

103^D CONGRESS
2^D SESSION

H. R. 4555

To provide assistance for the establishment of community rural health networks in chronically underserved areas, to provide incentives for providers of health care services to furnish services in such areas, to assist providers of emergency medical services in such areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 1994

Mr. STENHOLM (for himself, Mr. ROBERTS, Mr. SLATTERY, Mr. GUNDERSON, Mr. CLINGER, Mr. COOPER, Mr. EMERSON, Mr. LAUGHLIN, Ms. LONG, Mr. NUSSLE, Mr. OBERSTAR, Mr. PAYNE of Virginia, Mr. POSHARD, Mr. ROWLAND, Mr. THOMAS of Wyoming) introduced the following bill; which was referred jointly to the Committees on Energy and Commerce, Ways and Means, Foreign Affairs and the Judiciary

A BILL

To provide assistance for the establishment of community rural health networks in chronically underserved areas, to provide incentives for providers of health care services to furnish services in such areas, to assist providers of emergency medical services in such areas, 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Rural Health Delivery System Development Act of
4 1994”.

5 (b) TABLE OF CONTENTS.—The table of contents of
6 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—GRANTS TO ENCOURAGE ESTABLISHMENT OF
COMMUNITY RURAL HEALTH NETWORKS

Sec. 101. Assistance for implementation of access plans for chronically under-
served areas.

Sec. 102. Technical assistance grants for networks.

Sec. 103. Development grants for networks.

Sec. 104. Definitions.

TITLE II—INCENTIVES FOR HEALTH PROFESSIONALS TO
PRACTICE IN RURAL AREAS

Subtitle A—National Health Service Corps Program

Sec. 201. National health service corps loan repayments excluded from gross in-
come.

Sec. 202. Modification in criteria for designation as health professional short-
age area.

Sec. 203. Other provisions regarding national health service corps.

Subtitle B—Incentives Under Other Programs

Sec. 211. Extension of additional payment under medicare for physicians’ serv-
ices furnished in former shortage areas.

Sec. 212. Refinement of geographic adjustment factor for medicare physicians’
services.

Sec. 213. Extension of student loan deferments.

Sec. 214. Development of model State scope of practice law.

TITLE III—ASSISTANCE FOR INSTITUTIONAL PROVIDERS

Subtitle A—Community and Migrant Health Centers

Sec. 301. Community and migrant health centers.

Subtitle B—Emergency Medical Systems

Sec. 311. Emergency medical services.

Sec. 312. Grants to states regarding aircraft for transporting rural victims of
medical emergencies.

Subtitle C—Assistance to Rural Providers Under Medicare

PART 1—MEDICARE ESSENTIAL ACCESS COMMUNITY HOSPITALS

Sec. 321. Amendments to essential access community hospital (EACH) program under medicare.

PART 2—ESTABLISHMENT OF RURAL EMERGENCY ACCESS CARE HOSPITALS

Sec. 331. Rural emergency access care hospitals described.
Sec. 332. Coverage of and payment for services.
Sec. 333. Effective date.

Subtitle D—Demonstration Projects to Encourage Primary Care and Rural-Based Graduate Medical Education

Sec. 341. State and consortium demonstration projects.
Sec. 342. Goals for projects.
Sec. 343. Definitions.

TITLE IV—UNITED STATES-MEXICO BORDER HEALTH COMMISSION

Sec. 401. Agreement to establish binational commission.
Sec. 402. Duties.
Sec. 403. Other authorized functions.
Sec. 404. Membership.
Sec. 405. Regional offices.
Sec. 406. Reports.
Sec. 407. Definitions.

TITLE V—HOSPITAL ANTITRUST FAIRNESS

Sec. 501. Antitrust exemption.
Sec. 502. Requirements.
Sec. 503. Definition.

TITLE VI—FINANCING

Sec. 601. Increase in medicare part B premium for individuals with high income.

1 **TITLE I—GRANTS TO ENCOUR-**
2 **AGE ESTABLISHMENT OF**
3 **COMMUNITY RURAL HEALTH**
4 **NETWORKS**

5 **SEC. 101. ASSISTANCE FOR DEVELOPMENT OF ACCESS**
6 **PLANS FOR CHRONICALLY UNDERSERVED**
7 **AREAS.**

8 (a) AVAILABILITY OF FINANCIAL ASSISTANCE TO IM-
9 PLEMENT ACTION PLANS TO INCREASE ACCESS.—

10 (1) IN GENERAL.—The Secretary shall provide
11 grants (in amounts determined in accordance with
12 paragraph (3)) over a 3-year period to an eligible
13 State for the development of plans to increase access
14 to health care services during such period for resi-
15 dents of areas in the State that are designated as
16 chronically underserved areas in accordance with
17 subsection (b).

18 (2) ELIGIBILITY REQUIREMENTS.—A State is
19 eligible to receive grants under this section if the
20 State submits to the Secretary (at such time and in
21 such form as the Secretary may require) assurances
22 that the State has developed (or is in the process of
23 developing) a plan to increase the access of residents
24 of a chronically underserved area to health care serv-
25 ices that meets the requirements of subsection (c),

1 together with such other information and assurances
2 as the Secretary may require.

3 (3) AMOUNT OF ASSISTANCE.—

4 (A) IN GENERAL.—Subject to subpara-
5 graph (B), the amount of assistance provided to
6 a State under this subsection with respect to
7 any plan during a 3-year period shall be equal
8 to—

9 (i) for the first year of the period, an
10 amount equal to 100% of the amounts ex-
11 pended by the State during the year to im-
12 plement the plan described in paragraph
13 (1) (as reported to the Secretary in accord-
14 ance with such requirements as the Sec-
15 retary may impose);

16 (ii) for the second year of the period,
17 an amount equal to 50% of the amounts
18 expended by the State during the year to
19 implement the plan; and

20 (iii) for the third year of the period,
21 an amount equal to 33% of the amounts
22 expended by the State during the year to
23 implement the plan.

24 (B) AGGREGATE PER PLAN LIMIT.—The
25 amount of assistance provided to a State under

1 this subsection with respect to any plan may
2 not exceed \$100,000 during any year of the 3-
3 year period for which the State receives assist-
4 ance.

5 (b) DESIGNATION OF AREAS.—

6 (1) DESIGNATION BY GOVERNOR.—In accord-
7 ance with the guidelines developed under paragraph
8 (2), the Governor of a State may designate an area
9 in the State as a chronically underserved area for
10 purposes of this section upon the request of a local
11 official of the area or upon the Governor’s initiative.

12 (2) GUIDELINES FOR DESIGNATION.—

13 (A) DEVELOPMENT BY SECRETARY.—Not
14 later than 1 year after the date of the enact-
15 ment of this Act, the Secretary shall develop
16 guidelines for the designation of areas as chron-
17 ically underserved areas under this section.

18 (B) FACTORS CONSIDERED IN DEVELOP-
19 MENT OF GUIDELINES.—In developing guide-
20 lines under paragraph (1), the Secretary shall
21 consider the following factors:

22 (i) Whether the area (or a significant
23 portion of the area)—

24 (I) is designated as a health pro-
25 fessional shortage area (under section

1 332(a) of the Public Health Service
2 Act), or meets the criteria for des-
3 ignation as such an area; or

4 (II) was previously designated as
5 such an area or previously met such
6 criteria for an extended period prior
7 to the designation of the area under
8 this section (in accordance with cri-
9 teria established by the Secretary).

10 (ii) The availability and adequacy of
11 health care providers and facilities for resi-
12 dents of the area.

13 (iii) The extent to which the availabil-
14 ity of assistance under other Federal and
15 State programs has failed to alleviate the
16 lack of access to health care services for
17 residents of the area.

18 (iv) The percentage of residents of the
19 area whose income is at or below the pov-
20 erty level.

21 (v) The percentage of residents of the
22 area who are age 65 or older.

23 (vi) The existence of cultural or geo-
24 graphic barriers to access to health care

1 services in the area, including weather con-
2 ditions.

3 (3) REVIEW BY SECRETARY.—No designation
4 under paragraph (1) shall take effect under this sec-
5 tion unless the Secretary—

6 (A) has been notified of the proposed des-
7 ignation; and

8 (B) has not, within 60 days after the date
9 of receipt of the notice, disapproved the des-
10 ignation.

11 (4) PERIOD OF DESIGNATION.—A designation
12 under this section shall be effective during a period
13 specified by the Governor of not longer than 3 years.
14 The Governor may extend the designation for addi-
15 tional 3-year periods, except that a State may not
16 receive assistance under subsection (a)(3) for
17 amounts expended during any such additional peri-
18 ods.

19 (c) REQUIREMENTS FOR STATE ACCESS PLANS.—A
20 State plan to increase the access of residents of chronically
21 underserved areas to health care services meets the re-
22 quirements of this section if the Secretary finds that the
23 plan was developed with the participation of health care
24 providers and facilities and residents of the area that is

1 the subject of the plan, together with such other require-
2 ments as the Secretary may impose.

3 (d) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated for assistance under this
5 section \$10,000,000 for each of the first 3 fiscal years
6 beginning after the date on which the Secretary develops
7 guidelines for the designation of areas as chronically un-
8 derserved areas under subsection (b)(2).

9 **SEC. 102. TECHNICAL ASSISTANCE GRANTS FOR NET-**
10 **WORKS.**

11 (a) IN GENERAL.—The Secretary shall make funds
12 available under this section to provide technical assistance
13 (including information regarding eligibility for other Fed-
14 eral programs) and advice for entities described in sub-
15 section (b) seeking to establish or enhance a community
16 rural health network in an underserved rural area.

17 (b) ENTITIES ELIGIBLE TO RECEIVE FUNDS.—The
18 following entities are eligible to receive funds for technical
19 assistance under this section:

20 (1) An entity receiving a grant under section
21 103.

22 (2) A State or unit of local government.

23 (3) An entity providing health care services (in-
24 cluding health professional education services) in the
25 area involved.

1 (c) USE OF FUNDS.—

2 (1) IN GENERAL.—Funds made available under
3 this section may be used—

4 (A) for planning a community health net-
5 work and the submission of the plan for the
6 network to the Secretary under section 103(c)
7 (subject to the limitation described in para-
8 graph (2));

9 (B) to provide assistance in conducting
10 community-based needs and prioritization, iden-
11 tifying existing regional health resources, and
12 developing networks, utilizing existing local pro-
13 viders and facilities where appropriate;

14 (C) to provide advice on obtaining the
15 proper balance of primary and secondary facili-
16 ties for the population served by the network;

17 (D) to provide assistance in coordinating
18 arrangements for tertiary care;

19 (E) to provide assistance in recruitment
20 and retention of health care professionals;

21 (F) to provide assistance in coordinating
22 the delivery of emergency services with the pro-
23 vision of other health care services in the area
24 served by the network;

1 (G) to provide assistance in coordinating
2 arrangements for mental health and substance
3 abuse treatment services; and

4 (H) to provide information regarding the
5 area or proposed network's eligibility for Fed-
6 eral and State assistance for health care-related
7 activities, together with information on funds
8 available through private sources.

9 (2) LIMITATION ON AMOUNT AVAILABLE FOR
10 DEVELOPMENT OF NETWORK.—The amount of fi-
11 nancial assistance available for activities described in
12 paragraph (1) may not exceed \$50,000 and may not
13 be available for a period of time exceeding 1 year.

14 (d) USE OF RURAL HEALTH OFFICES.—In carrying
15 out this section with respect to entities in rural areas, the
16 Secretary shall make funds available through—

17 (1) not more than 10 regional centers acting as
18 clearinghouses for the distribution of such funds;

19 (2) State Offices of Rural Health,
20 or any combination of such centers and Offices.

21 (e) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated \$10,000,000 for each
23 of fiscal years 1995 through 1999 to carry out this sec-
24 tion. Amounts appropriated under this section shall be
25 available until expended.

1 **SEC. 103. DEVELOPMENT GRANTS FOR NETWORKS.**

2 (a) IN GENERAL.—The Secretary shall provide finan-
3 cial assistance to eligible entities in order to provide for
4 the development and implementation of community rural
5 health networks.

6 (b) ELIGIBLE ENTITIES.—

7 (1) IN GENERAL.—An entity is eligible to re-
8 ceive financial assistance under this section only if
9 the entity—

10 (A) is (i) based in a rural area or (ii) is
11 described in paragraph (2), (3), or (4) of sec-
12 tion 102(b),

13 (B) is undertaking to develop and imple-
14 ment a community rural health network in an
15 underserved rural area (or underserved rural
16 areas) with the active participation of at least
17 3 health care providers or facilities in the area,
18 and

19 (C) has consulted with the local govern-
20 ments of the area to be served by the network
21 and with individuals who reside in the area.

22 (2) COORDINATION WITH PROVIDERS OUTSIDE
23 OF AREA PERMITTED.—Nothing in this section shall
24 be construed as preventing an entity that coordi-
25 nates the delivery of services in an underserved rural
26 area with an entity outside the area from qualifying

1 for financial assistance under this section, or as pre-
2 venting an entity consisting of a consortia of mem-
3 bers located in adjoining States from qualifying for
4 such assistance.

5 (3) PERMITTING ENTITIES NOT RECEIVING
6 FUNDING FOR DEVELOPMENT OF PLAN TO RECEIVE
7 FUNDING FOR IMPLEMENTATION.—An entity that is
8 eligible to receive financial assistance under this sec-
9 tion may receive assistance to carry out activities de-
10 scribed in subsection (c)(1)(B) notwithstanding that
11 the entity does not receive assistance to carry out
12 activities described in subsection (c)(1)(A).

13 (c) USE OF FUNDS.—

14 (1) IN GENERAL.—Financial assistance made
15 available to eligible entities under this section may
16 be used only—

17 (A) for the development of a community
18 health network and the submission of the plan
19 for the network to the Secretary; and

20 (B) after the Secretary approves the plan
21 for the network, for activities to implement the
22 network, including (but not limited to)—

23 (i) establishing information systems,
24 including telecommunications,

25 (ii) recruiting health care providers,

1 (iii) providing services to enable indi-
2 viduals to have access to health care serv-
3 ices, including transportation and language
4 interpretation services (including interpre-
5 tation services for the hearing-impaired),
6 and

7 (iv) establishing and operating a com-
8 munity health advisor program described
9 in paragraph (2).

10 (2) COMMUNITY HEALTH ADVISOR PROGRAM.—

11 (A) PROGRAM DESCRIBED.—In paragraph
12 (1), a “community health advisor program” is
13 a program under which community health advi-
14 sors carry out the following activities:

15 (i) Collaborating efforts with health
16 care providers and related entities to facili-
17 tate the provision of health services and
18 health-related social services.

19 (ii) Providing public education on
20 health promotion and disease prevention
21 and efforts to facilitate the use of available
22 health services and health-related social
23 services.

24 (iii) Providing health-related counsel-
25 ing.

1 (iv) Making referrals for available
2 health services and health-related social
3 services.

4 (v) Improving the ability of individ-
5 uals to use health services and health-relat-
6 ed social services under Federal, State,
7 and local programs through assisting indi-
8 viduals in establishing eligibility under the
9 programs.

10 (vi) Providing outreach services to in-
11 form the community of the availability of
12 the services provided under the program.

13 (B) COMMUNITY HEALTH ADVISOR DE-
14 FINED.—In subparagraph (A), the term “com-
15 munity health advisor” means, with respect to
16 a community health advisor program, an indi-
17 vidual—

18 (i) who has demonstrated the capacity
19 to carry out one or more of the activities
20 carried out under the program; and

21 (ii) who, for not less than one year,
22 has been a resident of the community in
23 which the program is to be operated.

1 (3) LIMITATIONS ON ACTIVITIES FUNDED.—Fi-
2 nancial assistance made available under this section
3 may not be used for any of the following:

4 (A) For a telecommunications system un-
5 less such system is coordinated with, and does
6 not duplicate, a system existing in the area.

7 (B) For construction or remodeling of
8 health care facilities.

9 (4) LIMITATION ON AMOUNT AVAILABLE FOR
10 DEVELOPMENT OF NETWORK.—The amount of fi-
11 nancial assistance available for activities described in
12 paragraph (1)(A) may not exceed \$50,000 and may
13 not be made available for a period of time exceeding
14 1 year.

15 (d) APPLICATION.—

16 (1) IN GENERAL.—No financial assistance shall
17 be provided under this section to an entity unless
18 the entity has submitted to the Secretary, in a time
19 and manner specified by the Secretary, and had ap-
20 proved by the Secretary an application.

21 (2) INFORMATION TO BE INCLUDED.—Each
22 such application shall include—

23 (A) a description of the community rural
24 health network, including service area and ca-
25 pacity, and

1 (B) a description of how the proposed net-
2 work will utilize existing health care facilities in
3 a manner that avoids unnecessary duplication.

4 (e) AUTHORIZATION OF APPROPRIATIONS.—

5 (1) IN GENERAL.—There are authorized to be
6 appropriated \$100,000,000 for each of fiscal years
7 1995 through 1999 to carry out this section.
8 Amounts appropriated under this section shall be
9 available until expended.

10 (2) INTEGRATION OF OTHER AUTHORIZA-
11 TIONS.—In order to provide for the authorization of
12 appropriations under paragraph (1), notwithstanding
13 any other provision of law, no funds are authorized
14 to be appropriated to carry out the following pro-
15 grams in fiscal years after fiscal year 1994:

16 (A) The rural health transition grant pro-
17 gram (under section 4005(e) of the Omnibus
18 Budget Reconciliation Act of 1987).

19 (B) The rural health outreach program
20 (for which appropriations were annually pro-
21 vided under the Departments of Labor, Health
22 and Human Services, and Education, and Re-
23 lated Agencies Appropriation Acts).

24 (3) ANNUAL LIMIT ON ASSISTANCE TO GRANT-
25 EE.—The amount of financial assistance provided to

1 an entity under this section during a year may not
2 exceed \$250,000.

3 **SEC. 104. DEFINITIONS.**

4 For purposes of this title:

5 (1) COMMUNITY RURAL HEALTH NETWORK.—

6 The term “community rural health network” means
7 a formal cooperative arrangement between partici-
8 pating hospitals, physicians, and other health care
9 providers which—

10 (A) is located in an underserved rural
11 area;

12 (B) furnishes health care services to indi-
13 viduals residing in the area; and

14 (C) is governed by a board of directors se-
15 lected by participating health care providers
16 and residents of the area.

17 (2) RURAL AREA.—The term “rural area” has
18 the meaning given such term in section
19 1886(d)(2)(D) of the Social Security Act.

20 (3) SECRETARY.—The term “Secretary” means
21 the Secretary of Health and Human Services.

22 (4) STATE.—The term “State” means each of
23 the several States, the District of Columbia, Puerto
24 Rico, the Virgin Islands, Guam, the Northern Mari-
25 ana Islands, and American Samoa.

1 (5) UNDERSERVED RURAL AREA.—The term
2 “underserved rural area” means a rural area des-
3 ignated—

4 (A) as a health professional shortage area
5 under section 332(a) of the Public Health Serv-
6 ice Act; or

7 (B) as a chronically underserved area
8 under section 101.

9 **TITLE II—INCENTIVES FOR**
10 **HEALTH PROFESSIONALS TO**
11 **PRACTICE IN RURAL AREAS**
12 **Subtitle A—National Health**
13 **Service Corps Program**

14 **SEC. 201. NATIONAL HEALTH SERVICE CORPS LOAN REPAY-**
15 **MENTS EXCLUDED FROM GROSS INCOME.**

16 (a) IN GENERAL.—Part III of subchapter B of chap-
17 ter 1 of the Internal Revenue Code of 1986 (relating to
18 items specifically excluded from gross income) is amended
19 by redesignating section 137 as section 138 and by insert-
20 ing after section 136 the following new section:

21 **“SEC. 137. NATIONAL HEALTH SERVICE CORPS LOAN RE-**
22 **PAYMENTS.**

23 “(a) GENERAL RULE.—Gross income shall not in-
24 clude any qualified loan repayment.

1 “(b) QUALIFIED LOAN REPAYMENT.—For purposes
2 of this section, the term ‘qualified loan repayment’ means
3 any payment made on behalf of the taxpayer by the Na-
4 tional Health Service Corps Loan Repayment Program
5 under section 338B(g) of the Public Health Service Act.”.

6 (b) CONFORMING AMENDMENT.—Paragraph (3) of
7 section 338B(g) of the Public Health Service Act is
8 amended by striking “Federal, State, or local” and insert-
9 ing “State or local”.

10 (c) CLERICAL AMENDMENT.—The table of sections
11 for part III of subchapter B of chapter 1 of the Internal
12 Revenue Code of 1986 is amended by striking the item
13 relating to section 137 and inserting the following:

“Sec. 137. National Health Service Corps loan repayments.
“Sec. 138. Cross references to other Acts.”.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to payments made under section
16 338B(g) of the Public Health Service Act after the date
17 of the enactment of this Act.

18 **SEC. 202. MODIFICATION IN CRITERIA FOR DESIGNATION**
19 **AS HEALTH PROFESSIONAL SHORTAGE AREA.**

20 (a) CONSIDERATIONS REGARDING MEDICARE AND
21 MEDICAID PROGRAMS AS MEANS OF PAYMENT.—Section
22 332(b) of the Public Health Service Act (42 U.S.C.
23 254e(b)) is amended by adding at the end the following
24 paragraph:

1 “(4) With respect to determining the need for
2 health services through the indicators of need under
3 paragraphs (1) and (2), consideration of the follow-
4 ing:

5 “(A) The number of individuals in the pop-
6 ulation involved whose means of payment for
7 health services is the program under title XVIII
8 of the Social Security Act.

9 “(B) The number of individuals in the
10 population whose means of payment for health
11 services is the program under title XIX of such
12 Act.

13 “(C) The number of individuals in the pop-
14 ulation who are uninsured with respect to
15 health policies or plans.

16 “(D) The percentage of the population
17 constituted by the aggregate number of individ-
18 uals under subparagraphs (A) through (C).

19 “(E) In the case of community-based phy-
20 sicians who provide primary health services and
21 who are accepting additional patients whose
22 means of payment is through the program es-
23 tablished in title XVIII or XIX of the Social
24 Security Act, the percentage constituted by the

1 ratio of the number of such physicians to the
2 number of individuals in the population.”.

3 (b) RELEVANCE OF TRAVEL TIMES WITHIN FRON-
4 TIER AREAS.—Section 332(a) of the Public Health Service
5 Act (42 U.S.C. 245e(a)) is amended by adding at the end
6 the following new paragraph:

7 “(4) With respect to meeting the criteria under
8 paragraph (1)(A) for an area to be designated as a
9 health professional shortage area, the Secretary
10 shall, in the case of a frontier area, make the deter-
11 mination of whether the frontier area is a rational
12 area for the delivery of health services without re-
13 gard to—

14 “(A) the travel time between population
15 centers in the frontier area; or

16 “(B) the travel time to contiguous area re-
17 sources in the frontier area.”.

18 (c) AGENCY RECOMMENDATIONS FOR IMPROVE-
19 MENTS.—Not later than February 1, 1995, the Secretary
20 of Health and Human Services shall submit to the Con-
21 gress a report specifying the recommendations of the Sec-
22 retary for improving the manner of determining the extent
23 to which a geographic area has a need for assignments
24 of members of the National Health Service Corps, and for

1 equitably allocating such assignments among the geo-
2 graphic areas with a need for such assignments.

3 (d) EFFECTIVE DATE.—This section shall take effect
4 on October 1, 1994, or upon the date of the enactment
5 of this Act, whichever occurs later.

6 **SEC. 203. OTHER PROVISIONS REGARDING NATIONAL**
7 **HEALTH SERVICE CORPS.**

8 (a) SCHOLARSHIP AND LOAN REPAYMENT PRO-
9 GRAMS.—

10 (1) AUTHORIZATION OF APPROPRIATIONS.—
11 Section 338H(b)(1) of the Public Health Service Act
12 (42 U.S.C. 254q(b)(1)) is amended—

13 (A) by striking “and” after “1991,”; and

14 (B) by striking “through 2000.” and in-
15 serting “through 1994, \$150,000,000 for fiscal
16 year 1995, \$175,000,000 for fiscal year 1996,
17 \$200,000,000 for fiscal year 1997,
18 \$225,000,000 for fiscal year 1998, and
19 \$250,000,000 for fiscal year 1999.”.

20 (2) ALLOCATION FOR PARTICIPATION OF
21 NURSES IN SCHOLARSHIP PROGRAM.—Section
22 338H(b)(2) of the Public Health Service Act (42
23 U.S.C. 254q(b)(2)) is amended by adding at the end
24 the following subparagraph:

1 “(C) Of the amounts appropriated under
2 paragraph (1) for fiscal year 1995 and subse-
3 quent fiscal years, the Secretary shall reserve
4 such amounts as may be necessary to ensure
5 that, of the aggregate number of individuals
6 who are participants in the Scholarship Pro-
7 gram, the total number who are being educated
8 as nurses or are serving as nurses, respectively,
9 is increased to 20 percent.”.

10 (b) INCREASE IN NUMBER OF MENTAL HEALTH
11 PROFESSIONALS IN SHORTAGE AREAS.—

12 (1) IN GENERAL.—Section 338H(b) of the Pub-
13 lic Health Service Act (42 U.S.C. 254q(b)) is
14 amended by adding at the end the following para-
15 graph:

16 “(3) MENTAL HEALTH PROFESSIONALS.—In
17 providing contracts under this subpart for scholar-
18 ships and loan repayments, the Secretary shall en-
19 sure that an appropriate number of mental health
20 professionals is assigned under section 333 for
21 health professional shortage areas.”.

22 (2) APPLICABILITY.—With respect to contracts
23 for scholarships and loan repayments under subpart
24 III of part D of title III of the Public Health Service
25 Act, the amendment made by subsection (a) applies

1 with respect to contracts entered into on or after Oc-
2 tober 1, 1994.

3 **Subtitle B—Incentives Under Other**
4 **Programs**

5 **SEC. 211. EXTENSION OF ADDITIONAL PAYMENT UNDER**
6 **MEDICARE FOR PHYSICIANS' SERVICES FUR-**
7 **NISHED IN FORMER SHORTAGE AREAS.**

8 (a) IN GENERAL.—Section 1833(m) of the Social Se-
9 curity Act (42 U.S.C. 1395l(m)) is amended by striking
10 “area,” and inserting “area (or, in the case of an area
11 for which the designation as a health professional shortage
12 area under such section is withdrawn, in the case of physi-
13 cians’ services furnished to such an individual during the
14 3-year period beginning on the effective date of the with-
15 drawal of such designation),”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 subsection (a) shall apply to physicians’ services furnished
18 in an area for which the designation as a health profes-
19 sional shortage area under section 332(a)(1)(A) of the
20 Public Health Service Act is withdrawn on or after Janu-
21 ary 1, 1995.

1 **SEC. 212. REFINEMENT OF GEOGRAPHIC ADJUSTMENT**
2 **FACTOR FOR MEDICARE PHYSICIANS' SERV-**
3 **ICES.**

4 (a) DEADLINE FOR INITIAL REVIEW AND REVI-
5 SION.—Section 1848(e)(1)(C) of the Social Security Act
6 (42 U.S.C. 1395w-4(e)(1)(C)) is amended by adding at
7 the end the following: “The first such review and revision
8 shall apply to services furnished on or after January 1,
9 1997.”.

10 (b) AUTHORITY TO ADJUST INDEX VALUE FOR
11 INPUT COMPONENT UNDER CERTAIN CIRCUMSTANCES.—

12 (1) Section 1848(e)(1) of the Social Security Act (42
13 U.S.C. 1395w-4(e)(1)) is amended—

14 (A) in subparagraph (A), by striking “(B) and
15 (C)” and inserting “(B), (C), and (D)”;

16 (B) by redesignating subparagraph (C) as sub-
17 paragraph (D); and

18 (C) by inserting after subparagraph (B) the fol-
19 lowing:

20 “(C) SPECIAL ADJUSTMENT TO CORRECT
21 FOR UNIQUE LOCAL CIRCUMSTANCES.—The
22 Secretary may adjust the value assigned to an
23 input component of an index in a fee schedule
24 area if the Secretary determines that the value
25 that would otherwise apply in such area does
26 not accurately reflect the relative costs of such

1 input for such area because of unique local cir-
2 cumstances.”.

3 (2) Section 1848(i)(1)(D) of the Social Security Act
4 (42 U.S.C. 1395w-4(i)(1)(D)) is amended by inserting
5 “(including any adjustment under subparagraph (C)
6 thereof)” after “subsection (e)”.

7 (c) REPORT ON REVIEW PROCESS.—Not later than
8 April 1, 1996, the Secretary of Health and Human Serv-
9 ices (in this section referred to as the “Secretary”) shall
10 study and report to the Committee on Finance of the Sen-
11 ate and the Committees on Ways and Means and Energy
12 and Commerce of the House of Representatives on—

13 (1) the data necessary to review and revise the
14 indices established under section 1848(e)(1)(A) of
15 the Social Security Act, including—

16 (A) the shares allocated to physicians’
17 work effort, practice expenses (other than mal-
18 practice expenses), and malpractice expenses;

19 (B) the weights assigned to the input com-
20 ponents of such shares; and

21 (C) the index values assigned to such com-
22 ponents;

23 (2) any limitations on the availability of data
24 necessary to review and revise such indices at least
25 every three years;

1 (3) ways of addressing such limitations, with
2 particular attention to the development of alternative
3 data sources for input components for which current
4 index values are based on data collected less fre-
5 quently than every three years; and

6 (4) the costs of developing more accurate and
7 timely data sources.

8 (d) STUDY ON LOW-VOLUME ADJUSTMENT IN ISO-
9 LATED AREAS.—(1) Not later than July 1, 1996, the Phy-
10 sician Payment Review Commission shall study and report
11 to the Committee on Finance of the Senate and the Com-
12 mittees on Ways and Means and Energy and Commerce
13 of the House of Representatives on the feasibility and de-
14 sirability of providing for a special adjustment to the index
15 value of the medical equipment and supplies input compo-
16 nent of the index used under section 1848(e) of the Social
17 Security Act with respect to services described in para-
18 graph (2).

19 (2) Services described in this paragraph are serv-
20 ices—

21 (A) furnished by a physician who practices in
22 an isolated area;

23 (B) requiring the presence of expensive medical
24 equipment and supplies in the physician's office; and

1 (C) with respect to which the cost per service
2 of operating the equipment is increased because of
3 the low volume of patients of such physician.

4 **SEC. 213. EXTENSION OF STUDENT LOAN DEFERMENTS.**

5 (a) STAFFORD LOANS.—

6 (1) GSL LOANS.—Section 428(b)(1)(M) of the
7 Higher Education Act of 1965 (20 U.S.C.
8 1078(b)(1)(M)) is amended—

9 (A) by striking “or” at the end of clause
10 (ii);

11 (B) by inserting “or” after the semicolon
12 at the end of clause (iii); and

13 (C) by adding at the end thereof the fol-
14 lowing new clause:

15 “(iv) during which the borrower is
16 serving in an internship or residency pro-
17 gram in preparation for practice in an area
18 of primary care (including internal medi-
19 cine, pediatrics, obstetrics/gynecology, fam-
20 ily medicine, and osteopathy);”.

21 (2) FISL LOANS.—Section 427(a)(2)(C) of
22 such Act (20 U.S.C. 1077(a)(2)(C)) is amended—

23 (A) by striking “or” at the end of clause
24 (ii);

1 (B) by inserting “or” after the semicolon
2 at the end of clause (iii); and

3 (C) by adding at the end thereof the fol-
4 lowing new clause:

5 “(iv) during which the borrower is
6 serving in an internship or residency pro-
7 gram in preparation for practice in an area
8 of primary care (including internal medi-
9 cine, pediatrics, obstetrics/gynecology, fam-
10 ily medicine, and osteopathy);”.

11 (b) PERKINS LOANS.—Section 464(c)(2)(A) of such
12 Act (20 U.S.C. 1087dd(c)(2)(A)) is amended—

13 (1) by striking “or” at the end of clause (iii);

14 (2) by inserting “or” after the semicolon at the
15 end of clause (iv); and

16 (3) by adding at the end thereof the following
17 new clause:

18 “(v) during which the borrower is
19 serving in an internship or residency pro-
20 gram in preparation for practice in an area
21 of primary care (including internal medi-
22 cine, pediatrics, obstetrics/gynecology, fam-
23 ily medicine, and osteopathy);”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply on and after the date of the enact-

1 ment of this Act with respect to loans made under the
 2 Higher Education Act of 1965 before, on, or after that
 3 date.

4 **SEC. 214. DEVELOPMENT OF MODEL STATE SCOPE OF**
 5 **PRACTICE LAW.**

6 (a) IN GENERAL.—The Secretary of Health and
 7 Human Services shall develop and publish a model law
 8 that may be adopted by States to increase the access of
 9 individuals residing in underserved rural areas to health
 10 care services by expanding the services which non-physi-
 11 cian health care professionals may provide in such areas.

12 (b) DEADLINE.—The Secretary shall publish the
 13 model law developed under subsection (a) not later than
 14 1 year after the date of the enactment of this Act.

15 **TITLE III—ASSISTANCE FOR**
 16 **INSTITUTIONAL PROVIDERS**
 17 **Subtitle A—Community and**
 18 **Migrant Health Centers**

19 **SEC. 301. COMMUNITY AND MIGRANT HEALTH CENTERS.**

20 (a) MIGRANT HEALTH CENTERS.—Section
 21 329(h)(1)(A) of the Public Health Service Act (42 U.S.C.
 22 254b(h)(1)(A)) is amended—

23 (1) by striking “and” after “1991,”; and

24 (2) by inserting before the period the following:

25 “, \$75,000,000 for fiscal year 1995, and such sums

1 as may be necessary for each of the fiscal years
2 1996 through 1999”.

3 (b) COMMUNITY HEALTH CENTERS.—Section
4 330(g)(1)(A) of the Public Health Service Act (42 U.S.C.
5 254c(g)(1)(A)) is amended—

6 (1) by striking “and” after “1991,”; and

7 (2) by inserting before the period the following:
8 “, \$650,000,000 for fiscal year 1995, and such
9 sums as may be necessary for each of the fiscal
10 years 1996 through 1999”.

11 **Subtitle B—Emergency Medical** 12 **Systems**

13 **SEC. 311. EMERGENCY MEDICAL SERVICES.**

14 (a) ESTABLISHMENT OF FEDERAL OFFICE.—Title
15 XII of the Public Health Service Act (42 U.S.C. 300d et
16 seq.) is amended—

17 (1) in the heading for the title, by striking
18 “TRAUMA CARE” and inserting “EMERGENCY
19 MEDICAL SERVICES”;

20 (2) in the heading for part A, by striking
21 “GENERAL” and all that follows and inserting
22 “GENERAL AUTHORITIES AND DUTIES”; and

23 (3) by amending section 1201 to read as fol-
24 lows:

1 **“SEC. 1201. ESTABLISHMENT OF OFFICE OF EMERGENCY**
2 **MEDICAL SERVICES.**

3 “(a) IN GENERAL.—The Secretary shall establish an
4 office to be known as the Office of Emergency Medical
5 Services, which shall be headed by a director appointed
6 by the Secretary. The Secretary shall carry out this title
7 acting through the Director of such Office.

8 “(b) GENERAL AUTHORITIES AND DUTIES.—With
9 respect to emergency medical services (including trauma
10 care), the Secretary shall—

11 “(1) conduct and support research, training,
12 evaluations, and demonstration projects;

13 “(2) foster the development of appropriate,
14 modern systems of such services through the sharing
15 of information among agencies and individuals in-
16 volved in the study and provision of such services;

17 “(3) foster the development of regional systems
18 for the provision of such services;

19 “(4) sponsor workshops and conferences;

20 “(5) as appropriate, disseminate to public and
21 private entities information obtained in carrying out
22 paragraphs (1) through (4);

23 “(6) provide technical assistance to State and
24 local agencies;

25 “(7) coordinate activities of the Department of
26 Health and Human Services; and

1 “(8) as appropriate, coordinate activities of
2 such Department with activities of other Federal
3 agencies.

4 “(c) CERTAIN REQUIREMENTS.—With respect to
5 emergency medical services (including trauma care), the
6 Secretary shall ensure that activities under subsection (b)
7 are carried out regarding—

8 “(1) maintaining an adequate number of health
9 professionals with expertise in the provision of the
10 services, including hospital-based professionals and
11 prehospital-based professionals;

12 “(2) developing, periodically reviewing, and re-
13 vising as appropriate, in collaboration with appro-
14 priate public and private entities, guidelines for the
15 provision of such services (including, for various typ-
16 ical circumstances, guidelines on the number and va-
17 riety of professionals, on equipment, and on train-
18 ing);

19 “(3) the appropriate use of available tech-
20 nologies, including communications technologies; and

21 “(4) the unique needs of underserved inner-city
22 areas and underserved rural areas.

23 “(d) GRANTS, COOPERATIVE AGREEMENTS, AND
24 CONTRACTS.—In carrying out subsections (b) and (c), the

1 Secretary may make grants and enter into cooperative
2 agreements and contracts.

3 “(e) DEFINITIONS.—For purposes of this part:

4 “(1) The term ‘hospital-based professional’
5 means a health professional (including an allied
6 health professional) who has expertise in providing
7 one or more emergency medical services and who
8 normally provides the services at a medical facility.

9 “(2) The term ‘prehospital-based professional’
10 means a health professional (including an allied
11 health professional) who has expertise in providing
12 one or more emergency medical services and who
13 normally provides the services at the site of the med-
14 ical emergency or during transport to a medical fa-
15 cility.”.

16 (b) STATE OFFICES OF EMERGENCY MEDICAL SERV-
17 ICES; DEMONSTRATION PROGRAM REGARDING TELE-
18 COMMUNICATIONS.—Part A of title XII of the Public
19 Health Service Act (42 U.S.C. 300d et seq.), as amended
20 by section 601(b) of Public Law 103–183 (107 Stat.
21 2238), is amended—

22 (1) by redesignating sections 1202 and 1203 as
23 sections 1203 and 1204, respectively;

24 (2) by inserting after section 1201 the following
25 section:

1 **“SEC. 1202. STATE OFFICES OF EMERGENCY MEDICAL**
2 **SERVICES.**

3 “(a) PROGRAM OF GRANTS.—The Secretary may
4 make grants to States for the purpose of improving the
5 availability and quality of emergency medical services
6 through the operation of State offices of emergency medi-
7 cal services.

8 “(b) REQUIREMENT OF MATCHING FUNDS.—

9 “(1) IN GENERAL.—The Secretary may not
10 make a grant under subsection (a) unless the State
11 involved agrees, with respect to the costs to be in-
12 curred by the State in carrying out the purpose de-
13 scribed in such subsection, to provide non-Federal
14 contributions toward such costs in an amount that—

15 “(A) for the first fiscal year of payments
16 under the grant, is not less than \$1 for each \$3
17 of Federal funds provided in the grant;

18 “(B) for any second fiscal year of such
19 payments, is not less than \$1 for each \$1 of
20 Federal funds provided in the grant; and

21 “(C) for any third fiscal year of such pay-
22 ments, is not less than \$3 for each \$1 of Fed-
23 eral funds provided in the grant.

24 “(2) DETERMINATION OF AMOUNT OF NON-
25 FEDERAL CONTRIBUTION.—

1 “(A) Subject to subparagraph (B), non-
2 Federal contributions required in paragraph (1)
3 may be in cash or in kind, fairly evaluated, in-
4 cluding plant, equipment, or services. Amounts
5 provided by the Federal Government, or serv-
6 ices assisted or subsidized to any significant ex-
7 tent by the Federal Government, may not be in-
8 cluded in determining the amount of such non-
9 Federal contributions.

10 “(B) The Secretary may not make a grant
11 under subsection (a) unless the State involved
12 agrees that—

13 “(i) for the first fiscal year of pay-
14 ments under the grant, 100 percent or less
15 of the non-Federal contributions required
16 in paragraph (1) will be provided in the
17 form of in-kind contributions;

18 “(ii) for any second fiscal year of such
19 payments, not more than 50 percent of
20 such non-Federal contributions will be pro-
21 vided in the form of in-kind contributions;
22 and

23 “(iii) for any third fiscal year of such
24 payments, such non-Federal contributions
25 will be provided solely in the form of cash.

1 “(c) CERTAIN REQUIRED ACTIVITIES.—The Sec-
2 retary may not make a grant under subsection (a) unless
3 the State involved agrees that activities carried out by an
4 office operated pursuant to such subsection will include—

5 “(1) coordinating the activities carried out in
6 the State that relate to emergency medical services;

7 “(2) activities regarding the matters described
8 in paragraphs (1) through (4) section 1201(b); and

9 “(3) identifying Federal and State programs re-
10 garding emergency medical services and providing
11 technical assistance to public and nonprofit private
12 entities regarding participation in such programs.

13 “(d) REQUIREMENT REGARDING ANNUAL BUDGET
14 FOR OFFICE.—The Secretary may not make a grant
15 under subsection (a) unless the State involved agrees that,
16 for any fiscal year for which the State receives such a
17 grant, the office operated pursuant to subsection (a) will
18 be provided with an annual budget of not less than
19 \$50,000.

20 “(e) CERTAIN USES OF FUNDS.—

21 “(1) RESTRICTIONS.—The Secretary may not
22 make a grant under subsection (a) unless the State
23 involved agrees that—

24 “(A) if research with respect to emergency
25 medical services is conducted pursuant to the

1 grant, not more than 10 percent of the grant
2 will be expended for such research; and

3 “(B) the grant will not be expended to pro-
4 vide emergency medical services (including pro-
5 viding cash payments regarding such services).

6 “(2) ESTABLISHMENT OF OFFICE.—Activities
7 for which a State may expend a grant under sub-
8 section (a) include paying the costs of establishing
9 an office of emergency medical services for purposes
10 of such subsection.

11 “(f) REPORTS.—The Secretary may not make a
12 grant under subsection (a) unless the State involved
13 agrees to submit to the Secretary reports containing such
14 information as the Secretary may require regarding activi-
15 ties carried out under this section by the State.

16 “(g) REQUIREMENT OF APPLICATION.—The Sec-
17 retary may not make a grant under subsection (a) unless
18 an application for the grant is submitted to the Secretary
19 and the application is in such form, is made in such man-
20 ner, and contains such agreements, assurances, and infor-
21 mation as the Secretary determines to be necessary to
22 carry out this section.”; and

23 (3) in section 1204 (as redesignated by para-
24 graph (1) of this subsection)—

1 (A) by redesignating subsection (c) as sub-
2 section (d); and

3 (B) by inserting after subsection (b) the
4 following new subsection:

5 “(c) DEMONSTRATION PROGRAM REGARDING TELE-
6 COMMUNICATIONS.—

7 “(1) LINKAGES FOR RURAL FACILITIES.—
8 Projects under subsection (a)(1) shall include dem-
9 onstration projects to establish telecommunications
10 between rural medical facilities and medical facilities
11 that have expertise or equipment that can be utilized
12 by the rural facilities through the telecommuni-
13 cations.

14 “(2) MODES OF COMMUNICATION.—The Sec-
15 retary shall ensure that the telecommunications
16 technologies demonstrated under paragraph (1) in-
17 clude interactive video telecommunications, static
18 video imaging transmitted through the telephone
19 system, and facsimiles transmitted through such sys-
20 tem.”.

21 (c) FUNDING.—Section 1232 of the Public Health
22 Service Act (42 U.S.C. 300d–32) is amended by striking
23 subsections (a) and (b) and inserting the following:

24 “(a) EMERGENCY MEDICAL SERVICES GEN-
25 ERALLY.—

1 “(1) IN GENERAL.—For the purpose of carry-
2 ing out section 1201 other than with respect to trau-
3 ma care, and for the purpose of carrying out section
4 1204(c), there are authorized to be appropriated
5 \$2,000,000 for fiscal year 1995, and such sums as
6 may be necessary for each of the fiscal years 1996
7 and 1997.

8 “(2) STATE OFFICES.—For the purpose of car-
9 rying out section 1202, there are authorized to be
10 appropriated \$3,000,000 for fiscal year 1995, and
11 such sums as may be necessary for each of the fiscal
12 years 1996 and 1997.

13 “(b) TRAUMA CARE AND CERTAIN OTHER ACTIVI-
14 TIES.—

15 “(1) IN GENERAL.—For the purpose of carry-
16 ing out part A with respect to trauma care, and for
17 the purpose of carrying out part B, there are au-
18 thorized to be appropriated \$60,000,000 for fiscal
19 year 1995, and such sums as may be necessary for
20 each of the fiscal years 1996 and 1997.

21 “(2) ALLOCATION OF FUNDS BY SECRETARY.—

22 “(A) For the purpose of carrying out part
23 A with respect to trauma care, the Secretary
24 shall make available 10 percent of the amounts

1 appropriated for a fiscal year under paragraph
2 (1).

3 “(B) For the purpose of carrying out sec-
4 tion 1204 (other than subsection (c) of such
5 section), the Secretary shall make available 10
6 percent of the amounts appropriated for a fiscal
7 year under paragraph (1).

8 “(C)(i) For the purpose of making allot-
9 ments under section 1211(a), the Secretary
10 shall, subject to subsection (c), make available
11 80 percent of the amounts appropriated for a
12 fiscal year under paragraph (1).

13 “(ii) Amounts paid to a State under sec-
14 tion 1211(a) for a fiscal year shall, for the pur-
15 poses for which the amounts were paid, remain
16 available for obligation until the end of the fis-
17 cal year immediately following the fiscal year
18 for which the amounts were paid.”.

19 **SEC. 312. GRANTS TO STATES REGARDING AIRCRAFT FOR**
20 **TRANSPORTING RURAL VICTIMS OF MEDICAL**
21 **EMERGENCIES.**

22 Part E of title XII of the Public Health Service Act
23 (42 U.S.C. 300d–51 et seq.) is amended by adding at the
24 end the following new section:

1 **“SEC. 1252. GRANTS FOR SYSTEMS TO TRANSPORT RURAL**
2 **VICTIMS OF MEDICAL EMERGENCIES.**

3 “(a) IN GENERAL.—The Secretary shall make grants
4 to States to assist such States in the creation or enhance-
5 ment of air medical transport systems that provide victims
6 of medical emergencies in rural areas with access to treat-
7 ments for the injuries or other conditions resulting from
8 such emergencies.

9 “(b) APPLICATION AND PLAN.—

10 “(1) APPLICATION.—To be eligible to receive a
11 grant under subsection (a), a State shall prepare
12 and submit to the Secretary an application in such
13 form, made in such manner, and containing such
14 agreements, assurances, and information, including
15 a State plan as required in paragraph (2), as the
16 Secretary determines to be necessary to carry out
17 this section.

18 “(2) STATE PLAN.—An application submitted
19 under paragraph (1) shall contain a State plan that
20 shall—

21 “(A) describe the intended uses of the
22 grant proceeds and the geographic areas to be
23 served;

24 “(B) demonstrate that the geographic
25 areas to be served, as described under subpara-
26 graph (A), are rural in nature;

1 “(C) demonstrate that there is a lack of
2 facilities available and equipped to deliver ad-
3 vanced levels of medical care in the geographic
4 areas to be served;

5 “(D) demonstrate that in utilizing the
6 grant proceeds for the establishment or en-
7 hancement of air medical services the State
8 would be making a cost-effective improvement
9 to existing ground-based or air emergency medi-
10 cal service systems;

11 “(E) demonstrate that the State will not
12 utilize the grant proceeds to duplicate the capa-
13 bilities of existing air medical systems that are
14 effectively meeting the emergency medical needs
15 of the populations they serve;

16 “(F) demonstrate that in utilizing the
17 grant proceeds the State is likely to achieve a
18 reduction in the morbidity and mortality rates
19 of the areas to be served, as determined by the
20 Secretary;

21 “(G) demonstrate that the State, in utiliz-
22 ing the grant proceeds, will—

23 “(i) maintain the expenditures of the
24 State for air and ground medical transport
25 systems at a level equal to not less than

1 the level of such expenditures maintained
2 by the State for the fiscal year preceding
3 the fiscal year for which the grant is re-
4 ceived; and

5 “(ii) ensure that recipients of direct
6 financial assistance from the State under
7 such grant will maintain expenditures of
8 such recipients for such systems at a level
9 at least equal to the level of such expendi-
10 tures maintained by such recipients for the
11 fiscal year preceding the fiscal year for
12 which the financial assistance is received;

13 “(H) demonstrate that persons experienced
14 in the field of air medical service delivery were
15 consulted in the preparation of the State plan;
16 and

17 “(I) contain such other information as the
18 Secretary may determine appropriate.

19 “(c) CONSIDERATIONS IN AWARDING GRANTS.—In
20 determining whether to award a grant to a State under
21 this section, the Secretary shall—

22 “(1) consider the rural nature of the areas to
23 be served with the grant proceeds and the services
24 to be provided with such proceeds, as identified in
25 the State plan submitted under subsection (b); and

1 “(2) give preference to States with State plans
2 that demonstrate an effective integration of the pro-
3 posed air medical transport systems into a com-
4 prehensive network or plan for regional or statewide
5 emergency medical service delivery.

6 “(d) STATE ADMINISTRATION AND USE OF
7 GRANT.—

8 “(1) IN GENERAL.—The Secretary may not
9 make a grant to a State under subsection (a) unless
10 the State agrees that such grant will be adminis-
11 tered by the State agency with principal responsibil-
12 ity for carrying out programs regarding the provi-
13 sion of medical services to victims of medical emer-
14 gencies or trauma.

15 “(2) PERMITTED USES.—A State may use
16 amounts received under a grant awarded under this
17 section to award subgrants to public and private en-
18 tities operating within the State.

19 “(3) OPPORTUNITY FOR PUBLIC COMMENT.—
20 The Secretary may not make a grant to a State
21 under subsection (a) unless that State agrees that,
22 in developing and carrying out the State plan under
23 subsection (b)(2), the State will provide public notice
24 with respect to the plan (including any revisions

1 thereto) and facilitate comments from interested
2 persons.

3 “(e) NUMBER OF GRANTS.—The Secretary shall
4 award grants under this section to not less than 7 States.

5 “(f) REPORTS.—

6 “(1) REQUIREMENT.—A State that receives a
7 grant under this section shall annually (during each
8 year in which the grant proceeds are used) prepare
9 and submit to the Secretary a report that shall con-
10 tain—

11 “(A) a description of the manner in which
12 the grant proceeds were utilized;

13 “(B) a description of the effectiveness of
14 the air medical transport programs assisted
15 with grant proceeds; and

16 “(C) such other information as the Sec-
17 retary may require.

18 “(2) TERMINATION OF FUNDING.—In reviewing
19 reports submitted under paragraph (1), if the Sec-
20 retary determines that a State is not using amounts
21 provided under a grant awarded under this section
22 in accordance with the State plan submitted by the
23 State under subsection (b), the Secretary may termi-
24 nate the payment of amounts under such grant to
25 the State until such time as the Secretary deter-

1 mines that the State comes into compliance with
2 such plan.

3 “(g) DEFINITION.—As used in this section, the term
4 ‘rural areas’ means geographic areas that are located out-
5 side of standard metropolitan statistical areas, as identi-
6 fied by the Secretary.

7 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
8 are authorized to be appropriated to make grants under
9 this section, \$15,000,000 for fiscal year 1995, and such
10 sums as may be necessary for each of the fiscal years 1996
11 and 1997.”.

12 **Subtitle C—Assistance to Rural**
13 **Providers Under Medicare**

14 **PART 1—MEDICARE ESSENTIAL ACCESS**

15 **COMMUNITY HOSPITALS**

16 **SEC. 321. AMENDMENTS TO ESSENTIAL ACCESS COMMU-**
17 **NITY HOSPITAL (EACH) PROGRAM UNDER**
18 **MEDICARE.**

19 (a) INCREASING NUMBER OF PARTICIPATING
20 STATES.—Section 1820(a)(1) of the Social Security Act
21 (42 U.S.C. 1395i–4(a)(1)) is amended by striking “7” and
22 inserting “9”.

23 (b) TREATMENT OF INPATIENT HOSPITAL SERVICES
24 PROVIDED IN RURAL PRIMARY CARE HOSPITALS.—

1 (1) IN GENERAL.—Section 1820(f)(1)(F) of
2 such Act (42 U.S.C. 1395i-4(f)(1)(F)) is amended
3 to read as follows:

4 “(F) subject to paragraph (4), provides not
5 more than 6 inpatient beds (meeting such con-
6 ditions as the Secretary may establish) for pro-
7 viding inpatient care to patients requiring sta-
8 bilization before discharge or transfer to a hos-
9 pital, except that the facility may not provide
10 any inpatient hospital services—

11 “(i) to any patient whose attending
12 physician does not certify that the patient
13 may reasonably be expected to be dis-
14 charged or transferred to a hospital within
15 72 hours of admission to the facility; or

16 “(ii) consisting of surgery or any
17 other service requiring the use of general
18 anesthesia (other than surgical procedures
19 specified by the Secretary under section
20 1833(i)(1)(A)), unless the attending physi-
21 cian certifies that the risk associated with
22 transferring the patient to a hospital for
23 such services outweighs the benefits of
24 transferring the patient to a hospital for
25 such services.”.

1 (2) LIMITATION ON AVERAGE LENGTH OF
2 STAY.—Section 1820(f) of such Act (42 U.S.C.
3 1395i-4(f)) is amended by adding at the end the fol-
4 lowing new paragraph:

5 “(4) LIMITATION ON AVERAGE LENGTH OF IN-
6 PATIENT STAYS.—The Secretary may terminate a
7 designation of a rural primary care hospital under
8 paragraph (1) if the Secretary finds that the average
9 length of stay for inpatients at the facility during
10 the previous year in which the designation was in ef-
11 fect exceeded 72 hours. In determining the compli-
12 ance of a facility with the requirement of the pre-
13 vious sentence, there shall not be taken into account
14 periods of stay of inpatients in excess of 72 hours
15 to the extent such periods exceed 72 hours because
16 transfer to a hospital is precluded because of inclem-
17 ent weather or other emergency conditions.”.

18 (3) CONFORMING AMENDMENT.—Section
19 1814(a)(8) of such Act (42 U.S.C. 1395f(a)(8)) is
20 amended by striking “such services” and all that fol-
21 lows and inserting “the individual may reasonably be
22 expected to be discharged or transferred to a hos-
23 pital within 72 hours after admission to the rural
24 primary care hospital.”.

1 (4) GAO REPORTS.—Not later than 2 years
2 after the date of the enactment of this Act, the
3 Comptroller General shall submit reports to Con-
4 gress on—

5 (A) the application of the requirements
6 under section 1820(f) of the Social Security Act
7 (as amended by this subsection) that rural pri-
8 mary care hospitals provide inpatient care only
9 to those individuals whose attending physicians
10 certify may reasonably be expected to be dis-
11 charged within 72 hours after admission and
12 maintain an average length of inpatient stay
13 during a year that does not exceed 72 hours;
14 and

15 (B) the extent to which such requirements
16 have resulted in such hospitals providing inpa-
17 tient care beyond their capabilities or have lim-
18 ited the ability of such hospitals to provide
19 needed services.

20 (c) DESIGNATION OF HOSPITALS.—

21 (1) PERMITTING DESIGNATION OF HOSPITALS
22 LOCATED IN URBAN AREAS.—

23 (A) IN GENERAL.—Section 1820 of such
24 Act (42 U.S.C. 1395i-4) is amended—

1 (i) by striking paragraph (1) of sub-
2 section (e) and redesignating paragraphs
3 (2) through (6) as paragraphs (1) through
4 (5);

5 (ii) in subsection (e)(1)(A) (as reded-
6 icated by subparagraph (A))—

7 (I) by striking “is located” and
8 inserting “except in the case of a hos-
9 pital located in an urban area, is lo-
10 cated”,

11 (II) by striking “, (ii)” and in-
12 sserting “or (ii)”, and

13 (III) by striking “or (iii)” and all
14 that follows through “section,”; and

15 (iii) in subsection (i)(1)(B), by strik-
16 ing “paragraph (3)” and inserting “para-
17 graph (2)”.

18 (B) NO CHANGE IN MEDICARE PROSPEC-
19 TIVE PAYMENT.—Section 1886(d)(5)(D) of
20 such Act (42 U.S.C. 1395ww(d)(5)(D)) is
21 amended—

22 (i) in clause (iii)(III), by inserting “lo-
23 cated in a rural area and” after “that is”,
24 and

1 (ii) in clause (v), by inserting “located
2 in a rural area and” after “in the case of
3 a hospital”.

4 (2) PERMITTING HOSPITALS LOCATED IN AD-
5 JOINING STATES TO PARTICIPATE IN STATE PRO-
6 GRAM.—

7 (A) IN GENERAL.—Section 1820 of such
8 Act (42 U.S.C. 1395i-4) is amended—

9 (i) by redesignating subsection (k) as
10 subsection (l); and

11 (ii) by inserting after subsection (j)
12 the following new subsection:

13 “(k) ELIGIBILITY OF HOSPITALS NOT LOCATED IN
14 PARTICIPATING STATES.—Notwithstanding any other
15 provision of this section—

16 “(1) for purposes of including a hospital or fa-
17 cility as a member institution of a rural health net-
18 work, a State may designate a hospital or facility
19 that is not located in the State as an essential access
20 community hospital or a rural primary care hospital
21 if the hospital or facility is located in an adjoining
22 State and is otherwise eligible for designation as
23 such a hospital;

24 “(2) the Secretary may designate a hospital or
25 facility that is not located in a State receiving a

1 grant under subsection (a)(1) as an essential access
2 community hospital or a rural primary care hospital
3 if the hospital or facility is a member institution of
4 a rural health network of a State receiving a grant
5 under such subsection; and

6 “(3) a hospital or facility designated pursuant
7 to this subsection shall be eligible to receive a grant
8 under subsection (a)(2).”.

9 (B) CONFORMING AMENDMENTS.—(i) Sec-
10 tion 1820(c)(1) of such Act (42 U.S.C. 1395i-
11 4(c)(1)) is amended by striking “paragraph
12 (3)” and inserting “paragraph (3) or subsection
13 (k)”.

14 (ii) Paragraphs (1)(A) and (2)(A) of sec-
15 tion 1820(i) of such Act (42 U.S.C. 1395i-4(i))
16 are each amended—

17 (I) in clause (i), by striking “(a)(1)”
18 and inserting “(a)(1) (except as provided
19 in subsection (k))”, and

20 (II) in clause (ii), by striking “sub-
21 paragraph (B)” and inserting “subpara-
22 graph (B) or subsection (k)”.

23 (d) SKILLED NURSING SERVICES IN RURAL PRIMARY
24 CARE HOSPITALS.—Section 1820(f)(3) of such Act (42
25 U.S.C. 1395i-4(f)(3)) is amended by striking “because

1 the facility” and all that follows and inserting the follow-
2 ing: “because, at the time the facility applies to the State
3 for designation as a rural primary care hospital, there is
4 in effect an agreement between the facility and the Sec-
5 retary under section 1883 under which the facility’s inpa-
6 tient hospital facilities are used for the furnishing of ex-
7 tended care services, except that the number of beds used
8 for the furnishing of such services may not exceed the total
9 number of licensed inpatient beds at the time the facility
10 applies to the State for such designation (minus the num-
11 ber of inpatient beds used for providing inpatient care pur-
12 suant to paragraph (1)(F)). For purposes of the previous
13 sentence, the number of beds of the facility used for the
14 furnishing of extended care services shall not include any
15 beds of a unit of the facility that is licensed as a distinct-
16 part skilled nursing facility at the time the facility applies
17 to the State for designation as a rural primary care hos-
18 pital.”.

19 (e) DEADLINE FOR DEVELOPMENT OF PROSPECTIVE
20 PAYMENT SYSTEM FOR INPATIENT RURAL PRIMARY
21 CARE HOSPITAL SERVICES.—Section 1814(l)(2) of such
22 Act (42 U.S.C. 1395f(l)(2)) is amended by striking “Jan-
23 uary 1, 1993” and inserting “January 1, 1996”.

24 (f) PAYMENT FOR OUTPATIENT RURAL PRIMARY
25 CARE HOSPITAL SERVICES.—

1 (1) IMPLEMENTATION OF PROSPECTIVE PAY-
2 MENT SYSTEM.—Section 1834(g) of such Act (42
3 U.S.C. 1395m(g)) is amended—

4 (A) in paragraph (1), by striking “during
5 a year before 1993” and inserting “during a
6 year before the prospective payment system de-
7 scribed in paragraph (2) is in effect”; and

8 (B) in paragraph (2), by striking “January
9 1, 1993,” and inserting “January 1, 1996,”.

10 (2) NO USE OF CUSTOMARY CHARGE IN DETER-
11 MINING PAYMENT.—Section 1834(g)(1) of such Act
12 (42 U.S.C. 1395m(g)(1)) is amended by adding at
13 the end the following new flush sentence:

14 “The amount of payment shall be determined under
15 either method without regard to the amount of the
16 customary or other charge.”.

17 (g) CLARIFICATION OF PHYSICIAN STAFFING RE-
18 QUIREMENT FOR RURAL PRIMARY CARE HOSPITALS.—
19 Section 1820(f)(1)(H) of such Act (42 U.S.C. 1395i-
20 4(f)(1)(H)) is amended by striking the period and insert-
21 ing the following: “, except that in determining whether
22 a facility meets the requirements of this subparagraph,
23 subparagraphs (E) and (F) of that paragraph shall be ap-
24 plied as if any reference to a ‘physician’ is a reference
25 to a physician as defined in section 1861(r)(1).”.

1 (h) TECHNICAL AMENDMENTS RELATING TO PART
2 A DEDUCTIBLE, COINSURANCE, AND SPELL OF ILL-
3 NESS.—(1) Section 1812(a)(1) of such Act (42 U.S.C.
4 1395d(a)(1)) is amended—

5 (A) by striking “inpatient hospital services” the
6 first place it appears and inserting “inpatient hos-
7 pital services or inpatient rural primary care hos-
8 pital services”;

9 (B) by striking “inpatient hospital services” the
10 second place it appears and inserting “such serv-
11 ices”; and

12 (C) by striking “and inpatient rural primary
13 care hospital services”.

14 (2) Sections 1813(a) and 1813(b)(3)(A) of such Act
15 (42 U.S.C. 1395e(a), 1395e(b)(3)(A)) are each amended
16 by striking “inpatient hospital services” each place it ap-
17 pears and inserting “inpatient hospital services or inpa-
18 tient rural primary care hospital services”.

19 (3) Section 1813(b)(3)(B) of such Act (42 U.S.C.
20 1395e(b)(3)(B)) is amended by striking “inpatient hos-
21 pital services” and inserting “inpatient hospital services,
22 inpatient rural primary care hospital services”.

23 (4) Section 1861(a) of such Act (42 U.S.C. 1395x(a))
24 is amended—

1 (A) in paragraph (1), by striking “inpatient
2 hospital services” and inserting “inpatient hospital
3 services, inpatient rural primary care hospital serv-
4 ices”; and

5 (B) in paragraph (2), by striking “hospital”
6 and inserting “hospital or rural primary care hos-
7 pital”.

8 (i) AUTHORIZATION OF APPROPRIATIONS.—Section
9 1820(l) of such Act (42 U.S.C. 1395i-4(l)), as redesi-
10 gnated by subsection (c)(2)(A), is amended by striking
11 “1990, 1991, and 1992” and inserting “1990 through
12 1995”.

13 (j) EFFECTIVE DATE.—The amendments made by
14 this section shall take effect on the date of the enactment
15 of this Act.

16 **PART 2—ESTABLISHMENT OF RURAL**

17 **EMERGENCY ACCESS CARE HOSPITALS**

18 **SEC. 331. RURAL EMERGENCY ACCESS CARE HOSPITALS**

19 **DESCRIBED.**

20 (a) IN GENERAL.—Section 1861 of the Social Secu-
21 rity Act (42 U.S.C. 1395x) is amended by adding at the
22 end the following new subsection:

1 “Rural Emergency Access Care Hospital; Rural
2 Emergency Access Care Hospital Services

3 “(oo)(1) The term ‘rural emergency access care hos-
4 pital’ means, for a fiscal year, a facility with respect to
5 which the Secretary finds the following:

6 “(A) The facility is located in a rural area (as
7 defined in section 1886(d)(2)(D)).

8 “(B) The facility was a hospital under this title
9 at any time during the 5-year period that ends on
10 the date of the enactment of this subsection.

11 “(C) The facility is in danger of closing due to
12 low inpatient utilization rates and negative operating
13 losses, and the closure of the facility would limit the
14 access of individuals residing in the facility’s service
15 area to emergency services.

16 “(D) The facility has entered into (or plans to
17 enter into) an agreement with a hospital with a par-
18 ticipation agreement in effect under section 1866(a),
19 and under such agreement the hospital shall accept
20 patients transferred to the hospital from the facility
21 and receive data from and transmit data to the facil-
22 ity.

23 “(E) There is a practitioner who is qualified to
24 provide advanced cardiac life support services (as de-

1 terminated by the State in which the facility is lo-
2 cated) on-site at the facility on a 24-hour basis.

3 “(F) A physician is available on-call to provide
4 emergency medical services on a 24-hour basis.

5 “(G) The facility meets such staffing require-
6 ments as would apply under section 1861(e) to a
7 hospital located in a rural area, except that—

8 “(i) the facility need not meet hospital
9 standards relating to the number of hours dur-
10 ing a day, or days during a week, in which the
11 facility must be open, except insofar as the fa-
12 cility is required to provide emergency care on
13 a 24-hour basis under subparagraphs (E) and
14 (F); and

15 “(ii) the facility may provide any services
16 otherwise required to be provided by a full-time,
17 on-site dietician, pharmacist, laboratory techni-
18 cian, medical technologist, or radiological tech-
19 nologist on a part-time, off-site basis.

20 “(H) The facility meets the requirements appli-
21 cable to clinics and facilities under subparagraphs
22 (C) through (J) of paragraph (2) of section
23 1861(aa) and of clauses (ii) and (iv) of the second
24 sentence of such paragraph (or, in the case of the
25 requirements of subparagraph (E), (F), or (J) of

1 such paragraph, would meet the requirements if any
2 reference in such subparagraph to a ‘nurse practi-
3 tioner’ or to ‘nurse practitioners’ was deemed to be
4 a reference to a ‘nurse practitioner or nurse’ or to
5 ‘nurse practitioners or nurses’); except that in deter-
6 mining whether a facility meets the requirements of
7 this subparagraph, subparagraphs (E) and (F) of
8 that paragraph shall be applied as if any reference
9 to a ‘physician’ is a reference to a physician as de-
10 fined in section 1861(r)(1).

11 “(2) The term ‘rural emergency access care hospital
12 services’ means the following services provided by a rural
13 emergency access care hospital:

14 “(A) An appropriate medical screening exam-
15 ination (as described in section 1867(a)).

16 “(B) Necessary stabilizing examination and
17 treatment services for an emergency medical condi-
18 tion and labor (as described in section 1867(b)).”.

19 (b) REQUIRING RURAL EMERGENCY ACCESS CARE
20 HOSPITALS TO MEET HOSPITAL ANTI-DUMPING RE-
21 QUIREMENTS.—Section 1867(e)(5) of such Act (42 U.S.C.
22 1395dd(e)(5)) is amended by striking “1861(mm)(1))”
23 and inserting “1861(mm)(1)) and a rural emergency ac-
24 cess care hospital (as defined in section 1861(oo)(1))”.

1 **SEC. 332. COVERAGE OF AND PAYMENT FOR SERVICES.**

2 (a) COVERAGE UNDER PART B.—Section 1832(a)(2)
3 of the Social Security Act (42 U.S.C. 1395k(a)(2)) is
4 amended—

5 (1) by striking “and” at the end of subpara-
6 graph (I);

7 (2) by striking the period at the end of sub-
8 paragraph (J) and inserting “; and”; and

9 (3) by adding at the end the following new sub-
10 paragraph:

11 “(K) rural emergency access care hospital
12 services (as defined in section 1861(oo)(2)).”.

13 (b) PAYMENT BASED ON PAYMENT FOR OUTPATIENT
14 RURAL PRIMARY CARE HOSPITAL SERVICES.—

15 (1) IN GENERAL.—Section 1833(a)(6) of the
16 Social Security Act (42 U.S.C. 1395l(a)(6)) is
17 amended by striking “services,” and inserting “serv-
18 ices and rural emergency access care hospital serv-
19 ices,”.

20 (2) PAYMENT METHODOLOGY DESCRIBED.—
21 Section 1834(g) of such Act (42 U.S.C. 1395m(g))
22 is amended—

23 (A) in the heading, by striking “SERV-
24 ICES” and inserting “SERVICES AND RURAL
25 EMERGENCY ACCESS CARE HOSPITAL SERV-
26 ICES”; and

1 (B) in paragraph (1), by striking “during
2 a year before 1993” and inserting “during a
3 year before the prospective payment system de-
4 scribed in paragraph (2) is in effect”;

5 (C) in paragraph (1), by adding at the end
6 the following:

7 “The amount of payment shall be determined under
8 either method without regard to the amount of the
9 customary or other charge.”;

10 (D) in paragraph (2), by striking “Janu-
11 ary 1, 1993,” and inserting “January 1,
12 1996,”; and

13 (E) by adding at the end the following new
14 paragraph:

15 “(3) APPLICATION OF METHODS TO PAYMENT
16 FOR RURAL EMERGENCY ACCESS CARE HOSPITAL
17 SERVICES.—The amount of payment for rural emer-
18 gency access care hospital services provided during
19 a year shall be determined using the applicable
20 method provided under this subsection for determin-
21 ing payment for outpatient rural primary care hos-
22 pital services during the year.”.

23 **SEC. 333. EFFECTIVE DATE.**

24 The amendments made by this part shall apply to fis-
25 cal years beginning on or after October 1, 1994.

1 **Subtitle** **D—Demonstration**
2 **Projects to Encourage Primary**
3 **Care and Rural-Based Graduate**
4 **Medical Education**

5 **SEC. 341. STATE AND CONSORTIUM DEMONSTRATION**
6 **PROJECTS.**

7 (a) IN GENERAL.—

8 (1) PARTICIPATION OF STATES AND CONSOR-
9 TIA.—The Secretary shall establish and conduct a
10 demonstration project to increase the number and
11 percentage of medical students entering primary
12 care practice relative to those entering nonprimary
13 care practice under which the Secretary shall make
14 payments in accordance with subsection (d)—

15 (A) to not more than 10 States for the
16 purpose of testing and evaluating mechanisms
17 to meet the goals described in section 342; and

18 (B) to not more than 10 health care train-
19 ing consortia for the purpose of testing and
20 evaluating mechanisms to meet such goals.

21 (2) EXCLUSION OF CONSORTIA IN PARTICIPAT-
22 ING STATES.—A consortia may not receive payments
23 under the demonstration project under paragraph
24 (1)(B) if any of its members is located in a State

1 receiving payments under the project under para-
2 graph (1)(A).

3 (b) APPLICATIONS.—

4 (1) IN GENERAL.—Each State and consortium
5 desiring to conduct a demonstration project under
6 this section shall prepare and submit to the Sec-
7 retary an application, at such time, in such manner,
8 and containing such information as the Secretary
9 may require to assure that the State or consortium
10 will meet the goals described in section 342. In the
11 case of an application of a State, the application
12 shall include—

13 (A) information demonstrating that the
14 State has consulted with interested parties with
15 respect to the project, including State medical
16 associations, State hospital associations, and
17 medical schools located in the State;

18 (B) an assurance that no hospital conduct-
19 ing an approved medical residency training pro-
20 gram in the State will lose more than 10 per-
21 cent of such hospital's approved medical resi-
22 dency positions in any year as a result of the
23 project; and

24 (C) an explanation of a plan for evaluating
25 the impact of the project in the State.

1 (2) APPROVAL OF APPLICATIONS.—A State or
2 consortium that submits an application under para-
3 graph (1) may begin a demonstration project under
4 this subsection—

5 (A) upon approval of such application by
6 the Secretary; or

7 (B) at the end of the 60-day period begin-
8 ning on the date such application is submitted,
9 unless the Secretary denies the application dur-
10 ing such period.

11 (3) NOTICE AND COMMENT.—A State or con-
12 sortium shall issue a public notice on the date it
13 submits an application under paragraph (1) which
14 contains a general description of the proposed dem-
15 onstration project. Any interested party may com-
16 ment on the proposed demonstration project to the
17 State or consortium or the Secretary during the 30-
18 day period beginning on the date the public notice
19 is issued.

20 (c) SPECIFIC REQUIREMENTS FOR PARTICIPANTS.—

21 (1) REQUIREMENTS FOR STATES.—Each State
22 participating in the demonstration project under this
23 subtitle shall use the payments provided under sub-
24 section (d) to test and evaluate either of the follow-
25 ing mechanisms to increase the number and percent-

1 age of medical students entering primary care prac-
2 tice relative to those entering nonprimary care prac-
3 tice:

4 (A) USE OF ALTERNATIVE WEIGHTING
5 FACTORS.—

6 (i) IN GENERAL.—The State may
7 make payments to hospitals in the State
8 for direct graduate medical education costs
9 in amounts determined under the meth-
10 odology provided under section 1886(h) of
11 the Social Security Act, except that the
12 State shall apply weighting factors that are
13 different than the weighting factors other-
14 wise set forth in section 1886(h)(4)(C) of
15 the Social Security Act.

16 (ii) USE OF PAYMENTS FOR PRIMARY
17 CARE RESIDENTS.—In applying different
18 weighting factors under clause (i), the
19 State shall ensure that the amount of pay-
20 ment made to hospitals for costs attrib-
21 utable to primary care residents shall be
22 greater than the amount that would have
23 been paid to hospitals for costs attributable
24 to such residents if the State had applied
25 the weighting factors otherwise set forth in

1 section 1886(h)(4)(C) of the Social Secu-
2 rity Act.

3 (B) PAYMENTS FOR MEDICAL EDUCATION
4 THROUGH CONSORTIUM.—The State may make
5 payments for graduate medical education costs
6 through payments to a health care training con-
7 sortium (or through any entity identified by
8 such a consortium as appropriate for receiving
9 payments on behalf of the consortium) that is
10 established in the State but that is not other-
11 wise participating in the demonstration project.

12 (2) REQUIREMENTS FOR CONSORTIUM.—

13 (A) IN GENERAL.—In the case of a consor-
14 tium participating in the demonstration project
15 under this subtitle, the Secretary shall make
16 payments for graduate medical education costs
17 through a health care training consortium
18 whose members provide medical residency train-
19 ing (or through any entity identified by such a
20 consortium as appropriate for receiving pay-
21 ments on behalf of the consortium).

22 (B) USE OF PAYMENTS.—

23 (i) IN GENERAL.—Each consortium
24 receiving payments under subparagraph
25 (A) shall use such funds to conduct activi-

1 ties which test and evaluate mechanisms to
2 increase the number and percentage of
3 medical students entering primary care
4 practice relative to those entering
5 nonprimary care practice, and may use
6 such funds for the operation of the consor-
7 tium.

8 (ii) PAYMENTS TO PARTICIPATING
9 PROGRAMS.—The consortium shall ensure
10 that the majority of the payments received
11 under subparagraph (A) are directed to
12 consortium members for primary care resi-
13 dency programs, and shall designate for
14 each resident assigned to the consortium a
15 hospital operating an approved medical
16 residency training program for purposes of
17 enabling the Secretary to calculate the con-
18 sortium's payment amount under the
19 project. Such hospital shall be the hospital
20 where the resident receives the majority of
21 the resident's hospital-based, non-
22 ambulatory training experience.

23 (d) ALLOCATION OF PORTION OF MEDICARE GME
24 PAYMENTS FOR ACTIVITIES UNDER PROJECT.—Notwith-
25 standing any provision of title XVIII of the Social Security

1 Act, the following rules apply with respect to each State
2 and each health care training consortium participating in
3 the demonstration project established under this section
4 during a year:

5 (1) In the case of a State—

6 (A) the Secretary shall reduce the amount
7 of each payment made to hospitals in the State
8 during the year for direct graduate medical
9 education costs under section 1886(h) of the
10 Social Security Act by 3 percent; and

11 (B) the Secretary shall pay the State an
12 amount equal to the Secretary's estimate of the
13 sum of the reductions made during the year
14 under subparagraph (A) (as adjusted by the
15 Secretary in subsequent years for over- or
16 under-estimations in the amount estimated
17 under this subparagraph in previous years).

18 (2) In the case of a consortium—

19 (A) the Secretary shall reduce the amount
20 of each payment made to hospitals who are
21 members of the consortium during the year for
22 direct graduate medical education costs under
23 section 1886(h) of the Social Security Act by 3
24 percent; and

1 (B) the Secretary shall pay the consortium
2 an amount equal to the Secretary's estimate of
3 the sum of the reductions made during the year
4 under subparagraph (A) (as adjusted by the
5 Secretary in subsequent years for over- or
6 under-estimations in the amount estimated
7 under this subparagraph in previous years).

8 (e) ADDITIONAL GRANT FOR PLANNING AND EVAL-
9 UATION.—

10 (1) IN GENERAL.—The Secretary may award
11 grants to States and consortia participating in the
12 demonstration project under this section for the pur-
13 pose of developing and evaluating such projects. A
14 State or consortia may conduct such an evaluation
15 or contract with a private entity to conduct the eval-
16 uation. Each State and consortia desiring to receive
17 a grant under this paragraph shall prepare and sub-
18 mit to the Secretary an application, at such time, in
19 such manner, and containing such information as
20 the Secretary may require.

21 (2) AUTHORIZATION OF APPROPRIATIONS.—
22 There are authorized to be appropriated such sums
23 as may be necessary for grants under this paragraph
24 for fiscal years 1995 through 2000.

1 (f) DURATION.—A demonstration project under this
2 section shall be conducted for a period not to exceed 5
3 years. The Secretary may terminate a project if the Sec-
4 retary determines that the State or consortium conducting
5 the project is not in substantial compliance with the terms
6 of the application approved by the Secretary.

7 (g) EVALUATIONS AND REPORTS.—

8 (1) EVALUATIONS.—Each State or consortium
9 participating in the demonstration project shall sub-
10 mit to the Secretary a final evaluation within 360
11 days of the termination of the State or consortium's
12 participation and such interim evaluations as the
13 Secretary may require.

14 (2) REPORTS TO CONGRESS.—Not later than
15 360 days after the first demonstration project under
16 this subtitle begins, and annually thereafter for each
17 year in which such a project is conducted, the Sec-
18 retary shall submit a report to Congress which eval-
19 uates the effectiveness of the State and consortium
20 activities conducted under such projects and includes
21 any legislative recommendations determined appro-
22 priate by the Secretary.

23 (h) MAINTENANCE OF EFFORT.—Any funds available
24 for the activities covered by a demonstration project under
25 this subtitle shall supplement, and shall not supplant,

1 funds that are expended for similar purposes under any
2 State, regional, or local program.

3 **SEC. 342. GOALS FOR PROJECTS.**

4 The goals referred to in this section for a State or
5 consortium participating in the demonstration project
6 under this subtitle are as follows:

7 (1) The training of an equal number of physi-
8 cian and non-physician primary care providers.

9 (2) The recruiting of residents for graduate
10 medical education training programs who received a
11 portion of undergraduate training in a rural area.

12 (3) The allocation of not less than 50 percent
13 of the training spent in a graduate medical residency
14 training program at sites at which acute care inpa-
15 tient hospital services are not furnished.

16 (4) The rotation of residents in approved medi-
17 cal residency training programs among practices
18 that serve residents of rural areas.

19 (5) The development of a plan under which,
20 after a 5-year transition period, not less than 50
21 percent of the residents who begin an initial resi-
22 dency period in an approved medical residency train-
23 ing program shall be primary care residents.

24 **SEC. 343. DEFINITIONS.**

25 In this subtitle:

1 (1) APPROVED MEDICAL RESIDENCY TRAINING
2 PROGRAM.—The term “approved medical residency
3 training program” has the meaning given such term
4 in section 1886(h)(5)(A) of the Social Security Act.

5 (2) HEALTH CARE TRAINING CONSORTIUM.—
6 The term “health care training consortium” means
7 a State, regional, or local entity consisting of at
8 least one of each of the following:

9 (A) A hospital operating an approved med-
10 ical residency training program at which resi-
11 dents receive training at ambulatory training
12 sites located in rural areas.

13 (B) A school of medicine or osteopathic
14 medicine.

15 (C) A school of allied health or a program
16 for the training of physician assistants (as such
17 terms are defined in section 799 of the Public
18 Health Service Act).

19 (D) A school of nursing (as defined in sec-
20 tion 853 of the Public Health Service Act).

21 (3) PRIMARY CARE.—The term “primary care”
22 means family practice, general internal medicine,
23 general pediatrics, and obstetrics and gynecology.

1 (4) RESIDENT.—The term “resident” has the
2 meaning given such term in section 1886(h)(5)(H)
3 of the Social Security Act.

4 (5) RURAL AREA.—The term “rural area” has
5 the meaning given such term in section
6 1886(d)(2)(D) of the Social Security Act.

7 **TITLE IV—UNITED STATES-MEX-**
8 **ICO BORDER HEALTH COM-**
9 **MISSION**

10 **SEC. 401. AGREEMENT TO ESTABLISH BINATIONAL COM-**
11 **MISSION.**

12 The President is authorized and encouraged to con-
13 clude an agreement with Mexico to establish a binational
14 commission to be known as the United States-Mexico Bor-
15 der Health Commission.

16 **SEC. 402. DUTIES.**

17 It should be the duty of the Commission—

18 (1) to conduct a comprehensive needs assess-
19 ment in the United States-Mexico border area for
20 the purposes of identifying, evaluating, preventing,
21 and resolving health problems that affect the general
22 population of the area;

23 (2) to implement the actions recommended by
24 the needs assessment by—

1 (A) assisting in the coordination of the ef-
2 forts of public and private persons to prevent
3 and resolve such health problems,

4 (B) assisting in the coordination of the ef-
5 forts of public and private persons to educate
6 such population concerning such health prob-
7 lems, and

8 (C) developing and implementing programs
9 to prevent and resolve such health problems
10 and to educate such population concerning such
11 health problems where a program is necessary
12 to meet a need that is not being met by the ef-
13 forts of other public or private persons; and

14 (3) to formulate recommendations to the Gov-
15 ernments of the United States and Mexico concern-
16 ing a fair and reasonable method by which the gov-
17 ernment of one country would reimburse a public or
18 private person in the other country for the cost of
19 a health care service that the person furnishes to a
20 citizen or resident alien of the first country who is
21 unable, through insurance or otherwise, to pay for
22 the service.

23 **SEC. 403. OTHER AUTHORIZED FUNCTIONS.**

24 In addition to the duties described in section 402, the
25 Commission should be authorized to perform the following

1 additional functions as the Commission determines to be
2 appropriate:

3 (1) To conduct or sponsor investigations, re-
4 search, or studies designed to identify, study, and
5 monitor health problems that affect the general pop-
6 ulation in the United States-Mexico border area.

7 (2) To provide financial, technical, or adminis-
8 trative assistance to public or private persons who
9 act to prevent, resolve, or educate such population
10 concerning such health problems.

11 **SEC. 404. MEMBERSHIP.**

12 (a) NUMBER AND APPOINTMENT OF UNITED STATES
13 SECTION.—The United States section of the Commission
14 should be composed of 13 members. The section should
15 consist of the following members:

16 (1) The Secretary of Health and Human Serv-
17 ices or such individual's delegate.

18 (2) The commissioners of health from the
19 States of Texas, New Mexico, California, and Ari-
20 zona or such individuals' delegates.

21 (3) 2 individuals from each of the States of
22 Texas, New Mexico, California, and Arizona who are
23 nominated by the chief executive officer of one of
24 such States and are appointed by the President from
25 among individuals—

1 (A) who have a demonstrated interest in
2 health issues of the United States-Mexico bor-
3 der area; and

4 (B) whose name appears on a list of 6
5 nominees submitted to the President by the
6 chief executive officer of the State where the
7 nominee resides.

8 (b) COMMISSIONER.—The Commissioner of the
9 United States section of the Commission should be the
10 Secretary of Health and Human Services or such individ-
11 ual's delegate to the Commission. The Commissioner
12 should be the leader of the section.

13 **SEC. 405. REGIONAL OFFICES.**

14 The Commission should establish no fewer than 2 re-
15 gional border offices in locations selected by the Commis-
16 sion.

17 **SEC. 406. REPORTS.**

18 Not later than February 1 of each year that occurs
19 more than 1 year after the date of the establishment of
20 the Commission, the Commission should submit an annual
21 report to both the United States Government and the Gov-
22 ernment of Mexico regarding all activities of the Commis-
23 sion during the preceding calendar year.

24 **SEC. 407. DEFINITIONS.**

25 For purposes of this Act:

1 (1) COMMISSION.—The term “Commission”
2 means the United States-Mexico Border Health
3 Commission authorized in section 401.

4 (2) HEALTH PROBLEM.—The term “health
5 problem” means a disease or medical ailment or an
6 environmental condition that poses the risk of dis-
7 ease or medical ailment. The term includes diseases,
8 ailments, or risks of disease or ailment caused by or
9 related to environmental factors, control of animals
10 and rabies, control of insect and rodent vectors, dis-
11 posal of solid and hazardous waste, and control and
12 monitoring of air and water quality.

13 (3) RESIDENT ALIEN.—The term “resident
14 alien”, when used in reference to a country, means
15 an alien lawfully admitted for permanent residence
16 to the country or otherwise permanently residing in
17 the country under color of law (including residence
18 as an asylee, refugee, or parolee).

19 (4) UNITED STATES-MEXICO BORDER AREA.—
20 The term “United States-Mexico border area”
21 means the area located in the United States and
22 Mexico within 100 kilometers of the border between
23 the United States and Mexico.

1 **TITLE V—HOSPITAL ANTITRUST**
2 **FAIRNESS**

3 **SEC. 501. ANTITRUST EXEMPTION.**

4 The antitrust laws shall not apply with respect to—

5 (1) the merger of, or the attempt to merge, 2
6 or more hospitals,

7 (2) a contract entered into solely by 2 or more
8 hospitals to allocate hospital services, or

9 (3) the attempt by only 2 or more hospitals to
10 enter into a contract to allocate hospital services,

11 if each of such hospitals satisfies all of the requirements
12 of section 503 at the time such hospitals engage in the
13 conduct described in paragraph (1), (2), or (3), as the case
14 may be.

15 **SEC. 502. REQUIREMENTS.**

16 The requirements referred to in section 501 are as
17 follows:

18 (1) The hospital is located outside of a city, or
19 in a city that has less than 150,000 inhabitants, as
20 determined in accordance with the most recent data
21 available from the Bureau of the Census.

22 (2) In the most recently concluded calendar
23 year, the hospital received more than 40 percent of
24 its gross revenue from payments made under Fed-
25 eral programs.

1 **“SEC. 59B. MEDICARE PART B PREMIUM TAX.**

2 “(a) IMPOSITION OF TAX.—In the case of an individ-
3 ual to whom this section applies for the taxable year, there
4 is hereby imposed (in addition to any other tax imposed
5 by this subtitle) a tax for such taxable year equal to the
6 aggregate of the Medicare part B premium taxes for each
7 of the months during such year that such individual is
8 covered by Medicare part B.

9 “(b) INDIVIDUALS TO WHOM SECTION APPLIES.—
10 This section shall apply to any individual for any taxable
11 year if—

12 “(1) such individual is covered under Medicare
13 part B for any month during such year, and

14 “(2) the modified adjusted gross income of the
15 taxpayer for such taxable year exceeds the threshold
16 amount.

17 “(c) MEDICARE PART B PREMIUM TAX FOR
18 MONTH.—

19 “(1) IN GENERAL.—The Medicare part B pre-
20 mium tax for any month is $\frac{2}{3}$ the amount equal to
21 the excess of—

22 “(A) 200 percent of the monthly actuarial
23 rate for enrollees age 65 and over determined
24 for that calendar year under section 1839(b) of
25 the Social Security Act, over

1 “(B) the total monthly premium under sec-
2 tion 1839 of the Social Security Act (deter-
3 mined without regard to subsections (b) and (f)
4 of section 1839 of such Act).

5 “(2) PHASEIN OF TAX.—If the modified ad-
6 justed gross income of the taxpayer for any taxable
7 years exceeds the threshold amount by less than
8 \$25,000, the Medicare part B premium tax for any
9 month during such taxable year shall be an amount
10 which bears the same ratio to the amount deter-
11 mined under paragraph (1) (without regard to this
12 paragraph) as such excess bears to \$25,000. The
13 preceding sentence shall not apply to any individual
14 whose threshold amount is zero.

15 “(d) OTHER DEFINITIONS AND SPECIAL RULES.—
16 For purposes of this section—

17 “(1) THRESHOLD AMOUNT.—The term ‘thresh-
18 old amount’ means—

19 “(A) except as otherwise provided in this
20 paragraph, \$100,000,

21 “(B) \$125,000 in the case of a joint re-
22 turn, and

23 “(C) zero in the case of a taxpayer who—

1 “(i) is married at the close of the tax-
2 able year but does not file a joint return
3 for such year, and

4 “(ii) does not live apart from his
5 spouse at all times during the taxable year.

6 “(2) MODIFIED ADJUSTED GROSS INCOME.—
7 The term ‘modified adjusted gross income’ means
8 adjusted gross income—

9 “(A) determined without regard to sections
10 135, 911, 931, and 933, and

11 “(B) increased by the amount of interest
12 received or accrued by the taxpayer during the
13 taxable year which is exempt from tax.

14 “(3) MEDICARE PART B COVERAGE.—An indi-
15 vidual shall be treated as covered under Medicare
16 part B for any month if a premium is paid under
17 part B of title XVIII of the Social Security Act for
18 the coverage of the individual under such part for
19 the month.

20 “(4) MARRIED INDIVIDUAL.—The determina-
21 tion of whether an individual is married shall be
22 made in accordance with section 7703.”

23 (b) CLERICAL AMENDMENT.—The table of parts for
24 subchapter A of chapter 1 of such Code is amended by
25 adding at the end thereof the following new item:

“Part VIII. Medicare Part B Premiums For High-Income Individuals.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to months after December 1994
3 in taxable years ending after December 31, 1994.

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