

## [DISCUSSION DRAFT]

1 **SEC. \_\_\_\_ . REFORM OF SUSTAINABLE GROWTH RATE (SGR)**  
2 **AND MEDICARE PAYMENT FOR PHYSICIANS’**  
3 **SERVICES.**

4 (a) **STABILIZING FEE UPDATES (PHASE I).**—

5 (1) **REPEAL OF SGR PAYMENT METHOD-**  
6 **LOGY.**—Section 1848 of the Social Security Act  
7 (42 U.S.C. 1395w–4) is amended—

8 (A) in subsection (d)—

9 (i) in paragraph (1)(A), by inserting  
10 “or a subsequent paragraph or section  
11 1848A” after “paragraph (4)”; and

12 (ii) in paragraph (4)—

13 (I) in the heading, by striking  
14 “YEARS BEGINNING WITH 2001” and  
15 inserting “2001, 2002, AND 2003”; and

16 (II) in subparagraph (A), by  
17 striking “a year beginning with 2001”  
18 and inserting “2001, 2002, and  
19 2003”; and

20 (B) in subsection (f)—

1 (i) in paragraph (1)(B), by inserting  
2 “through 2013” after “of such succeeding  
3 year”; and

4 (ii) in paragraph (2), by inserting  
5 “and ending with 2013” after “beginning  
6 with 2000”.

7 (2) UPDATE OF RATES FOR **【PERIOD OF STA-**  
8 **BILITY】**.—Subsection (d) of section 1848 of the So-  
9 cial Security Act (42 U.S.C. 1395w-4) is amended  
10 by adding at the end the following new paragraph:

11 “(15) UPDATE FOR **【PERIOD OF STABILITY】**.—  
12 The update to the single conversion factor estab-  
13 lished in paragraph (1)(C) for **【the period of sta-**  
14 **bility (as defined in \_\_\_\_\_)】** shall be **【\_\_\_\_\_】**.”.

15 (b) UPDATE INCENTIVE PROGRAM (PHASE II).—

16 (1) IN GENERAL.—Section 1848 of such Act  
17 (42 U.S.C. 1395w-4), as amended by subsection (a),  
18 is further amended in subsection (d), by adding at  
19 the end the following new paragraph:

20 “(16) CONVERSION FACTOR BEGINNING WITH  
21 **【FIRST YEAR AFTER PERIOD OF STABILITY】**.—The  
22 single conversion factor established in paragraph  
23 (1)(C) for each year beginning with **【the first year**  
24 **after the period of stability】** shall be **【determined in**  
25 **accordance with section 1848A(e)】**.”.

1           (2) ESTABLISHMENT OF PROGRAM.—Part B of  
2 title XVIII of the Social Security Act (42 U.S.C.  
3 1395w–4 et seq.) is amended by adding at the end  
4 the following new section:

5 **“SEC. 1848A. FEE SCHEDULE PROVIDER COMPETENCY UP-**  
6 **DATE INCENTIVE PROGRAM.**

7           “(a) ESTABLISHMENT.—

8           “(1) IN GENERAL.—The Secretary shall estab-  
9 lish a fee schedule provider competency update in-  
10 centive program (in this section referred to as the  
11 ‘update incentive program’) under which—

12           “(A) the Secretary shall, in accordance  
13 with subsection (b), approve and publish a final  
14 quality measure set for each peer cohort identi-  
15 fied under paragraph (1) of such subsection;

16           “(B) each fee schedule provider—

17           “(i) self-identifies, in accordance with  
18 subsection (b)(1), within such a peer co-  
19 hort; and

20           “(ii) provides information on each  
21 quality measure within such a final quality  
22 measure set applicable to such peer cohort  
23 with respect to which such provider shall  
24 be assessed for purposes of determining for  
25 **【**years beginning with the first year after

1 the period of stability】 the 【quality-based  
2 update adjustment under subsection (e)】  
3 applicable to such provider;

4 “(C) the Secretary shall develop and apply,  
5 in accordance with subsection (d), appro-  
6 priate—

7 【“(i) methodologies for assessing the  
8 performance of fee schedule providers with  
9 respect to such measures included within  
10 the measure sets applicable to the peer co-  
11 horts of such providers; and】

12 “(ii) methods for collecting informa-  
13 tion needed for such assessments (which  
14 shall involve the minimum amount of ad-  
15 ministrative burden needed to ensure reli-  
16 able results); and

17 “(D) based on such assessments, the Sec-  
18 retary shall determine the applicable 【quality-  
19 based update adjustments under subsection  
20 (e)】.

21 “(2) FEE SCHEDULE PROVIDER DEFINED.—In  
22 this section, the term ‘fee schedule provider’ means  
23 a 【physician, practitioner, or other】 supplier that  
24 furnishes items and services that are paid under the  
25 fee schedule established under section 1848.

1           “(3) CONSULTATION WITH MEDICAL SPECIALTY  
2 ORGANIZATIONS AND OTHER RELEVANT STAKE-  
3 HOLDERS.—The Secretary shall consult with medical  
4 specialty organizations and other relevant stake-  
5 holders, including State medical societies, in car-  
6 rying out this section.

7           “(4) MODIFICATION FOR NON-PHYSICIAN FEE  
8 SCHEDULE PROVIDERS WHO ARE AUTHORIZED TO  
9 BILL MEDICARE DIRECTLY FOR REIMBURSEMENT.—  
10 Not later than **[\_\_\_\_\_]**, the Secretary shall deter-  
11 mine how to apply the update incentive program to  
12 fee schedule providers who are not physicians de-  
13 scribed in section 1861(r)(1). **[*Duplicative with***  
14 ***paragraph (3)?*]** In making such determination, the  
15 Secretary shall consult with relevant stakeholders.]  
16 In applying this paragraph, the Secretary shall at a  
17 minimum determine if there are applicable quality  
18 measures **[selected]** under subsection (b) that can  
19 be utilized for determining applicable update adjust-  
20 ments to the fee schedule under **[subsection (e)]** for  
21 such fee schedule providers. If adequate measures  
22 are not available, the Secretary shall apply a similar  
23 **[performance]/[competency]**-based program to de-  
24 termine the **[quality-based update adjustment under**  
25 **subsection (e)]** for such fee schedule providers.

1           **[(5) ELECTION FOR APPLICATION AT GROUP**  
2           **PRACTICE OR INDIVIDUAL PHYSICIAN LEVEL.—***[Pol-*  
3           *icy question if wish to specifically provide for an elec-*  
4           *tion opportunity, or remain silent (in which case the*  
5           *Secretary may decide to apply assessments at a group*  
6           *level, but the element specifically allowing the pro-*  
7           *viders and groups to make an election would not be*  
8           *implied):]* **For purposes of this section, in the case**  
9           **of a fee schedule provider who participates in a**  
10           **[group practice] [Definition? As defined by the Sec-**  
11           *retary, following the section 1848(o) or 1848(m)*  
12           *model? As such term is defined in section*  
13           *1877(h)(4)?]*, a fee schedule provider may elect, in  
14           a form and manner specified by the Secretary, to  
15           apply at either the group practice level or individual  
16           provider level the **[applicable final quality measure**  
17           **set]** approved under subsection (b), performance on  
18           quality, composite scores, and the update adjust-  
19           ments under this section. Such election made by a  
20           fee schedule provider shall apply with respect to all  
21           measures within such set, performance scores, and  
22           update adjustments for such provider. The feedback  
23           and performance data required to be provided by the  
24           Secretary under subsections (b)(5) and (g) shall be  
25           provided to a fee schedule provider regardless of the

1 election made by the provider under this paragraph.

2 **[Review: How would this apply in the case of a pro-**  
3 **vider participating in multiple practices? Would the**  
4 **election be on an individual provider level or would**  
5 **all providers within a group have to collectively make**  
6 **this election? If the assessment is based on the group**  
7 **level, how is feedback to be provided for the indi-**  
8 **vidual?]]**

9 “(b) QUALITY MEASURES FOR COMPETENCY AS-  
10 SESSMENTS.—

11 “(1) ESTABLISHMENT OF LIST OF PEER CO-  
12 HORTS.—**[Not later than \_\_\_\_\_,]** the Secretary shall  
13 identify (**[and publish?]** a list **[Is this list to be up-**  
14 **dated?]**) of peer cohorts (each in this section re-  
15 ferred to as a ‘peer cohort’) with respect to which  
16 fee schedule providers will self-identify **[through a**  
17 **process and at such time as specified by the Sec-**  
18 **retary Review: How is the self identification to be**  
19 **‘approved by the Secretary’?]** for purposes of this  
20 section and with respect to a performance period de-  
21 scribed in subsection (d)(3) for a year beginning  
22 with **[the first year after the period of stability]**.  
23 Such list shall include as a peer cohort the **[each**  
24 **provider specialty [in which the American Board of**  
25 **Medical Specialties offers certification]/[defined by**

1 the American Board of Medical Specialties as of  
2 \_\_\_\_\_**】** and any other cohort established by the Sec-  
3 retary to capture classifications of providers across  
4 such provider specialties.

5 “(2) ESTABLISHMENT OF CORE COMPETENCY  
6 CATEGORIES AND IDENTIFICATION OF AREAS OF  
7 NEED FOR QUALITY MEASURES.—The Secretary  
8 shall convene multi-stakeholder groups to—

9 “(A) establish core competency categories  
10 **【for all peer cohorts】**, which shall identify  
11 areas that are to be assessed by the quality  
12 measures selected under this subsection for in-  
13 clusion in final quality measure sets by which  
14 fee schedule providers **【in such cohorts】** are to  
15 be assessed under subsection (d); and

16 “(B) identify areas and peer cohorts for  
17 which there are insufficient quality measures to  
18 address the categories established under sub-  
19 paragraph (A).

20 “(3) QUALITY MEASURES DEVELOPMENT.—The  
21 Secretary shall establish a process for the develop-  
22 ment of quality measures under this paragraph for  
23 purposes of potential inclusion of such measures **【in**  
24 **measure sets under paragraph (4)】**. Under such  
25 process, the Secretary shall—



1           “(A) provide for the coordination of devel-  
2           opment of such measures across fee schedule  
3           providers and other relevant stakeholders;

4           “(B) request from **【medical specialty orga-**  
5           **nizations and other relevant stakeholders】/**  
6           **【consensus-based entities】** **【representing the**  
7           **peer cohorts】** best practices and clinical prac-  
8           tice guidelines for the development of quality  
9           measures **【within the core competency cat-**  
10          **egories established under paragraph (2)?】** for  
11          potential inclusion of such measures in final  
12          quality measure sets under paragraph (4)(F);

13          “(C) ensure the core competency categories  
14          and peer cohorts are addressed; and

15          “(D) ensure that all quality measures de-  
16          veloped under this paragraph are developed  
17          with consideration of best clinical practices.

18          “(4) **【QUALITY MEASURES SELECTION】/【SE-**  
19          **LECTION AND APPROVAL OF QUALITY MEASURE**  
20          **SETS】.**—

21          “(A) **IN GENERAL.**—The Secretary shall,  
22          in accordance with this paragraph, provide for  
23          a quality measures process to approve final  
24          quality measure sets for peer cohorts. Each  
25          such final measure set shall be composed of the

1 quality measures with respect to which fee  
2 schedule providers within such peer cohort shall  
3 be assessed under subsection (d). Under such  
4 process the Secretary shall establish, and prior  
5 to making the request under subparagraph (C)  
6 make publicly available, criteria for selecting  
7 such measures **【for potential inclusion in such**  
8 **final quality measure sets】**.

9 “(B) SOURCES OF MEASURES.—A quality  
10 measure selected **【for inclusion in a 【provi-**  
11 **sional】 core quality measure set】** under the  
12 process under this paragraph may be—

13 “(i) an **【existing】 【What if a measure**  
14 **is endorsed in the future?】** quality measure  
15 that has been endorsed by **【a consensus-**  
16 **based entity】**;

17 “(ii) a quality measure developed  
18 under paragraph (3); or

19 “(iii) a quality measure that is devel-  
20 oped by a **【medical specialty organization**  
21 **or other relevant stakeholder】 【and sub-**  
22 **mitted under subparagraph (C)?】**.

23 “(C) SOLICITATION OF PUBLIC QUALITY  
24 MEASURE INPUT.—Not later than **【\_\_\_\_】**, the  
25 Secretary shall request **【medical specialty orga-**

1 nizations and other】 relevant stakeholders to  
2 identify and submit to the Secretary quality  
3 measures for selection under this paragraph.

4 “(D) PROVISIONAL CORE MEASURE  
5 SETS.—

6 “(i) IN GENERAL.—Under the process  
7 established under subparagraph (A), 【not  
8 later than \_\_\_\_\_,】 the Secretary shall select  
9 quality measures described in subpara-  
10 graph (B) 【applicable to a peer cohort】 to  
11 be included in a provisional core measure  
12 set 【for such cohort】. Any 【applicable】  
13 quality measure developed under the proc-  
14 ess established under paragraph (3) may  
15 be included in a provisional core measure  
16 set.

17 “(ii) TRANSPARENCY.—【*Any deadline*  
18 *for public availability?*】 The Secretary  
19 shall make publicly available, including by  
20 publishing in specialty-appropriate peer-re-  
21 viewed journals, 【each applicable】 provi-  
22 sional core measure set under clause (i)  
23 and the method for developing 【and select-  
24 ing】 measures included within such set.  
25 【*Specs: ‘Create exception that in event soci-*

1                    *ety declines, Secretary can still go forward*  
2                    *in process.’ What does that exception mean?*  
3                    *Is this in the case a specialty society does*  
4                    *not want to publish the core set?】*

5                    “(E) PUBLIC COMMENT.—Under the proc-  
6                    ess established under subparagraph (A), before  
7                    a provisional core measure set under subpara-  
8                    graph (D) may be approved as a final quality  
9                    measure set under subparagraph (F) the Sec-  
10                    retary shall provide for a reasonable public  
11                    comment period on the provisional core measure  
12                    set.

13                    “(F) FINAL MEASURE SETS.—At least  
14                    【\_\_\_\_】 days before the first day of a perform-  
15                    ance period described in subsection (d)(3) 【and  
16                    taking into account public comment received  
17                    pursuant to subparagraph (E)】, the Secretary  
18                    shall approve and publish a final quality meas-  
19                    ure set for each peer cohort.

20                    “(5) FEEDBACK.—

21                    “(A) INITIAL FEEDBACK PERIOD.—Each  
22                    fee schedule provider self-identified with respect  
23                    to a peer cohort shall, before any assessment of  
24                    the fee schedule provider under subsection (d)  
25                    for determining the applicable update adjust-

1           ment under subsection (e) for such provider  
2           and the year involved, have a **【\_\_\_\_\_】** period  
3           during which the provider shall report on the  
4           applicable quality measures and receive feed-  
5           back on the performance of such provider with  
6           respect to such measures.

7           “(B) FEEDBACK.—The Secretary shall  
8           provide each fee schedule provider with feed-  
9           back on the performance of such provider with  
10          respect to quality measures within the final  
11          measure set approved under paragraph (4)(F)  
12          for the applicable performance period and the  
13          peer cohort of such provider.

14          “(c) GENERAL PROVISIONS APPLICABLE TO ADOP-  
15          TION OF ALL MEASURES.—

16          “(1) RANGE OF MEASURES.—In carrying out  
17          subsection (b), the Secretary shall, to the greatest  
18          extent practicable and for each peer cohort, **【select】**  
19          a sufficient number of quality measures for potential  
20          inclusion of such measures **【in measure sets under**  
21          **paragraph (4)】**.

22          “(2) ANNUAL REVIEW AND UPDATES.—

23          “(A) IN GENERAL.—The Secretary shall  
24          review—

1           “(i) the quality measures selected  
2           under subsection (b)(4) for inclusion in  
3           final quality measure sets under subpara-  
4           graph (F) of such subsection for each year  
5           such measures are to be applied under sub-  
6           section (e) to ensure that such measures  
7           continue to meet the conditions applicable  
8           to such measures for such selection; and

9           “(ii) the final quality measures sets  
10          approved under subsection (b)(4)(F) for  
11          each year such set is to be applied to peer  
12          cohorts of fee schedule providers to ensure  
13          that each applicable set continues to meet  
14          the conditions applicable to such sets for  
15          such approval.

16          “(B) INPUT FROM STAKEHOLDERS.—For  
17          purposes of conducting the review under sub-  
18          paragraph (A), the Secretary shall request med-  
19          ical specialty organizations and other relevant  
20          stakeholders to, as needed, identify and submit  
21          to the Secretary updates to quality measures  
22          selected under subsection (b)(4) as well as any  
23          additional quality measures. The Secretary shall  
24          [ ] review submissions under this subpara-  
25          graph.

1           “(C) UPDATES.—Based on the review con-  
2           ducted under **【this paragraph】** for a year, the  
3           Secretary shall as needed—

4                   “(i) select additional, and updates to,  
5                   quality measures under subsection (b) for  
6                   potential inclusion in **【final quality meas-  
7                   ure sets under paragraph (4)(F) of such  
8                   subsection】** in the same manner as the  
9                   Secretary selects such quality measures  
10                  under such subsection; and

11                   “(ii) modify final quality measure sets  
12                   approved under subsection (b)(4)(F) **【in  
13                   the same manner as the Secretary ap-  
14                   proves such sets under such subsection】**.

15           In the case of a modification under clause (ii)  
16           that removes a quality measure from a final  
17           quality measure set, such modification shall not  
18           apply under this subsection unless notification  
19           of such modification is made available to all ap-  
20           plicable fee schedule providers.

21           “(3) COORDINATION WITH EXISTING PRO-  
22           GRAMS.—The Secretary shall, as appropriate, coordi-  
23           nate **【the selection of】** quality measures under sub-  
24           section (b) with existing measures and requirements,  
25           such as the development of the Physician Compare

1 Website under section 1848(m)(5)(G). To the extent  
2 feasible, such measures should align with measures  
3 used under similar incentive programs of other pay-  
4 ers and with measures in use under other provisions  
5 of section 1848. The Secretary shall explore options  
6 for combining performance data from incentive pro-  
7 grams with similar commercial payer data to develop  
8 a more comprehensive picture of fee schedule pro-  
9 vider performance that can be shared with con-  
10 sumers and providers to improve performance.

11 **【“(4) ADOPTION OF ADDITIONAL MEASURES.—**  
12 **【*Is this needed? If so, why?*】** The Secretary shall—  
13 **】**

14 **【“(A) determine whether or not to select**  
15 **additional or updates to quality measures under**  
16 **【paragraph (2)(C)(i)】; and】**

17 **【“(B) make determinations as to the need**  
18 **to approve modifications under paragraph**  
19 **(2)(C)(ii).】**

20 **“(d) ASSESSING PERFORMANCE WITH RESPECT TO**  
21 **FINAL QUALITY MEASURE SETS FOR APPLICABLE PEER**  
22 **COHORTS.—**

23 **“(1) ESTABLISHMENT OF METHODS FOR AS-**  
24 **SESSMENT.—**



1           “(A) IN GENERAL.—The Secretary shall  
2           establish one or more methods, applicable to  
3           each year beginning with **the first year after**  
4           **the period of stability**], to assess the perform-  
5           ance of a fee schedule provider with respect to  
6           each quality measure included within the **final**  
7           **quality measure set approved under subsection**  
8           **(b)(4)(F)** applicable for the performance period  
9           established under paragraph (3) for such year  
10          to the peer cohort in which the provider self-  
11          identified under subsection **(b)(1)**] for such  
12          performance period and compute a composite  
13          quality score for such provider for such per-  
14          formance period. Such methods shall include  
15          methods for collecting fee schedule provider in-  
16          formation in order to make such assessments.

17          “(B) METHODS.—Such methods shall,  
18          with respect to a fee schedule provider—

19                 “(i) **Review:** provide that the per-  
20                 formance of such provider shall be assessed  
21                 for a performance period established under  
22                 paragraph (3) with respect to the **quality**  
23                 **measures within the final quality measure**  
24                 **set for such period for the peer cohort of**

1           such provider and on which information is  
2           collected from such provider】; and

3           “(ii) allow for the collection and utili-  
4           zation of data from registries or electronic  
5           health records.

6           “(C) WEIGHTING OF MEASURES.—Such a  
7           method may provide for the assignment of dif-  
8           ferent scoring weights based on type or cat-  
9           egory of quality measure.

10          “(D) INTEGRATION OF PHYSICIAN QUAL-  
11          ITY PROGRAMS.—In establishing such methods,  
12          the Secretary shall, as appropriate, incorporate  
13          comparable physician quality incentive pro-  
14          grams, such as under subsections (k), (n), and  
15          (p) of section 1848.

16          【“(2) USE OF SPECIALTY REGISTRIES.—For  
17          purposes of this subsection, the Secretary 【may】/  
18          【shall】 use data from qualified clinical data reg-  
19          istries that meet the requirements established under  
20          section 1848(m)(3)(E).】

21          “(3) PERFORMANCE PERIOD.—Not later than  
22          【\_\_\_\_】], the Secretary shall establish a period, with  
23          respect to a year, to assess under this subsection  
24          performance of fee schedule providers with respect  
25          to quality measures.

1           “(e) UPDATE ADJUSTMENT TAKING INTO ACCOUNT  
2 ASSESSMENTS WITH RESPECT TO QUALITY MEAS-  
3 URES.—[\_\_\_\_\_]

4           “(f) TRANSITION FOR NEW FEE SCHEDULE PRO-  
5 VIDERS.—

6           “(1) IN GENERAL.—In the case of a new fee  
7 schedule provider [there shall be\_\_\_\_\_].

8           “(2) NEW FEE SCHEDULE PROVIDER DE-  
9 FINED.—For purposes of this subsection, the term  
10 ‘new fee schedule provider’ means a physician, prac-  
11 titioner, or other supplier that first becomes a fee  
12 schedule provider (and had not previously submitted  
13 claims under this title as a person, as an entity, or  
14 as part of a physician group or under a different  
15 billing number or tax identifier).

16           “(g) FEEDBACK; EDUCATION; RECONSIDERATION.—  
17 [Review relationship with feedback provision under sub-  
18 section (b)(5).] The Secretary shall give fee schedule pro-  
19 viders feedback to assess their progress.

20           “(h) OPT OUT FOR PROVIDERS PAID UNDER ALTER-  
21 NATIVE PAYMENT MODELS.—

22           “(1) IN GENERAL.—Payment for services that  
23 are provided by a fee schedule provider under an ap-  
24 proved Alternative Payment Model shall be made in  
25 accordance with the payment arrangement under

1 such model [instead of in accordance with the up-  
2 date incentive program]. [Beginning with  
3 [20\_\_\_\_], the Secretary shall identify [and publish  
4 in the Federal Register?] such models applicable  
5 under this subsection for such year.]

6 “(2) APPROVED ALTERNATIVE PAYMENT  
7 MODEL; ALTERNATIVE PAYMENT MODEL.—For pur-  
8 poses of this subsection:

9 “(A) APPROVED ALTERNATIVE PAYMENT  
10 MODEL.—The term ‘approved Alternative Pay-  
11 ment Model’ means an Alternative Payment  
12 Model that is developed by the Secretary under  
13 paragraph (3) or proposed by an entity and ap-  
14 proved by the Secretary under paragraph (4).

15 “(B) ALTERNATIVE PAYMENT MODEL.—  
16 The term ‘Alternative Payment Model’ or  
17 ‘APM’ means a mechanism by which payment  
18 under this title is made to a [fee schedule pro-  
19 vider?] for most or all of the items and services  
20 furnished by such provider. Such a mechanism  
21 shall have appropriate protections to assure  
22 that changes in care associated with the appli-  
23 cation of the APM will not reduce the quality  
24 or access to care for individuals enrolled under

1           this part. Such a mechanism may include, but  
2           not be limited to, any of the following:

3                   “(i) Accountable Care Organizations.

4                   “(ii) Medical Homes.

5                   “(iii) Bundled payments.

6                   “(3) DEVELOPMENT BY SECRETARY OF ALTER-  
7           NATIVE PAYMENT MODELS.—The Secretary shall de-  
8           velop **【and annually review and update?】** Alternative  
9           Payment Models to be applied under this subsection.

10                   “(4) APPROVAL OF PROPOSED ALTERNATIVE  
11           PAYMENT MODELS.—The Secretary shall develop a  
12           process by which physicians, medical societies, health  
13           care provider organizations, and other entities may  
14           propose Alternative Payment Models for consider-  
15           ation **【for approval by the Secretary to apply under  
16           this subsection?】**.”.

17           (c) REPORTS ON MODIFIED PFS SYSTEM AND PAY-  
18           MENT SYSTEM ALTERNATIVES.—

19                   (1) BIENNIAL PROGRESS REPORTS BY SEC-  
20           RETARY.—Not later than **【\_\_\_\_\_】**, and every 6  
21           months thereafter, the Secretary of Health and  
22           Human Services shall submit to Congress and post  
23           on the public Internet website of the Centers for  
24           Medicare & Medicaid Services a biannual progress  
25           report on the implementation of the update incentive

1 program under section 1848A of the Social Security  
2 Act, as added by subsection (b)(2). Each such report  
3 shall include an evaluation of such update incentive  
4 program and recommendations with respect to such  
5 program and appropriate update mechanisms.

6 (2) GAO AND MEDPAC REPORTS.—

7 (A) GAO REPORT ON INITIAL STAGES OF  
8 PROGRAM.—Not later than [\_\_\_\_], the Comp-  
9 troller General of the United States shall sub-  
10 mit to Congress a report analyzing the extent  
11 to which such update incentive program under  
12 section 1848A of the Social Security Act, as  
13 added by subsection (b)(2), as of such date, is  
14 successfully satisfying [performance objec-  
15 tives], including with respect to—

16 (i) the process for developing and se-  
17 lecting quality measures and approving  
18 quality measure sets [, including updates  
19 and modifications,] under subsection[s]  
20 (b) [and (c)] of such section 1848A;

21 (ii) the process for assessing perform-  
22 ance against such measures and sets under  
23 subsection (d) of such section; and

24 (iii) the adequacy of the measures and  
25 sets so selected and approved.

1 (B) EVALUATION BY GAO AND MEDPAC ON  
2 IMPLEMENTATION OF PHASE II.—The Comp-  
3 troller General and the Medicare Payment Advi-  
4 sory Commission shall each evaluate the initial  
5 phase of the update incentive program under  
6 such section 1848A and shall submit to Con-  
7 gress, not later than [\_\_\_\_], a report with rec-  
8 ommendations for improving such update incen-  
9 tive program.

10 (3) SECRETARIAL REPORT ON PAYMENT SYS-  
11 TEM ALTERNATIVES.—

12 (A) IN GENERAL.—Not later than [\_\_\_\_],  
13 the Secretary of Health and Human Services  
14 shall submit to Congress a report that analyzes  
15 multiple options for alternative payment models  
16 [under]/[to]/[in lieu of] section 1848 of the  
17 Social Security Act (42 U.S.C. 1395w-4). In  
18 analyzing such models, the Secretary shall ex-  
19 amine at least the following models:

20 (i) Accountable care organization pay-  
21 ment models.

22 (ii) Primary care medical home pay-  
23 ment models.

24 (iii) Bundled or episodic payments for  
25 certain conditions and services.

1 (iv) Gainsharing arrangements.

2 (B) ITEMS TO BE INCLUDED.—Such report  
3 shall include information on how each rec-  
4 ommended new payment model will achieve  
5 maximum flexibility to reward high quality, effi-  
6 cient care.

7 (4) TRACKING EXPENDITURE GROWTH AND AC-  
8 CESS.—Beginning in [\_\_\_\_], the Secretary shall  
9 track expenditure growth and beneficiary access to  
10 physicians' services under section 1848 of the Social  
11 Security Act (42 U.S.C. 1395w-4) and shall post on  
12 the public Internet website of the Centers for Medi-  
13 care & Medicaid Services annual reports on such  
14 topics.