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## Congress of the United States House of Representatives

COMMITTEE ON WAYS AND MEANS  
SUBCOMMITTEE ON HEALTH  
SUBCOMMITTEE ON HUMAN RESOURCES

COMMITTEE ON THE BUDGET

REPUBLICAN POLICY COMMITTEE  
CHAIRMAN

DEPUTY WHIP

November 16, 2012

Secretary Kathleen Sebelius  
U.S. Department of Health and Human Services  
200 Independence Avenue S.W.  
Washington D.C. 20201

Dear Madam Secretary:

We are writing to express our concerns about the implementation of Medicare Quality Improvement Organization ("QIO") program provisions that were included in the Trade Adjustment Assistance reauthorization bill (Section 261 of H.R. 2832, or "the trade bill"). We are aware that the U.S. Department of Health and Human Services ("the Department") is moving forward with implementing H.R. 2832 and with plans for the 11<sup>th</sup> Statement of Work for the QIO program, and we wish to encourage you to apply your discretion in implementation to address key concerns we have regarding the QIO program changes.

As you may know, we are co-sponsors of the Quality Improvement Organization Program Restoration Act (H.R. 5942), which would repeal the QIO provisions in H.R. 2832 and allow for full consideration of QIO program changes by the committees of jurisdiction – an opportunity that was not afforded when H.R. 2832 passed. Our legislation would ensure that the QIO retain its current state-based structure, which has delivered proven results.

Although we will continue to pursue passage of H.R. 5942 to roll back the QIO provisions in H.R. 2832, we understand that the Department is required by law to move ahead with some aspects of implementation. As you do, we urge you to proceed cautiously and to consider our main concerns:

- 1) ***Maintaining the state-based scope of QIO contracts.*** The trade bill permits QIOs to be regionalized or even nationalized, which would harm the long-standing relationships of state-based QIOs with local provider communities. This structure is critical to the National Quality Strategy and major initiatives to improve quality of care (such as the national campaigns to reduce readmissions and hospital-acquired infections). Currently, providers across the nation are required to be involved in many quality improvement activities and often turn to the QIOs to help understand their responsibilities. We are concerned that disrupting the state-based nature of the QIO program not only would harm QIO program efforts, but also may impact the success of broader initiatives to improve healthcare for all Americans. Providers have come to know and trust QIOs in their states, and the QIOs serve as resources on many health care quality-related issues. Moreover, health care challenges and circumstances are different in each state, and overcoming these challenges requires a locally-focused approach. The current state-based nature of the QIO program is ideally suited to address that reality. With health care quality receiving more attention, now is not the time to upend a structure that has worked well for many years.
- 2) ***Maintaining integrated QIO functions within one state-based organization.*** The trade bill permits a QIO's discrete functions (e.g., hospital and nursing home technical assistance, investigation of beneficiary complaints) to be broken up among different organizations instead of integrating the

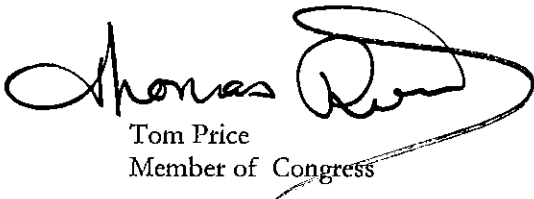
functions within the one state-based QIO. Improving quality requires a comprehensive and integrated approach – not a fragmented one – and this is best carried out by a single, locally focused organization. Therefore, we do not believe that HHS should permit the QIO functions to be parceled out especially in light of the proven structure of the current program.

- 3) ***Involving local physicians in peer review in their states.*** Although the legislative changes allow HHS discretion in establishing requirements for peer review processes, we strongly urge the continued involvement of local physicians in the peer review process, consistent with past practice and endorsed by the American Medical Association. Peer review clearly means assessments by similarly situated professionals with full experience in the care delivery circumstance in that state. We are concerned that changes to the current structure, under which peer review is conducted by local physicians, would unnecessarily disrupt a system that works well now.
  
- 4) ***Maintaining the independence of the QIO program.*** The trade bill gives HHS the authority to determine appropriate eligibility requirements for organizations to serve as QIOs. Currently, QIOs are independent agents for positive change in their communities and must meet strict requirements regarding governance structure, avoiding conflict of interest, and maintaining independence from providers. These requirements ensure that QIOs are fair and unbiased in their quality improvement work, which is especially important as we move toward paying providers based on quality of care. It is important to maintain high standards of independence for organizations offering improvement assistance to providers. In order to maintain this high level of independence, the requirements that QIOs currently must meet should apply to all organizations that HHS allows to serve as QIOs in the future.

As you begin preparation for the 11<sup>th</sup> Scope of Work for the QIO program (scheduled to begin in August 2014), we urge you to keep in mind that the trade bill gives discretion to the Secretary with whether or not to abandon the state-based scope of QIO contracts or to parcel out the functions of each QIO to a number of different contractors. For the reasons we outlined above, we believe it would be detrimental to the QIO program if such changes were to be made in the 11<sup>th</sup> Scope of Work, or at any time in the future.

We will monitor implementation of the QIO provisions closely, and we hope that you will give serious consideration to our concerns.

Sincerely,

  
Tom Price  
Member of Congress

  
Ron Kind  
Member of Congress