition to value-based reimbursement.

5 “(2) APPLICATIONS.—To be eligible to receive a
6 grant under this subsection, an eligible rural hos-
7 pital shall prepare and submit to the Secretary an
8 application, at such time, in such manner, and con-
9 taining such information as the Secretary may re-
10 quire, including a description of—

11 “(A) how the eligible rural hospital will use
12 the funds provided under the grant; and

13 “(B) how the project will be evaluated.

14 “(3) AUTHORIZATION OF APPROPRIATIONS.—
15 There is authorized to be appropriated for each fis-
16 cal year (beginning with fiscal year 2019)
17 \$12,000,000 to carry out this subsection.

18 “(j) OUTREACH GRANTS FOR RURAL HOSPITAL POP-
19 ULATION HEALTH.—

20 “(1) GRANTS.—To help eligible rural hospitals
21 meet a specific community need identified in a com-
22 munity needs assessment, the Director may award
23 grants to eligible rural hospitals.

24 “(2) LIMITATION ON SIZE OF GRANTS TO
25 COHS.—The Secretary may not award more than

1 \$650,000 each fiscal year to a community outpatient
2 hospital that is described in subsection (b)(6)(B).

3 “(3) APPLICATIONS.—To be eligible to receive a
4 grant under this subsection, an eligible rural hos-
5 pital shall prepare and submit to the Secretary an
6 application, at such time, in such manner, and con-
7 taining such information as the Secretary may re-
8 quire, including—

9 “(A) a description of how the eligible rural
10 hospital will use the funds provided under the
11 grant;

12 “(B) the results of community needs as-
13 sessment that identified the specific community
14 need described in paragraph (1); and

15 “(C) a description of how the project will
16 be evaluated.

17 “(4) AUTHORIZATION OF APPROPRIATIONS.—
18 There is authorized to be appropriated for each fis-
19 cal year (beginning with fiscal year 2019)—

20 “(A) \$15,000,000 for grants to eligible
21 rural hospitals described in subparagraphs (A)
22 and (C) of subsection (b)(6); and

23 “(B) \$50,000,000 for grants to eligible
24 rural hospitals described in subparagraph (B)
25 of such subsection.

1 “(k) EMS GRANT FUNDING.—

2 “(1) GRANTS.—The Director may award grants
3 to eligible rural hospitals to develop and implement
4 strategies to develop successful emergency medical
5 services programs that meet community needs, pro-
6 vide quality care, and address workforce and funding
7 problems.

8 “(2) APPLICATIONS.—To be eligible to receive a
9 grant under this subsection, an eligible rural hos-
10 pital shall prepare and submit to the Secretary an
11 application, at such time, in such manner, and con-
12 taining such information as the Secretary may re-
13 quire, including a description of—

14 “(A) how the eligible rural hospital will use
15 the funds provided under the grant;

16 “(B) any multistate collaborations involved
17 in using such funds; and

18 “(C) how the use of funds will be evalu-
19 ated.

20 “(3) AUTHORIZATION OF APPROPRIATIONS.—
21 There is authorized to be appropriated for each fis-
22 cal year (beginning with fiscal year 2019)
23 \$2,000,000 to carry out this subsection.”.

1 **SEC. 403. CMMI DEMONSTRATION OF SHARED SAVINGS IN**
2 **RURAL HOSPITALS.**

3 Section 1115A(b)(2)(B) of the Social Security Act
4 (42 U.S.C. 1315a(b)(2)(B)) is amended by adding at the
5 end the following:

6 “(xxv) Promoting greater shared sav-
7 ings with hospitals located in rural areas,
8 with critical access hospitals (as defined in
9 section 1861(mm)(1)), and with commu-
10 nity outpatient hospitals (as defined in sec-
11 tion 1861(iii)(1)).”.

○