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Committee on Finance
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Grassley, Baucus introduce legislation to overhaul Medicare quality program

WASHINGTON — Sens. Chuck Grassley and Max Baucus today introduced legislation to overhaul a program Congress created 25 years ago to improve the efficiency, effectiveness, economy and quality of services delivered to Medicare beneficiaries. The new legislation – S.1947 – would hold participants in the \$400 million a year Quality Improvement Organization program accountable for providing technical assistance that improves the quality of Medicare services.

“It’s an oxymoron to have a quality improvement program that turns out to be poor quality. It needs a major overhaul,” Grassley said. “This program has evolved to have many different functions. Some of them are at cross purposes, and the QIOs aren’t performing any of the functions well. Both Medicare beneficiaries and taxpayers would be better served by a revamped program that focuses on providing quality-improvement services in a competitive environment and holds QIOs accountable for results and tax dollars spent. Improving the quality of health care services is an important job, and it needs to be done right.”

“Ensuring quality care helps us get more bang for our health care buck,” said Baucus. Medicare pays the Quality Improvement Organizations so doctors and hospitals have a resource to help improve the quality of care they provide, and this bill puts QIOs in a better position to add value to the health care system. By establishing a clear mission and defining specific objectives, this proposal will focus the QIO program on improving the quality of care available to Medicare beneficiaries and all Americans. The Continuing the Advancement of Quality Improvement Act illustrates our commitment to improving quality and moving the health care system forward.”

The senators said the reform initiatives are based on a number of reports, including the findings and recommendations of a study by the Institute of Medicine of the National Academy of Sciences, which was required in the Medicare Prescription Drug, Improvement and Modernization Act of 2003. Grassley and Baucus were the principal Senate authors of the 2003 legislation.

Grassley began investigating QIO expenditures and lack of transparency in 2005. He exposed a QIO that was leasing residential properties and cars for board members and the CEO. QIOs have also paid for frequent conferences and some at lavish resorts. Earlier this month, the Government Accountability Office released a report requested by Grassley about the failure of QIOs to help improve quality deficient nursing home care.

Here is a summary of the Continuing the Advancement of Quality Improvement Act (CAQI Act) of 2007:

The Continuing the Advancement of Quality Improvement Act (CAQI Act) of 2007

Focuses QIOs to a Core Mission

- The CAQI Act would focus the role of QIOs to be technical assistants for quality improvement and performance measurement
- The Secretary would be required to transition other QIO responsibilities including complaint investigations to other entities, called Medicare Provider Review Organizations (MPROs), in a manner that will not harm beneficiaries

Improves the Beneficiary Complaint Review Process

- The CAQI Act would require MPROs to report investigational findings to the complainant and refer the provider to a QIO for technical assistance and/or the appropriate regulatory body for sanctions

Ensures Help Goes to Providers that Need Help the Most

- The CAQI Act would require QIOs to focus on providers that need help the most
- In the event demand exceeds available resources, priority for QIO technical assistance would be given to providers in rural or underserved areas, in financial need, having low performance measures, or having a significant number of beneficiary complaints

Makes Data Available for CMS and Providers

- The CAQI Act would permit sharing QIO data with providers for quality improvement and patient safety purposes and require HHS to make recommendations on how to improve data sharing within HHS and with providers

Promotes Competition

- The CAQI Act would promote competition by allowing other types of organizations to serve as QIOs and eliminate non-competitive renewals

Ensures Good Governance and Addresses Conflicts of Interest

- The CAQI Act would enhance board governance requirements and would require CMS to establish mechanisms to address conflicts of interest

Ensures Accountability

- The CAQI Act would require the Secretary to perform interim and final evaluations of the effectiveness not only at the individual QIO level, but at the QIO program as a whole
- In order to ensure across-the-board comparisons of QIO performance, QIOs would be evaluated on consistent measures that are based on nationwide priorities for quality improvement
- High performing QIOs would receive financial rewards while low performing QIOs would receive financial penalties
- The Secretary would be required to submit a more detailed annual report to Congress

detailing performance of QIOs and MPROs and how taxpayer dollars are spent

Floor Statement of U.S. Sen. Chuck Grassley of Iowa
Ranking Member of the Committee on Finance
Introduction of the Continuing the Advancement of Quality Improvement Act
Thursday, August 2, 2007

Mr. President, I am pleased to join my good friend and colleague Senator Baucus to introduce the Continuing the Advancement of Quality Improvement Act.

The purpose of this legislation is to reform Medicare's troubled Quality Improvement Organization (QIO) program. QIOs and their predecessor organizations have long been responsible for ensuring that the care Medicare beneficiaries receive is medically necessary, meets recognized standards and is provided in appropriate settings. They are currently tasked with a wide variety of important roles ranging from investigating beneficiary complaints of poor quality care to giving technical assistance to Medicare providers for improving health care quality.

Mr. President, I have been an advocate of reforming the QIO program for quite some time. About two years ago, I initiated an investigation into a number of the QIOs. Those investigations revealed a program that is in desperate need of reform. This program was running with little or no oversight, and it was expending more than one billion dollars every three years with little measurable results. In other words, I found trouble. Let me elaborate on a few disturbing things that I discovered. I found that one QIO leased residential properties for board members and a CEO. That same QIO also used federal funds to lease automobiles for its top executives. I also found other QIOs who had board members and staff attend conferences, many at lavish resorts..

I was not the only one to identify serious concerns with the QIOs. Others identified concerns too. Specifically, the Institute of Medicine (IOM), the General Accountability Office (GAO) and the Department of Health and Human Services (HHS) Office of the Inspector General (OIG) all identified numerous concerns about the effectiveness of this program. These independent organizations also voiced their concerns with the manner in which it is operated and have made recommendations for major reform. Their findings clearly show the need to hold the Centers for Medicare and Medicaid Services (CMS) and the organizations that serve as QIOs accountable for the important tasks they must perform.

The Continuing the Advancement of Quality Improvement Act will ensure that the QIO program is not only effective in improving the quality of care provided to our Medicare beneficiaries, but also that it operates in an effective, efficient and accountable manner. Much of this legislation is based on the investigations that I conducted and the troubling findings that I came across and on the work of the IOM, the GAO and the HHS OIG.

First, the Continuing the Advancement of Quality Improvement Act would focus the mission of the QIO program on quality improvement. QIOs currently have many diverse

responsibilities. As a result, they served conflicting roles of both "regulator" and "technical assistant." This conflict poses significant barriers to QIOs effectively serving either role, and we have come to learn that they really don't perform either function particularly well.

The legislation would also address this conflict by following the IOM's recommendation to make the sole purpose of QIOs to be technical assistants for quality improvement and performance measurement. The HHS Secretary would be required to transfer all other QIO responsibilities to other entities, called Medicare Provider Review Organizations (MPROs), in a manner that will support the needs of beneficiaries and be accountable to them.

Second, the legislation would improve the beneficiary complaint review process that I think is in desperate need of reform. You may recall that in 2006 we read about the plight of Mr. Schiff. Mr. Schiff went to a QIO and filed a complaint about the care provided to his wife, who died. The QIO in that case was unresponsive to Mr. Schiff. He was forced to take legal action to learn what the QIO found out about his wife's death. He should not have had to do that. After all, he was the one who filed the complaint with the QIO in the first place because he thought that someone did something wrong that led to his wife's death. It was at that juncture that I learned that the beneficiary complaint review process was too opaque and ineffective. More importantly, beneficiaries were not being properly served. In fact I came to learn that complainants often do not receive the findings of the investigation conducted by the QIO. Now I ask; what sense does that make?

The Continuing the Advancement of Quality Improvement Act would require MPROs to report the investigational findings to the complainant and refer the provider to a QIO for technical assistance and/or the appropriate regulatory body for sanctions. In other words, this part of the bill would bring transparency to a process now shrouded in a cloud of silence.

Third, the Continuing the Advancement of Quality Improvement Act would ensure that limited resources go to providers that need them the most. The GAO recently found that QIOs prioritized their assistance to providers who would be easiest to help rather than the providers who were most in need of help. In other words the QIOs decided it was easier to take a B plus student and make them into an A student rather than putting their resources into the D student to bring them up to par. I guess that way they thought that they would look better and more successful. But if you ask me; that is not the best way to spend limited taxpayer resources. Now, this bill will insure that if demand for technical assistance exceeds available resources, the QIOs would give priority to providers that are in rural or underserved areas, in financial need, have low performance measures or have a significant number of beneficiary complaints. In other words the help is going to go to those who need it most.

Fourth, the Continuing the Advancement of Quality Improvement Act would make QIO data more available to CMS and providers for quality improvement and patient safety purposes. Amazingly enough, QIOs are currently restricted from sharing such data despite the obvious value of this data for improving health care quality. This legislation would permit the sharing of QIO data with providers for quality improvement and patient safety purposes and require CMS to make recommendations on how to improve the data sharing process.

Fifth, the Continuing the Advancement of Quality Improvement Act would promote competition in the QIO program. This is a giant leap forward. These organizations are currently not subject to significant competition because of limitations on who can be a QIO and the availability of non-competitive contract renewals. This lack of competition has led to a gross lack of accountability and stagnation in the QIO program. This legislation would promote competition by allowing other types of organizations to serve as QIOs and eliminate non-competitive renewals.

Sixth, the Continuing the Advancement of Quality Improvement Act would enhance governance at the QIOs. During the course of my investigations I identified repeated failures in governance. I exposed board members who were more interested in helping themselves than helping others.

This bill will also address board member conflicts of interest. My investigations identified numerous incidents of questionable QIO governance practices and board member conflicts of interest. Since the QIO program receives over \$400 million in taxpayer funding every year, it is reasonable for us to expect not only that QIOs are governed in an ethical manner free of conflicts of interest, but also that CMS appropriately oversees the program. This legislation would require QIOs to comply with board governance requirements and would require CMS to establish procedures to address conflicts of interest and follow those procedures.

Finally, the Continuing the Advancement of Quality Improvement Act would increase much needed accountability in the QIO program. The IOM, the GAO and the HHS OIG have all questioned the effectiveness of the QIO program. This legislation would require the Secretary to perform interim and final evaluations of program effectiveness not only at the individual QIO level, but at the overall QIO program level as a whole. Also, high performing QIOs would receive financial rewards while low performing QIOs would receive financial penalties. Finally, the Secretary would be required to submit a more detailed annual report showing performance results of QIOs and MPROs and details on how taxpayer dollars are spent.

Mr. President, we have been placing more emphasis on the quality of care that our Medicare beneficiaries receive from providers. You see this as we require more transparency in the Medicare program with the public reporting of provider quality measures. You also see this as we transform Medicare from being a passive payer of services of any quality to a value-based purchaser. These are important reforms that will help improve the quality of care provided in the Medicare program and work toward ensuring that limited resources are used more efficiently and wisely.

As we move toward a payment system based on quality, the reforms in this bill will position the QIO program to support that transformation in Medicare to a quality-based purchaser by making the tools and assistance available to help Medicare providers improve the quality of the care they provide. The Continuing the Advancement of Quality Improvement Act would ensure the QIO program's ability to provide this assistance in an effective, efficient and accountable manner and correct the problems currently plaguing the program.

I thank the Chair and yield the floor.

Floor Statement of U.S. Sen. Max Baucus of Montana
Chairman of the Committee on Finance
Introduction of the Continuing the Advancement of Quality Improvement Act
Thursday, August 2, 2007

Mr. President, today I am pleased to join Senator Grassley in introducing the Continuing the Advancement of Quality Improvement Act of 2007.

This bill represents another step in our commitment to improving the quality of care provided for Medicare beneficiaries and all Americans.

The Medicare program funds Quality Improvement Organizations, known as QIOs, in part to work with health care providers to help them improve the quality of care they provide.

QIOs have played an evolving role in Medicare. Recently, the QIO program has received a great deal of attention. Not only did Senator Grassley and I have the Senate Finance Committee look into aspects of QIO operations, but the Institute of Medicine, the Government Accountability Office, and the Health and Human Services' Inspector General have all opined about QIOs as well. It seems there is a consensus that the QIO program could be doing more to help improve the quality of care.

That is not to say that QIOs have not been doing good work and providing valuable services up until now. Quite the opposite. However, over the course of time, QIOs have been tasked with a number of responsibilities and the program's mission has become blurred.

What Senator Grassley and I found, as well as the IOM, the GAO and the HHS OIG, is that the QIO program needs a sharper focus. Its mission to improve quality must be clear and unambiguous. Therefore, the Continuing the Advancement of Quality Improvement, or CAQI, Act would focus QIOs on providing technical assistance for quality improvement and performance measurement.

The bill would separate the beneficiary complaint process from QIOs and give this responsibility to Medicare Provider Review Organizations, which will be required to report to the complainant and refer the provider to a QIO for technical assistance and/or the appropriate regulatory body for sanctions. This will make the complaint review process stronger.

The CAQI Act would ensure that QIOs devote their attention to the health care providers that need help the most. It would also permit sharing QIO data with providers for quality improvement and patient safety purposes.

The Finance Committee investigation of the QIO program led Senator Grassley and I to include certain provisions we believe will enhance the integrity of the program. So, the CAQI Act would promote competition by allowing other types of organizations to serve as QIOs and eliminating non-competitive renewals.

To ensure “corporate” integrity, the CAQI Act would establish requirements for governance and boards of directors at the QIOs, as well as requiring CMS to establish ways to avoid conflicts of interest.

The CAQI Act aims to ensure greater accountability for individual QIOs, and the QIO program as a whole. It would require the Secretary to perform evaluations of the effectiveness of each QIO and the whole program. QIOs would be evaluated on consistent measures that are based on nationwide priorities for quality improvement. The Secretary would be required to report to Congress annually on QIO performance, including how program funds were spent.

The QIO program is an asset to the Medicare program and the health care system in general. We have an opportunity to improve its effectiveness. We can make it a more useful tool as we continue advancing toward quality improvement. We have a duty to make the Medicare program as strong and robust as it can be. The Continuing the Advancement of Quality Improvement Act presents an opportunity to do just that. Senator Grassley and I urge our Colleagues to support it.