

103^D CONGRESS
2^D SESSION

H. R. 5119

To increase access to, control the costs associated with, and improve the quality of health care in States through health insurance reform, State innovation, public health and medical research, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 1994

Mr. DEFAZIO introduced the following bill; which was referred jointly to the Committees on Energy and Commerce, Ways and Means, and Education and Labor

A BILL

To increase access to, control the costs associated with, and improve the quality of health care in States through health insurance reform, State innovation, public health and medical research, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Health Innovation Partnership Act of 1994”.

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

Sec. 1. Short title.
Sec. 2. Findings.

TITLE I—HEALTH INSURANCE REFORM

- Sec. 1001. Establishment of standards.
- Sec. 1002. Medicare select.

TITLE II—STATE INNOVATION

SUBTITLE A—STATE WAIVER AUTHORITY

- Sec. 2001. State health reform projects.

SUBTITLE B—EXISTING STATE LAWS

- Sec. 2101. Continuance of existing Federal law waivers.
- Sec. 2102. Hawaii Prepaid Health Care Act.
- Sec. 2103. Alternative State provider payment systems.
- Sec. 2104. Alternative State hospital services payment systems.
- Sec. 2105. Exemption from erisa preemption of certain provisions of the law of the State of Oregon relating to health plans.

TITLE III—PUBLIC HEALTH AND RURAL AND UNDERSERVED
ACCESS IMPROVEMENT

- Sec. 3001. Short title.
- Sec. 3002. Establishment of new title XXVII regarding public health programs.

“TITLE XXVII—PUBLIC HEALTH PROGRAMS IMPROVEMENT

“SUBTITLE A—CORE FUNCTIONS OF PUBLIC HEALTH PROGRAMS

“PART 1—FORMULA GRANTS TO STATES

- “Sec. 2711. Authorizations of appropriations from Fund.
- “Sec. 2712. Formula grants to States for core health functions.
- “Sec. 2713. Number of functions; planning.
- “Sec. 2714. Submission of information; reports.
- “Sec. 2715. Application for grant.
- “Sec. 2716. Determination of amount of allotment.
- “Sec. 2717. Allocations for certain activities.

“PART 2—COMPREHENSIVE EVALUATION OF DISEASE
PREVENTION AND HEALTH PROMOTION PROGRAMS

- “Sec. 2718. Authorizations of appropriations from Fund.
- “Sec. 2719. Evaluation of programs.

“SUBTITLE B—OPPORTUNITIES FOR EDUCATION AND TRAINING IN PUBLIC
HEALTH

“PART 1—SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS
REGARDING SERVICE IN PUBLIC HEALTH POSITIONS

- “Sec. 2721. Authorizations of appropriations from Fund.
- “Sec. 2722. Scholarship program.
- “Sec. 2723. Loan repayment program.
- “Sec. 2724. Approved public health positions.
- “Sec. 2725. Allocation of funds; special considerations.

“PART 2—EDUCATIONAL INSTITUTIONS REGARDING PUBLIC HEALTH

- “Sec. 2731. Authorizations of appropriations from Fund.
- “Sec. 2732. Grants for expanding capacity of institutions.
- “Sec. 2733. Coordination of grant activities with national priorities.
- “Sec. 2734. Certain requirements for grants.

“PART 3—EXPANSION OF COMPETENCY IN PUBLIC HEALTH

- “Sec. 2736. Authorizations of appropriations from Fund.
- “Sec. 2737. Grants to States.

“PART 4—AREA HEALTH EDUCATION CENTERS

- “Sec. 2738. Authorizations of appropriations from Fund.

“PART 5—HEALTH EDUCATION TRAINING CENTERS

- “Sec. 2739. Authorizations of appropriations from Fund.

“SUBTITLE C—REGIONAL POISON CONTROL CENTERS

- “Sec. 2741. Authorizations of appropriations from Fund.
- “Sec. 2742. Grants for regional centers.
- “Sec. 2743. Requirements regarding certification.
- “Sec. 2744. General provisions.

“SUBTITLE D—SCHOOL-RELATED HEALTH SERVICES

“PART 1—PROJECTS FOR PROVISION OF SERVICES

- “Sec. 2746. Authorization of appropriations from Fund.
- “Sec. 2747. Eligibility for grants.
- “Sec. 2748. Preferences.
- “Sec. 2749. Planning and development grants.
- “Sec. 2750. Grants for operation of school health services.

“PART 2—SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS REGARDING SCHOOL NURSES

- “Sec. 2751. Authorizations of appropriations from Fund.
- “Sec. 2752. Scholarship program regarding upgrade in skills.
- “Sec. 2753. Loan repayment program.
- “Sec. 2754. School-nurse positions.

“SUBTITLE E—EXPANSION OF RURAL AND UNDERSERVED AREAS ACCESS TO HEALTH SERVICES

“PART 1—COMMUNITY AND MIGRANT HEALTH CENTERS

- “Sec. 2756. Authorizations of appropriations from Fund.
- “Sec. 2757. Grants to community and migrant health centers.

“PART 2—NATIONAL HEALTH SERVICE CORPS

- “Sec. 2781. Authorizations of appropriations from Fund.

“PART 3—SATELLITE CLINICS REGARDING PRIMARY HEALTH CARE

“Sec. 2783. Authorization of appropriations from Fund.

“Sec. 2783A. Grants to States for development and operation of satellite clinics.

“PART 4—COMMUNITY HEALTH ADVISORS

“Sec. 2784. Authorization of appropriations from Fund.

“Sec. 2785. Formula grants regarding community health advisor programs.

“Sec. 2786. Requirements regarding community health advisor programs.

“Sec. 2787. Additional agreements.

“Sec. 2788. Application for assistance; State plan.

“Sec. 2789. Determination of amount of allotment.

“Sec. 2790. Quality assurance; cost-effectiveness.

“Sec. 2791. Evaluations; technical assistance.

“Sec. 2792. Rule of construction regarding programs of Indian Health Service.

“Sec. 2793. Definitions.

“Sec. 2794. Effect of insufficient appropriations for minimum allotments.

“SUBTITLE F—GENERAL PROVISIONS

“Sec. 2798. Requirement regarding accreditation of schools, departments, and programs.

“Sec. 2799. Relation to other funds.

“Sec. 2799A. Definitions.”

TITLE IV—MEDICAL RESEARCH

Sec. 4001. Findings.

Sec. 4002. National Fund for Health Research.

TITLE V—REVENUE PROVISIONS

Sec. 5000. Amendment of 1986 code.

SUBTITLE A—FINANCING PROVISIONS

Sec. 5001. Increase in excise taxes on tobacco products.

Sec. 5002. Modifications of certain tobacco tax provisions.

Sec. 5003. Imposition of excise tax on manufacture or importation of roll-your-own tobacco.

SUBTITLE B—HEALTH CARE REFORM TRUST FUND

Sec. 5101. Establishment of Health Care Reform Trust Fund.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) Americans support universal coverage. The
 4 people of this country agree that all Americans, rich
 5 and poor, should be guaranteed access to affordable,
 6 high-quality health care.

1 (2) Although there is common agreement on the
2 goal of universal coverage, there are many different
3 ways to achieve this goal. The States can play an
4 important role in achieving universal coverage for
5 our population, demonstrating additional health re-
6 forms that may be needed on a national level to en-
7 hance access to affordable, high-quality health care.
8 The States also can serve as testing grounds to iden-
9 tify effective alternatives for making the transition
10 to universal coverage, while maintaining the
11 strengths of the current health care system.

12 (3) Maintaining the high quality of health care
13 Americans expect and controlling costs are also im-
14 portant goals of health care reform. As payers of
15 health care, the States have a strong incentive to en-
16 sure that such States purchase high-quality, cost-ef-
17 fective services for the residents of such States. The
18 States can develop and test alternative payment and
19 delivery systems to ensure that these goals are
20 achieved.

21 (4) There are many health-related issues that
22 should be addressed at the State level before their
23 implementation on the national level. As with social
24 security and child labor protections, States can lead
25 the way in testing ideas for national application.

1 (5) The States should have the flexibility to test
2 alternative health reforms with the objectives of in-
3 creasing access to care, controlling health care costs,
4 and maintaining or improving the quality of health
5 care.

6 **TITLE I—HEALTH INSURANCE**
7 **REFORM**

8 **SEC. 1001. ESTABLISHMENT OF STANDARDS.**

9 (a) IN GENERAL.—The Secretary of Health and
10 Human Services (hereafter referred to in this Act as the
11 “Secretary”) shall request that the National Association
12 of Insurance Commissioners (hereafter referred to in this
13 title as the “Association”) develop, not later than 6
14 months after the date of the enactment of this Act, stand-
15 ards for health insurance plans with respect to—

16 (1) the renewability of coverage under such
17 plans;

18 (2) the portability of coverage under such plans,
19 including—

20 (A) limitations on the use of pre-existing
21 conditions;

22 (B) the concept of an “amnesty period”
23 during which limitations on pre-existing condi-
24 tions would be suspended; and

1 (C) the advisability of open enrollment pe-
2 riods;

3 (3) guaranteed issue with respect to all health
4 insurance coverage products;

5 (4) the establishment of an adjusted community
6 rating system with adjustment factors limited to age
7 (with no more than a 2:1 variation in premiums
8 based on age) and geography;

9 (5) solvency standards for health insurance
10 plans regulated under Federal and State law, includ-
11 ing the development of risk-based capital standards
12 for health plans, solvency standards for health plans,
13 self-funded employer-sponsored health plans, and
14 multiple employer welfare arrangements and associa-
15 tion plans;

16 (6) stop-loss standards for self-funded health
17 insurance plans and multi-employer welfare arrange-
18 ments and association plans;

19 (7) the identification of minimum employer size
20 for self-funding and the interrelationship between
21 self-funding and the community-rated pool of enroll-
22 ees; and

23 (8) any other areas determined appropriate by
24 the Secretary (including enforcement of standards
25 under this section).

1 (b) REVIEW.—Not later than 30 days after receipt
2 of the standards developed by the Association under sub-
3 section (a), the Secretary shall complete a review of such
4 standards. If the Secretary, based on such review, ap-
5 proves such standards, such standards shall apply with re-
6 spect to all health insurance plans offered or operating
7 in a State on and after the effective date specified in sub-
8 section (d).

9 (c) FAILURE TO DEVELOP STANDARDS OR FAILURE
10 TO APPROVE.—If the Association fails to develop stand-
11 ards within the 6-month period referred to in subsection
12 (a), or the Secretary fails to approve any standards devel-
13 oped under such subsection, the Secretary shall develop,
14 not later than 15 months after the date of the enactment
15 of this Act, standards applicable to health insurance plans,
16 including standards related to the matters described in
17 paragraphs (1) through (8) of subsection (a) and such
18 standards shall apply with respect to all health insurance
19 plans offered or operating in a State on and after the ef-
20 fective date specified in subsection (d).

21 (d) EFFECTIVE DATE.—

22 (1) IN GENERAL.—Subject to paragraph (2),
23 the effective date specified in this subsection for a
24 State is the date the State adopts standards devel-

1 oped under this section or 1 year after the date the
2 Secretary first approves such standards.

3 (2) DELAY FOR LEGISLATION.—In the case of
4 a State which the Secretary identifies, in consulta-
5 tion with the Association, as (A) requiring State leg-
6 islation (other than legislation appropriating funds)
7 in order for health insurance policies to meet the
8 standards developed and approved under this sec-
9 tion, but (B) having a legislature which is not sched-
10 uled to meet in 1996 in a legislative session in which
11 such legislation may be considered, the date speci-
12 fied in this subsection is the first day of the first
13 calendar quarter beginning after the close of the
14 first legislative session of the State legislature that
15 begins on or after January 1, 1996. For purposes of
16 the previous sentence, in the case of a State that has
17 a 2-year legislative session, each year of such session
18 shall be deemed to be a separate regular session of
19 the State legislature.

20 (e) WORKING GROUP.—In developing standards
21 under this section, the Association or Secretary shall con-
22 sult with a working group composed of representatives of
23 issuers of health insurance policies, consumer groups,
24 health insurance beneficiaries, and other qualified individ-
25 uals. Such representatives shall be selected in a manner

1 so as to assure balanced representation among the inter-
2 ested groups.

3 (f) AFFECT ON STATE LAW.—Nothing in this section
4 shall be construed to preempt any State law to the extent
5 that such State law implements more progressive reforms
6 than those implemented under the standards developed
7 under this section, as determined by the Secretary.

8 **SEC. 1002. MEDICARE SELECT.**

9 (a) AMENDMENTS TO PROVISIONS RELATING TO
10 MEDICARE SELECT POLICIES.—

11 (1) PERMITTING MEDICARE SELECT POLICIES
12 IN ALL STATES.—Subsection (c) of section 4358 of
13 the Omnibus Budget Reconciliation Act of 1990 is
14 hereby repealed.

15 (2) REQUIREMENTS OF MEDICARE SELECT
16 POLICIES.—Section 1882(t)(1) of the Social Security
17 Act (42 U.S.C. 1395ss(t)(1)) is amended to read as
18 follows:

19 “(1)(A) If a medicare supplemental policy meets the
20 requirements of the 1991 NAIC Model Regulation or 1991
21 Federal Regulation and otherwise complies with the re-
22 quirements of this section except that—

23 “(i) the benefits under such policy are re-
24 stricted to items and services furnished by certain

1 entities (or reduced benefits are provided when items
2 or services are furnished by other entities), and

3 “(ii) in the case of a policy described in sub-
4 paragraph (C)(i)—

5 “(I) the benefits under such policy are not
6 one of the groups or packages of benefits de-
7 scribed in subsection (p)(2)(A),

8 “(II) except for nominal copayments im-
9 posed for services covered under part B of this
10 title, such benefits include at least the core
11 group of basic benefits described in subsection
12 (p)(2)(B), and

13 “(III) an enrollee’s liability under such pol-
14 icy for physician’s services covered under part
15 B of this title is limited to the nominal
16 copayments described in subclause (II),

17 the policy shall nevertheless be treated as meeting
18 those requirements if the policy meets the require-
19 ments of subparagraph (B).

20 “(B) A policy meets the requirements of this sub-
21 paragraph if—

22 “(i) full benefits are provided for items and
23 services furnished through a network of entities
24 which have entered into contracts or agreements
25 with the issuer of the policy,

1 “(ii) full benefits are provided for items and
2 services furnished by other entities if the services are
3 medically necessary and immediately required be-
4 cause of an unforeseen illness, injury, or condition
5 and it is not reasonable given the circumstances to
6 obtain the services through the network,

7 “(iii) the network offers sufficient access,

8 “(iv) the issuer of the policy has arrangements
9 for an ongoing quality assurance program for items
10 and services furnished through the network,

11 “(v)(I) the issuer of the policy provides to each
12 enrollee at the time of enrollment an explanation
13 of—

14 “(aa) the restrictions on payment under
15 the policy for services furnished other than by
16 or through the network,

17 “(bb) out of area coverage under the pol-
18 icy,

19 “(cc) the policy’s coverage of emergency
20 services and urgently needed care, and

21 “(dd) the availability of a policy through
22 the entity that meets the 1991 Model NAIC
23 Regulation or 1991 Federal Regulation without
24 regard to this subsection and the premium
25 charged for such policy, and

1 “(II) each enrollee prior to enrollment acknowl-
2 edges receipt of the explanation provided under
3 subclause (I), and

4 “(vi) the issuer of the policy makes available to
5 individuals, in addition to the policy described in this
6 subsection, any policy (otherwise offered by the is-
7 suer to individuals in the State) that meets the 1991
8 Model NAIC Regulation or 1991 Federal Regulation
9 and other requirements of this section without re-
10 gard to this subsection.

11 “(C)(i) A policy described in this subparagraph—

12 “(I) is offered by an eligible organization (as
13 defined in section 1876(b)),

14 “(II) is not a policy or plan providing benefits
15 pursuant to a contract under section 1876 or an ap-
16 proved demonstration project described in section
17 603(c) of the Social Security Amendments of 1983,
18 section 2355 of the Deficit Reduction Act of 1984,
19 or section 9412(b) of the Omnibus Budget Reconcili-
20 ation Act of 1986, and

21 “(III) provides benefits which, when combined
22 with benefits which are available under this title, are
23 substantially similar to benefits under policies of-
24 fered to individuals who are not entitled to benefits
25 under this title.

1 “(ii) In making a determination under subclause (III)
2 of clause (i) as to whether certain benefits are substan-
3 tially similar, there shall not be taken into account, except
4 in the case of preventive services, benefits provided under
5 policies offered to individuals who are not entitled to bene-
6 fits under this title which are in addition to the benefits
7 covered by this title and which are benefits an entity must
8 provide in order to meet the definition of an eligible orga-
9 nization under section 1876(b)(1).”.

10 (b) RENEWABILITY OF MEDICARE SELECT POLI-
11 CIES.—Section 1882(q)(1) of such Act (42 U.S.C.
12 1395ss(q)(1)) is amended—

13 (1) by striking “(1) Each” and inserting
14 “(1)(A) Except as provided in subparagraph (B),
15 each”;

16 (2) by redesignating subparagraphs (A) and
17 (B) as clauses (i) and (ii), respectively; and

18 (3) by adding at the end the following new sub-
19 paragraph:

20 “(B)(i) In the case of a policy that meets the
21 requirements of subsection (t), an issuer may cancel
22 or nonrenew such policy with respect to an individ-
23 ual who leaves the service area of such policy; except
24 that, if such individual moves to a geographic area
25 where such issuer, or where an affiliate of such is-

1 suer, is issuing medicare supplemental policies, such
2 individual must be permitted to enroll in any medi-
3 care supplemental policy offered by such issuer or
4 affiliate that provides benefits comparable to or less
5 than the benefits provided in the policy being can-
6 celed or nonrenewed. An individual whose coverage
7 is canceled or nonrenewed under this subparagraph
8 shall, as part of the notice of termination or
9 nonrenewal, be notified of the right to enroll in other
10 medicare supplemental policies offered by the issuer
11 or its affiliates.

12 “(ii) For purposes of this subparagraph, the
13 term ‘affiliate’ shall have the meaning given such
14 term by the 1991 NAIC Model Regulation.”.

15 (c) CIVIL PENALTY.—Section 1882(t)(2) of such Act
16 (42 U.S.C. 1395ss(t)(2)) is amended—

17 (1) by striking “(2)” and inserting “(2)(A)”;

18 (2) by redesignating subparagraphs (A), (B),
19 (C), and (D) as clauses (i), (ii), (iii), and (iv), re-
20 spectively;

21 (3) in clause (iv), as redesignated—

22 (A) by striking “paragraph (1)(E)(i)” and
23 inserting “paragraph (1)(B)(v)(I); and

24 (B) by striking “paragraph (1)(E)(ii)” and
25 inserting “paragraph (1)(B)(v)(II)”;

1 (4) by striking “the previous sentence” and in-
2 serting “this subparagraph”; and

3 (5) by adding at the end the following new sub-
4 paragraph:

5 “(B) If the Secretary determines that an issuer of
6 a policy approved under paragraph (1) has made a mis-
7 representation to the Secretary or has provided the Sec-
8 retary with false information regarding such policy, the
9 issuer is subject to a civil money penalty in an amount
10 not to exceed \$100,000 for each such determination. The
11 provisions of section 1128A (other than the first sentence
12 of subsection (a) and other than subsection (b)) shall
13 apply to a civil money penalty under this subparagraph
14 in the same manner as such provisions apply to a penalty
15 or proceeding under section 1128A(a).”.

16 (d) EFFECTIVE DATES.—

17 (1) NAIC STANDARDS.—If, within 9 months
18 after the date of the enactment of this Act, the Na-
19 tional Association of Insurance Commissioners
20 makes changes in the 1991 NAIC Model Regulation
21 (as defined in section 1882(p)(1)(A) of the Social
22 Security Act) to incorporate the additional require-
23 ments imposed by the amendments made by this sec-
24 tion, section 1882(g)(2)(A) of such Act shall be ap-
25 plied in each State, effective for policies issued to

1 policyholders on and after the date specified in para-
2 graph (3), as if the reference to the Model Regula-
3 tion adopted on June 6, 1979, were a reference to
4 the 1991 NAIC Model Regulation (as so defined) as
5 changed under this paragraph (such changed Regu-
6 lation referred to in this subsection as the “1995
7 NAIC Model Regulation”).

8 (2) SECRETARY STANDARDS.—If the Associa-
9 tion does not make changes in the 1991 NAIC
10 Model Regulation (as so defined) within the 9-month
11 period specified in paragraph (1), the Secretary shall
12 promulgate a regulation and section 1882(g)(2)(A)
13 of the Social Security Act shall be applied in each
14 State, effective for policies issued to policyholders on
15 and after the date specified in paragraph (3), as if
16 the reference to the Model Regulation adopted on
17 June 6, 1979, were a reference to the 1991 NAIC
18 Model Regulation (as so defined) as changed by the
19 Secretary under this paragraph (such changed Regu-
20 lation referred to in this subsection as the “1995
21 Federal Regulation”).

22 (3) DATE SPECIFIED.—

23 (A) IN GENERAL.—Subject to subpara-
24 graph (B), the date specified in this paragraph
25 for a State is the earlier of—

1 (i) the date the State adopts the 1995
2 NAIC Model Regulation or the 1995 Fed-
3 eral Regulation, or

4 (ii) 1 year after the date the Associa-
5 tion or the Secretary first adopts such reg-
6 ulations.

7 (B) ADDITIONAL LEGISLATIVE ACTION RE-
8 QUIRED.—In the case of a State which the Sec-
9 retary identifies, in consultation with the Asso-
10 ciation, as—

11 (i) requiring State legislation (other
12 than legislation appropriating funds) in
13 order for medicare supplemental policies to
14 meet the 1995 NAIC Model Regulation or
15 the 1995 Federal Regulation, but

16 (ii) having a legislature which is not
17 scheduled to meet in 1995 in a legislative
18 session in which such legislation may be
19 considered,

20 the date specified in this paragraph is the first
21 day of the first calendar quarter beginning after
22 the close of the first legislative session of the
23 State legislature that begins on or after Janu-
24 ary 1, 1996. For purposes of the previous sen-
25 tence, in the case of a State that has a 2-year

1 legislative session, each year of such session
2 shall be deemed to be a separate regular session
3 of the State legislature.

4 **TITLE II—STATE INNOVATION**
5 **Subtitle A—State Waiver Authority**

6 **SEC. 2001. STATE HEALTH REFORM PROJECTS.**

7 (a) OBJECTIVES.—The objectives of the waiver pro-
8 grams approved under this section shall include, but not
9 be limited to—

10 (1) achieving the goals of increased health cov-
11 erage and access;

12 (2) containing the annual rate of growth in
13 public and private health care expenditures;

14 (3) ensuring that patients receive high-quality,
15 appropriate health care; and

16 (4) testing alternative reforms, such as building
17 on the private health insurance system or creating
18 new systems, to achieve the objectives of this Act.

19 (b) STATE HEALTH REFORM APPLICATIONS.—

20 (1) IN GENERAL.—A State may apply for—

21 (A) an alternative State health program
22 waiver under paragraph (2); or

23 (B) a limited State health care waiver
24 under paragraph (3).

1 (2) ALTERNATIVE STATE HEALTH PROGRAM
2 WAIVERS.—

3 (A) IN GENERAL.—In accordance with this
4 paragraph, each State desiring to implement an
5 alternative State health program may submit
6 an application for waiver to the Secretary for
7 approval.

8 (B) WAIVER REQUIREMENTS SPECIFIED.—
9 A State that desires to receive a program waiv-
10 er under this paragraph shall prepare and sub-
11 mit to the Secretary, as part of the application,
12 a State health care plan that shall—

13 (i) provide and describe the manner in
14 which the State will ensure that individuals
15 residing within the State have expanded
16 access to health care coverage;

17 (ii) describe the number and percent-
18 age of current uninsured individuals who
19 will achieve coverage under the alternative
20 State health program;

21 (iii) describe the benefits package that
22 will be provided to all classes of bene-
23 ficiaries under the alternative State health
24 program;

1 (iv) identify Federal, State, or local
2 programs that currently provide health
3 care services in the State and describe how
4 such programs could be incorporated into
5 or coordinated with the alternative State
6 health program, to the extent practicable;

7 (v) provide that the State will develop
8 and implement health care cost contain-
9 ment procedures;

10 (vi) describe the public and private
11 sector financing to be provided for the al-
12 ternative State health program;

13 (vii) estimate the amount of Federal,
14 State, and local expenditures, as well as,
15 the costs to business and individuals under
16 the alternative State health program;

17 (viii) describe how the State plan will
18 ensure the financial solvency of the alter-
19 native State health program;

20 (ix) describe any changes in eligibility
21 for public subsidies;

22 (x) provide assurances that Federal
23 expenditures under the alternative State
24 health program shall not exceed the Fed-
25 eral expenditures which would otherwise be

1 made in the aggregate for the entire pro-
2 gram period;

3 (xi) provide quality control assurances
4 and agreements as required by the Sec-
5 retary;

6 (xii) provide for the development and
7 implementation of a State health care de-
8 livery system that provides increased ac-
9 cess to care in areas of the State where
10 there is an inadequate supply of health
11 care providers;

12 (xiii) identify all Federal law waivers
13 required to implement the alternative State
14 health program, including such waivers
15 necessary to achieve the access, cost con-
16 tainment, and quality goals of this Act and
17 the alternative State health program; and

18 (xiv) provide that the State will pre-
19 pare and submit the Secretary such re-
20 ports as the Secretary may require to carry
21 out program evaluations.

22 (C) PROJECT WAIVERS.—

23 (i) CRITERIA FOR SELECTION.—In se-
24 lecting from among the applications for al-
25 ternative State health program waivers,

1 the Secretary shall be satisfied that each
2 approved State alternative State health
3 program—

4 (I) will not have a negative effect
5 on quality of care;

6 (II) will increase coverage of or
7 access for the State's population; and

8 (III) will—

9 (aa) provide quality of care
10 and premium comparisons di-
11 rectly to employers and individ-
12 uals in an easy-to-use format,

13 (bb) contract with an exter-
14 nal peer review organization to
15 monitor the quality of health care
16 plans, and

17 (cc) establish a mechanism
18 within the State's grievance proc-
19 ess that allows members of a
20 health plan to disenroll at any
21 time if it can be shown that such
22 members were provided erroneous
23 information that biased their
24 health plan selection.

1 (ii) WAIVER APPROVAL.—The Sec-
2 retary shall approve applications submitted
3 by States that meet the access, cost con-
4 tainment, and quality goals established in
5 this Act and shall waive to the extent nec-
6 essary to conduct each alternative State
7 health program any of the requirements of
8 this Act, including, but not limited to, eli-
9 gibility requirements; alternative data col-
10 lection systems and sampling designs that
11 focus on measuring health status, patient
12 treatment outcomes, and patient satisfac-
13 tion with health plans, rather than on the
14 collection of 100 percent of patient encoun-
15 ters; and benefit designs; and any provi-
16 sions of Federal law contained in the fol-
17 lowing:

18 (I) Titles V, XVIII, XIX, and
19 XX of the Social Security Act.

20 (II) The Public Health Service
21 Act.

22 (III) Any other Federal law au-
23 thORIZING a Federal health care pro-
24 gram that the Secretary identifies as

1 providing health care services to quali-
2 fied recipients.

3 (3) LIMITED STATE HEALTH CARE WAIVERS.—

4 Each State which does not receive an approved ap-
5 plication under paragraph (2) may apply for a lim-
6 ited State health care waiver. The Secretary shall
7 award limited State health care waivers to ensure
8 State demonstrations of health reforms that could
9 address, but are not limited to addressing, the fol-
10 lowing issues that are likely to provide guidance for
11 the development of additional national health re-
12 forms:

13 (A) Integration of acute and long-term
14 care systems, including delivery and financing
15 systems.

16 (B) Establishment of methodologies that
17 limit expenditures or establish global budgets,
18 including rate setting and provider reimburse-
19 ments.

20 (C) Implementation of a quality manage-
21 ment and improvement system.

22 (D) Strategies to improve the proper spe-
23 ciality and geographic distribution of the health
24 care work force.

1 (E) Initiatives to improve the population's
2 health status.

3 (F) Development of uniform health data
4 sets that emphasize the measurement of patient
5 satisfaction, treatment outcomes, and health
6 status.

7 (G) Methods for coordinating or integrat-
8 ing State-funded programs that provide services
9 for low-income individuals, including programs
10 authorized by this Act.

11 (H) Programs to improve public health.

12 (I) Reforms intended to reduce health care
13 fraud and abuse.

14 (J) Reforms to reduce the incidence of de-
15 fensive medicine and practitioner liability costs
16 associated with medical malpractice.

17 (K) Development of a uniform billing sys-
18 tem.

19 (c) ADDITIONAL RULES REGARDING APPLICA-
20 TIONS.—

21 (1) TECHNICAL ASSISTANCE.—The Secretary
22 shall, if requested, provide technical assistance to
23 States to assist such States in developing waiver ap-
24 plications under this section.

1 (2) INITIAL REVIEW.—The Secretary shall com-
2 plete an initial review of each State application for
3 a waiver under paragraph (2) or (3) of subsection
4 (b) within 40 days of the date of receipt of such ap-
5 plication, analyze the scope of the proposal, and de-
6 termine whether additional information is needed
7 from the State. The Secretary shall issue a prelimi-
8 nary opinion concerning the likelihood that the ap-
9 plication will be approved within such 40-day period
10 and shall advise the State within such period of the
11 need to submit additional information.

12 (3) FINAL DECISION.—The Secretary shall,
13 within 90 days of the later of—

14 (A) the date of receipt of a State applica-
15 tion for a waiver under paragraph (2) or (3) of
16 subsection (b), or

17 (B) the date on which the Secretary re-
18 ceives additional information requested from a
19 State under paragraph (1),
20 issue a final decision concerning such application.

21 (4) WAIVER PERIOD.—A State waiver may be
22 approved for a period of 5 years and may be ex-
23 tended for subsequent 5-year periods upon approval
24 by the Secretary, except that a shorter period may

1 be requested by a State and granted by the Sec-
2 retary.

3 (d) QUALIFICATION FOR FEDERAL FUNDS.—For
4 purposes of this section, a State with an approved alter-
5 native health care system under subsection (b)(2) shall be
6 considered a participating State and shall maintain such
7 status if such State meets the requirements established
8 by the Secretary in the waiver approval and in this section.

9 (e) EVALUATION, MONITORING, AND COMPLIANCE.—

10 (1) STATE HEALTH REFORM ADVISORY
11 BOARD.—Within 90 days after the date of the enact-
12 ment of this Act, the Secretary shall establish a 7-
13 member State Health Reform Advisory Board (here-
14 after in this subsection referred to as the “Board”)
15 that will be responsible for monitoring the status
16 and progress achieved under waivers granted under
17 this section and promoting information exchange be-
18 tween States and the Federal Government. The
19 Board shall be comprised of members representing
20 relevant participants in State programs, including
21 representatives of State government, employers, con-
22 sumers, providers, and insurers. The Board shall
23 also be responsible for making recommendations to
24 the Secretary, using equivalency or minimum stand-
25 ards, for minimizing the negative effect of State

1 waivers on national employer groups, provider orga-
2 nizations, and insurers because of differing State re-
3 quirements under the waivers.

4 (2) ANNUAL REPORTS BY STATES.—Each State
5 that has received a waiver approval shall submit to
6 the Secretary an annual report based on the period
7 representing the respective State’s fiscal year, detail-
8 ing compliance with the requirements established by
9 the Secretary in the waiver approval and in this sec-
10 tion.

11 (3) CORRECTIVE ACTION PLANS.—If a State is
12 not in compliance with the requirements of this sec-
13 tion, the Secretary shall develop, in conjunction with
14 all the approved States, a corrective action plan.

15 (4) TERMINATION.—For good cause, the Sec-
16 retary may revoke any waiver of Federal law granted
17 under this section, and if necessary, may terminate
18 any alternative State health program. Such decisions
19 shall be subject to a petition for reconsideration and
20 appeal pursuant to regulations established by the
21 Secretary.

22 (5) EVALUATIONS BY SECRETARY.—The Sec-
23 retary shall prepare and submit to the Committee on
24 Finance and the Committee on Labor and Human
25 Resources of the Senate and the Committee on En-

1 ergy and Commerce and the Committee on Ways
2 and Means of the House of Representatives annual
3 reports that shall contain—

4 (A) a description of the effects of the re-
5 forms undertaken in States receiving waiver ap-
6 provals under this section;

7 (B) an evaluation of the effectiveness of
8 such reforms in—

9 (i) expanding health care coverage for
10 State residents;

11 (ii) providing health care to State
12 residents with special needs;

13 (iii) reducing or containing health
14 care costs in the States; and

15 (iv) improving the quality of health
16 care provided in the States; and

17 (C) recommendations regarding the advis-
18 ability of increasing Federal financial assistance
19 for State alternative State health program ini-
20 tiatives, including the amount and source of
21 such assistance.

22 (f) FUNDING.—

23 (1) IN GENERAL.—The Secretary may provide a
24 grant to a State that has an application for a waiver
25 approved under this section to enable such State to

1 carry out an alternative State health program in the
2 State.

3 (2) AMOUNT OF GRANT.—The amount of a
4 grant provided to a State under paragraph (1) shall
5 be determined pursuant to an allocation formula es-
6 tablished by the Secretary.

7 (3) PRIORITY.—In awarding grants under para-
8 graph (1), the Secretary shall give priority to those
9 State projects that the Secretary determines have
10 the greatest opportunity to succeed in providing ex-
11 panded health insurance coverage and in providing
12 children and youth with access to health care items
13 and services.

14 (4) MAINTENANCE OF EFFORT.—A State, in
15 utilizing the proceeds of a grant received under
16 paragraph (1), shall maintain the expenditures of
17 the State for health care coverage purposes at a level
18 equal to not less than the level of such expenditures
19 maintained by the State for the fiscal year preceding
20 the fiscal year for which the grant is received. The
21 requirement of this paragraph shall not apply in the
22 case of a State that desires to alter health care cov-
23 erage funding levels within the scope of the State's
24 alternative health program.

1 (5) REPORT.—At the end of the 5-year period
2 beginning on the date on which the Secretary
3 awards the first grant under paragraph (1), the
4 State Health Reform Advisory Board established
5 under subsection (e)(1) shall prepare and submit to
6 the appropriate committees of Congress, a report on
7 the progress made by States receiving grants under
8 paragraph (1) in achieving universal health care cov-
9 erage in such States during the 5-year period of the
10 grant. Such report shall contain the recommendation
11 of the Board concerning any future action that Con-
12 gress should take concerning health care reform, in-
13 cluding whether or not to extend the program estab-
14 lished under this subsection.

15 (g) AVAILABILITY OF FUNDS.—With respect to each
16 of calendar years 1996 through 2000, \$10,000,000,000
17 shall be available for a calendar year to carry out this sec-
18 tion from the Health Care Reform Trust Fund established
19 under section 9551(a)(2)(A) of the Internal Revenue Code
20 of 1986. Amounts made available in a calendar year under
21 this paragraph and not expended may be used in subse-
22 quent calendar years to carry out this section.

23 (h) AMENDMENT TO CRIMINAL PENALTIES FOR
24 ACTS INVOLVING MEDICARE OR STATE HEALTH CARE
25 PROGRAMS.—Section 1128B(b) of the Social Security Act

1 (42 U.S.C. 1320a-7b(b)) is amended by adding at the end
2 the following new paragraph:

3 “(4) Paragraphs (1) and (2) shall not apply to—

4 “(A) any payment to a health insurer or health
5 maintenance organization for which the premium is
6 paid in whole or in part by a State health care pro-
7 gram; and

8 “(B) any payment made by a health insurer or
9 a health maintenance organization to a sales rep-
10 resentative or a licensed insurance agent as com-
11 pensation for the services of the representative or
12 agent in marketing and enrolling an individual in a
13 health plan for which the premium is paid in whole
14 or in part by a State health care program.”.

15 **Subtitle B—Existing State Laws**

16 **SEC. 2101. CONTINUANCE OF EXISTING FEDERAL LAW** 17 **WAIVERS.**

18 Nothing in this Act shall preempt any feature of a
19 State health care system operating under a waiver granted
20 before the date of the enactment of this Act under title
21 XVIII or XIX of the Social Security Act (42 U.S.C. 1395
22 et seq. or 1396 et seq.) or under an exemption from pre-
23 emption under section 514(b) of the Employee Retirement
24 Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

1 **SEC. 2102. HAWAII PREPAID HEALTH CARE ACT.**

2 (a) ERISA WAIVER.—Section 514(b)(5) of the Em-
3 ployee Retirement Income Security Act of 1974 (29
4 U.S.C. 1144(b)(5)) is amended to read as follows:

5 “(5)(A) Except as provided in subparagraphs
6 (B) and (C), subsection (a) shall not apply to the
7 Hawaii Prepaid Health Care Act (Haw. Rev. Stat.
8 393–1 through 393–51).

9 “(B) Nothing in subparagraph (A) shall be con-
10 strued to exempt from subsection (a) any State tax
11 law relating to employee benefits plans.

12 “(C) If the Secretary of Labor notifies the Gov-
13 ernor of the State of Hawaii that as the result of
14 an amendment to the Hawaii Prepaid Health Care
15 Act enacted after the date of the enactment of the
16 Health Innovation Partnership Act of 1994—

17 “(i) the proportion of the population with
18 health care coverage under such Act is less than
19 such proportion on such date, or

20 “(ii) the level of benefit coverage provided
21 under such Act is less than the actuarial equiv-
22 alent of such level of coverage on such date,
23 subparagraph (A) shall not apply with respect to the
24 application of such amendment to such Act after the
25 date of such notification.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect on the date of the enact-
3 ment of this Act and shall apply with respect to notifica-
4 tions made on or after such date.

5 **SEC. 2103. ALTERNATIVE STATE PROVIDER PAYMENT SYS-**
6 **TEMS.**

7 Notwithstanding any other provision of law, if a hos-
8 pital reimbursement system operated by a State meets the
9 requirements of section 1814(b) of the Social Security Act
10 (42 U.S.C. 1395f(b)) and has been approved by the Sec-
11 retary and in continuous operation since July 1, 1977, the
12 payment rates and methodologies required under the sys-
13 tem for services provided in the State shall apply to all
14 purchasers and payers, including those under employee
15 welfare benefit plans covered under the Employee Retire-
16 ment Income Security Act of 1974 (29 U.S.C. 1001 et
17 seq.), workers' compensation programs under State law,
18 the Federal Employees' Compensation Act under chapter
19 81 of title 5, United States Code, and Federal employee
20 health benefit plans under chapter 89 of title 5, United
21 States Code.

22 **SEC. 2104. ALTERNATIVE STATE HOSPITAL SERVICES PAY-**
23 **MENT SYSTEMS.**

24 (a) IN GENERAL.—No State shall be prevented from
25 enforcing—

1 (1) a State system described in subsection (b),
2 or

3 (2) a State system described in subsection (c),
4 by any provision of the Employee Retirement Income Se-
5 curity Act of 1974 (29 U.S.C. 1001 et seq.) or chapter
6 81 or 89 of title 5, United States Code.

7 (b) REIMBURSEMENT CONTROL SYSTEM.—A State
8 system is described in this subsection if it is a State reim-
9 bursement control system in operation before the date of
10 the enactment of this Act which—

11 (1) applies to substantially all non-Federal
12 acute care hospitals in the State, and

13 (2) regulates substantially all rates of payment
14 (including maximum charges) in the State for inpa-
15 tient hospital services, except payments made under
16 title XVIII of the Social Security Act (42 U.S.C.
17 1395 et seq.).

18 (c) HEALTH INSURANCE REFORM SYSTEM.—A State
19 system is described in this subsection if it is a State health
20 insurance reform system in operation before the date of
21 the enactment of this Act which requires any insurer (in-
22 cluding a health maintenance organization) to comply with
23 requirements governing open enrollment and community
24 rating, including premium adjustments or other health
25 care assessments for the purpose of risk adjustment.

1 (d) EFFECTIVE DATE.—In the case of a State system
2 described in subsection (b) or (c), the provisions of this
3 section shall apply before, on, and after the date of the
4 enactment of this Act.

5 **SEC. 2105. EXEMPTION FROM ERISA PREEMPTION OF CER-**
6 **TAIN PROVISIONS OF THE LAW OF THE**
7 **STATE OF OREGON RELATING TO HEALTH**
8 **PLANS.**

9 (a) IN GENERAL.—Section 514(b) of the Employee
10 Retirement Income Security Act of 1974 (29 U.S.C.
11 1144(b)) is amended by adding at the end the following
12 new paragraph:

13 “(9)(A) Subject to subparagraph (B), subsection (a)
14 shall not apply to the following provisions of the law of
15 the State of Oregon as applied to a group health plan:

16 “(i) Chapter 838, Oregon Laws 1989 (relating
17 to the creation and operation of a high-risk insur-
18 ance pool).

19 “(ii) Chapter 591, Oregon Laws 1987, chapter
20 381, Oregon Laws 1989, and chapter 916, Oregon
21 Laws 1991 (relating to employer-based health plan
22 coverage reforms).

23 “(iii) Chapter 470, Oregon Laws 1991 (relating
24 to health care cost containment and technology as-
25 sessment).

1 “(iv) Chapter 836, Oregon Laws 1989 and
2 chapter 753, Oregon Laws 1991 (relating to
3 prioritization and medical assistance reforms).

4 “(v) Chapter 815, Oregon Laws 1993 (relating
5 to phasing in of employer coverage and other revi-
6 sions of the Oregon Health Plan).

7 “(vi) Any other provision of the law of the
8 State of Oregon, to the extent that such provision is
9 necessary to achieve universal coverage under the
10 Oregon Health Plan.

11 “(B) Subparagraph (A) shall apply with respect to
12 any provision of the law of the State of Oregon which pro-
13 vides, directly or indirectly, for taxation of employers or
14 group health plans only if under such provision the assess-
15 ment of the tax is under a uniform schedule, applicable
16 to all employers and group health plans, and does not dis-
17 criminate on the basis of the extent to which a group
18 health plan is insured.

19 “(C) For purposes of this paragraph, the term ‘group
20 health plan’ has the meaning provided in section 607(1).”.

21 (b) APPLICABILITY OF FEDERAL HEALTH REFORM
22 LEGISLATION.—The State of Oregon shall not be treated
23 as failing to comply with applicable requirements of any
24 Federal health reform law, which is enacted on or after
25 the date of the enactment of this Act and which provides

1 for coverage of individuals under a comprehensive benefit
2 package, before the first day of the first calendar year fol-
3 lowing the calendar year in which all other States have
4 in effect plans under which individuals are eligible for cov-
5 erage under a comprehensive benefit package in compli-
6 ance with such law.

7 **TITLE III—PUBLIC HEALTH AND**
8 **RURAL AND UNDERSERVED**
9 **ACCESS IMPROVEMENT**

10 **SEC. 3001. SHORT TITLE.**

11 This title may be cited as the “Public Health and
12 Rural and Underserved Access Improvement Act of
13 1994”.

14 **SEC. 3002. ESTABLISHMENT OF NEW TITLE XXVII REGARD-**
15 **ING PUBLIC HEALTH PROGRAMS.**

16 The Public Health Service Act (42 U.S.C. 201 et
17 seq.) is amended by adding at the end the following title:

1 **“TITLE XXVII—PUBLIC HEALTH**
2 **PROGRAMS IMPROVEMENT**
3 **“Subtitle A—Core Functions of**
4 **Public Health Programs**

5 **“PART 1—FORMULA GRANTS TO STATES**

6 **“SEC. 2711. AUTHORIZATIONS OF APPROPRIATIONS FROM**
7 **FUND.**

8 “For the purpose of carrying out this subtitle, there
9 are authorized to be appropriated from the Health Care
10 Reform Trust Fund established under section
11 9551(a)(2)(A) of the Internal Revenue Code of 1986
12 (hereafter referred to in this title as the “Fund”),
13 \$200,000,000 for fiscal year 1996, \$350,000,000 for fis-
14 cal year 1997, \$500,000,000 for fiscal year 1998,
15 \$650,000,000 for fiscal year 1999, and \$700,000,000 for
16 fiscal year 2000.

17 **“SEC. 2712. FORMULA GRANTS TO STATES FOR CORE**
18 **HEALTH FUNCTIONS.**

19 “(a) IN GENERAL.—In the case of each State that
20 submits to the Secretary an application in accordance with
21 section 2715 for a fiscal year, the Secretary of Health and
22 Human Services, acting through the Director of the Cen-
23 ters for Disease Control and Prevention, shall make a
24 grant to the State for carrying out the activities described

1 in subsection (c). The award shall consist of the allotment
2 determined under section 2716 for the State.

3 “(b) GENERAL PURPOSE.—The purpose of this sub-
4 title is to provide for improvements in the health status
5 of the public through carrying out the activities described
6 in subsection (c) toward attaining the Healthy People
7 2000 Objectives (as defined in section 2799A). A funding
8 agreement for a grant under subsection (a) is that—

9 “(1) the grant will be expended for such activi-
10 ties; and

11 “(2) the activities will be carried out by the
12 State in collaboration with local public health de-
13 partments, health education and training centers,
14 neighborhood health centers, and other community
15 health providers.

16 “(c) CORE FUNCTIONS OF PUBLIC HEALTH PRO-
17 GRAMS.—Subject to the purpose described in subsection
18 (b), the activities referred to in subsection (a) are the fol-
19 lowing:

20 “(1) Data collection, and analytical activities,
21 related to population-based status and outcomes
22 monitoring, including the following:

23 “(A) The regular collection and analysis of
24 public health data (including the 10 leading
25 causes of death and their costs to society).

1 “(B) Vital statistics.

2 “(C) Personal health services data.

3 “(D) The supply and distribution of health
4 professionals.

5 “(2) Activities to reduce environmental risk and
6 to assure the safety of housing, schools, workplaces,
7 day-care centers, food and water, including the fol-
8 lowing activities:

9 “(A) Monitoring the overall public health
10 status and safety of communities.

11 “(B) Assessing exposure to high lead levels
12 and other environmental contaminants; and ac-
13 tivities for abatement of toxicant hazards, in-
14 cluding lead-related hazards.

15 “(C) Monitoring the quality of community
16 water supplies used for consumption or for rec-
17 reational purposes.

18 “(D) Monitoring sewage and solid waste
19 disposal, radiation exposure, radon exposure,
20 and noise levels.

21 “(E) Monitoring indoor and ambient air
22 quality and related risks to vulnerable popu-
23 lations.

24 “(F) Assuring recreation, worker, and
25 school safety.

1 “(G) Enforcing public health safety and
2 sanitary codes.

3 “(H) Monitoring community access to ap-
4 propriate health services.

5 “(I) Other activities relating to promoting
6 and protecting the public health of commu-
7 nities.

8 “(3) Investigation, control, and public-aware-
9 ness activities regarding adverse health conditions
10 (such as emergency treatment preparedness, commu-
11 nity efforts to reduce violence, outbreaks of commu-
12 nicable diseases within communities, chronic disease
13 and dysfunction exposure-related conditions, toxic
14 environmental pollutants, occupational and rec-
15 reational hazards, motor vehicle accidents, and other
16 threats to the health status of individuals).

17 “(4) Public information and education pro-
18 grams to reduce risks to health (such as use of to-
19 bacco; alcohol and other drugs; unintentional injury
20 from accidents, including motor vehicle accidents;
21 sexual activities that increase the risk of HIV trans-
22 mission and sexually transmitted diseases; poor diet;
23 physical inactivity; stress-related illness; mental
24 health problems; genetic disorders; and low child-
25 hood immunization levels).

1 “(5) Provision of public health laboratory serv-
2 ices that complement private clinical laboratory serv-
3 ices and that screen for diseases and conditions
4 (such as metabolic diseases in newborns, provide as-
5 sessments of blood lead levels and other environ-
6 mental toxicants, diagnose and contact tracing of
7 sexually transmitted diseases, tuberculosis and other
8 diseases requiring partner notification, test for infec-
9 tious and food-borne diseases, and monitor the safe-
10 ty of water and food supplies).

11 “(6) Training and education of new and exist-
12 ing health professionals in the field of public health,
13 with special emphasis on epidemiology, biostatistics,
14 health education, public health administration, pub-
15 lic health nursing and dentistry, environmental and
16 occupational health sciences, public health nutrition,
17 social and behavioral health sciences, operations re-
18 search, and laboratory technology.

19 “(7) Leadership, policy development and admin-
20 istration activities, including assessing needs and the
21 supply and distribution of health professionals; the
22 setting of public health standards; the development
23 of community public health policies; and the develop-
24 ment of community public health coalitions.

25 “(d) RESTRICTIONS ON USE OF GRANT.—

1 “(1) IN GENERAL.—A funding agreement for a
2 grant under subsection (a) for a State is that the
3 grant will not be expended—

4 “(A) to provide inpatient services;

5 “(B) to make cash payments to intended
6 recipients of health services;

7 “(C) to purchase or improve land, pur-
8 chase, construct, or permanently improve (other
9 than minor remodeling) any building or other
10 facility, or purchase major medical equipment;

11 “(D) to satisfy any requirement for the ex-
12 penditure of non-Federal funds as a condition
13 for the receipt of Federal funds; or

14 “(E) to provide financial assistance to any
15 entity other than a public or nonprofit private
16 entity.

17 “(2) LIMITATION ON ADMINISTRATIVE EX-
18 PENSES.—A funding agreement for a grant under
19 subsection (a) is that the State involved will not ex-
20 pend more than 20 percent of the grant for adminis-
21 trative expenses with respect to the grant.

22 “(e) MAINTENANCE OF EFFORT.—A funding agree-
23 ment for a grant under subsection (a) is that the State
24 involved will maintain expenditures of non-Federal
25 amounts for core health functions at a level that is not

1 less than the level of such expenditures maintained by the
2 State for the fiscal year preceding the first fiscal year for
3 which the State receives such a grant.

4 **“SEC. 2713. NUMBER OF FUNCTIONS; PLANNING.**

5 “(a) NUMBER OF FUNCTIONS.—Subject to sub-
6 section (b), a funding agreement for a grant under section
7 2712 is that the State involved will carry out each of the
8 activities described in subsection (c) of such section.

9 “(b) PLANNING.—In making grants under section
10 2712, the Secretary shall for each State designate a period
11 during which the State is to engage in planning to meet
12 the responsibilities of the State under subsection (a). The
13 period so designated may not exceed 18 months. With re-
14 spect to such period for a State, a funding agreement for
15 a grant under section 2712 for any fiscal year containing
16 any portion of the period is that, during the period, the
17 State will expend the grant only for such planning.

18 **“SEC. 2714. SUBMISSION OF INFORMATION; REPORTS.**

19 “(a) SUBMISSION OF INFORMATION.—The Secretary
20 may make a grant under section 2712 only if the State
21 involved submits to the Secretary the following informa-
22 tion:

23 “(1) A description of the relationship between
24 community health providers, public and private

1 health plans, and the public health system of the
2 State.

3 “(2) A description of existing deficiencies in the
4 public health system at the State level and the local
5 level, using standards under the Healthy People
6 2000 Objectives.

7 “(3) A description of public health priorities
8 identified at the State level and local levels, includ-
9 ing the 10 leading causes of death and their respec-
10 tive direct and indirect costs to the State and the
11 Federal Government.

12 “(4) Measurable outcomes and process objec-
13 tives (using criteria under the Healthy People 2000
14 Objectives) which indicate improvements in health
15 status as a result of the activities carried out under
16 section 2712(c).

17 “(5) Information regarding each such activity,
18 which—

19 “(A) identifies the amount of State and
20 local funding expended on each such activity for
21 the fiscal year preceding the fiscal year for
22 which the grant is sought; and

23 “(B) provides a detailed description of how
24 additional Federal funding will improve each

1 such activity by both the State and local public
2 health agencies.

3 “(6) A description of activities under section
4 2712(c) to be carried out at the local level, and a
5 specification for each such activity of—

6 “(A) the communities in which the activity
7 will be carried out and any collaborating agen-
8 cies; and

9 “(B) the amount of the grant to be ex-
10 pended for the activity in each community so
11 specified.

12 “(7) A description of how such activities have
13 been coordinated with activities supported under
14 title V of the Social Security Act (relating to mater-
15 nal and child health).

16 “(b) REPORTS.—A funding agreement for a grant
17 under section 2712 is that the States involved will, not
18 later than the date specified by the Secretary, submit to
19 the Secretary a report describing—

20 “(1) the purposes for which the grant was ex-
21 pended;

22 “(2) the health status of the population of the
23 State, as measured by criteria under the Healthy
24 People 2000 Objectives; and

1 “(3) the progress achieved and obstacles en-
2 countered in using uniform data sets under such Ob-
3 jectives.

4 **“SEC. 2715. APPLICATION FOR GRANT.**

5 “The Secretary may make a grant under section
6 2712 only if an application for the grant is submitted to
7 the Secretary, the application contains each agreement de-
8 scribed in this part, the application contains the informa-
9 tion required in section 2712(c), and the application is in
10 such form, is made in such manner, and contains such
11 agreements, assurances, and information as the Secretary
12 determines to be necessary to carry out this part.

13 **“SEC. 2716. DETERMINATION OF AMOUNT OF ALLOTMENT.**

14 “For purposes of section 2712, the allotment under
15 this section for a State for a fiscal year shall be deter-
16 mined through a formula established by the Secretary on
17 the basis of the population, economic indicators, and
18 health status of each State. Such allotment shall be the
19 product of—

20 “(1) a percentage determined under the for-
21 mula; and

22 “(2) the amount appropriated under section
23 2711 for the fiscal year, less any amounts reserved
24 under section 2717.

1 **“SEC. 2717. ALLOCATIONS FOR CERTAIN ACTIVITIES.**

2 “Of the amounts made available under section 2711
3 for a fiscal year for carrying out this part, the Secretary
4 may reserve not more than 15 percent for carrying out
5 the following activities:

6 “(1) Technical assistance with respect to plan-
7 ning, development, and operation of activities under
8 section 2712(b), including provision of biostatistical
9 and epidemiological expertise, provision of laboratory
10 expertise, and the development of uniform data sets
11 under the Health People 2000 Objectives.

12 “(2) Development and operation of a national
13 information network among State and local health
14 agencies for utilizing such uniform data sets.

15 “(3) Program monitoring and evaluation of ac-
16 tivities carried out under section 2712(b).

17 “(4) Development of a unified electronic report-
18 ing mechanism to improve the efficiency of adminis-
19 trative management requirements regarding the pro-
20 vision of Federal grants to State public health agen-
21 cies.

1 **“PART 2—COMPREHENSIVE EVALUATION OF DIS-**
2 **EASE PREVENTION AND HEALTH PRO-**
3 **MOTION PROGRAMS**

4 **“SEC. 2718. AUTHORIZATIONS OF APPROPRIATIONS FROM**
5 **FUND.**

6 “For the purpose of carrying out this part, there are
7 authorized to be appropriated from the Fund,
8 \$100,000,000 for fiscal year 1996, and \$150,000,000 for
9 each of the fiscal years 1997 through 2000.

10 **“SEC. 2719. EVALUATION OF PROGRAMS.**

11 “(a) GRANTS.—The Secretary may make grants to,
12 or enter into cooperative agreements or contracts with, eli-
13 gible entities for the purpose of enabling such entities to
14 carry out evaluations of the type described in subsection
15 (c). The Secretary shall carry out this section acting
16 through the Director of the Centers for Disease Control
17 and Prevention, subject to subsection (g).

18 “(b) REQUIREMENTS.—

19 “(1) ELIGIBLE ENTITIES.—To be eligible to re-
20 ceive an award of a grant, cooperative agreement, or
21 contract under subsection (a), an entity must—

22 “(A) be a public, nonprofit, or private en-
23 tity or a university;

24 “(B) prepare and submit to the Secretary
25 an application at such time, in such form, and
26 containing such information as the Secretary

1 may require, including a plan for the conduct of
2 the evaluation under the grant;

3 “(C) provide assurances that any informa-
4 tion collected while conducting evaluations
5 under this section will be maintained in a con-
6 fidential manner with respect to the identities
7 of the individuals from which such information
8 is obtained; and

9 “(D) meet any other requirements that the
10 Secretary determines to be appropriate.

11 “(2) TYPES OF ENTITIES.—In making awards
12 under subsection (a), the Secretary shall consider
13 applications from entities proposing to conduct eval-
14 uations using community programs, managed care
15 programs, State and county health departments,
16 public education campaigns, school programs, and
17 other appropriate programs. The Secretary shall en-
18 sure that not less than 25 percent of the amounts
19 appropriated under section 2718 for a fiscal year are
20 used for making such awards to entities that will use
21 the amounts to conduct evaluations in the work-
22 place.

23 “(c) USE OF FUNDS.—

24 “(1) EVALUATIONS.—An award under sub-
25 section (a) shall be used to—

1 “(A) conduct evaluations to determine the
2 extent to which clinical preventive services,
3 health promotion and unintentional injury pre-
4 vention activities, and interpersonal and com-
5 munity violence prevention activities, achieve
6 short-term and long-term health care cost re-
7 ductions and health status improvement with
8 respect to the Healthy People 2000 Objectives;
9 and

10 “(B) evaluate other areas determined ap-
11 propriate by the Secretary.

12 “(2) INCLUSION OF CERTAIN POPULATION
13 GROUPS.—In carrying out this section, the Secretary
14 shall ensure that data concerning women, children,
15 minorities, older individuals with different income
16 levels, retirees, and individuals from diverse geo-
17 graphical backgrounds, are obtained.

18 “(3) MINIMUM SERVICES.—The evaluations
19 that the Secretary may provide for under this sec-
20 tion include (but are not limited to) evaluations of
21 programs that provide one or more of the following
22 services:

23 “(A) Blood pressure screening and control
24 (to detect and control hypertension and coro-
25 nary health disease).

1 “(B) Early cancer screening.

2 “(C) Blood cholesterol screening and con-
3 trol.

4 “(D) Smoking cessation programs.

5 “(E) Substance abuse programs.

6 “(F) Dietary and nutrition counseling, in-
7 cluding nutrition.

8 “(G) Physical fitness counseling.

9 “(H) Stress management.

10 “(I) Diabetes education and screening.

11 “(J) Intraocular pressure screening.

12 “(K) Monitoring of prescription drug use.

13 “(L) Violence and injury prevention pro-
14 grams.

15 “(M) Health education.

16 “(N) Immunization rates.

17 “(4) ENVIRONMENTAL DATA.—Evaluations con-
18 ducted under this section may consider the health ef-
19 fects and cost-effectiveness of certain environmental
20 programs, including fluoridation programs, traffic
21 safety programs, pollution control programs, acci-
22 dent prevention programs, and antismoking pro-
23 grams.

24 “(5) PUBLIC POLICIES.—Evaluations conducted
25 under this section may consider the effects of pre-

1 vention-oriented social and economic policies on im-
2 provement of health status and their long-term cost
3 effectiveness.

4 “(6) USE OF EXISTING DATA.—In conducting
5 evaluations under this section, entities shall use ex-
6 isting data and health promotion and screening pro-
7 grams where practicable.

8 “(7) COOPERATION.—In providing for an eval-
9 uation under this section, the Secretary shall encour-
10 age the recipient of the award and public and pri-
11 vate entities with relevant expertise (including State
12 and local agencies) to collaborate for purposes of
13 conducting the evaluation.

14 “(d) SITES.—Recipients of awards under subsection
15 (a) shall select evaluation sites under the award that
16 present the greatest potential for new and relevant knowl-
17 edge. Such recipients, in selecting such sites, shall ensure
18 that—

19 “(1) the sites provide evidence of pilot testing,
20 process evaluation, formative evaluation, availability
21 assessment strategies and results;

22 “(2) the sites provide evidence of a clear defini-
23 tion of the program and protocols for the implemen-
24 tation of the evaluation; and

1 “(3) the sites provide evidence of valid, appro-
2 priate and feasible assessment methods and tools
3 and a willingness to use common data items and in-
4 struments across such sites.

5 “(e) REPORTING REQUIREMENTS.—Not later than 1
6 year after an entity first receives an award under sub-
7 section (a), and not less than once during each 1-year pe-
8 riod thereafter for which such an award is made to the
9 entity, the entity shall prepare and submit to the Sec-
10 retary a report containing a description of the activities
11 under this section conducted during the period for which
12 the report is prepared, and the findings derived as a result
13 of such activities.

14 “(f) TERM OF EVALUATIONS.—Evaluations con-
15 ducted under this section shall be for a period of not less
16 than 3 years and may continue as necessary to permit the
17 grantee to adequately measure the full benefit of the eval-
18 uations.

19 “(g) DISSEMINATION AND GUIDELINES.—

20 “(1) CONSULTATION.—The Secretary shall
21 carry out this subsection acting through the Director
22 of the Centers for Disease Control and Prevention
23 and the Administrator for Health Care Policy and
24 Research.

1 “(2) GUIDELINES.—The Secretary shall, where
2 feasible and practical, develop and issue practice
3 guidelines that are based on the results of evalua-
4 tions conducted under this section. The practice
5 guidelines shall be developed by the Secretary utiliz-
6 ing expert practitioners to assist in the development
7 and implementation of these guidelines.

8 “(3) DATA.—

9 “(A) IN GENERAL.—The Secretary shall
10 collect, store, analyze, and make available data
11 related to the formulation of the guidelines that
12 is provided to the Centers for Disease Control
13 and Prevention by entities conducting evalua-
14 tions under this section.

15 “(B) USE OF DATA.—The Secretary
16 shall—

17 “(i) identify activities that prevent
18 disease, illness, injury and disability, and
19 promote good health practices; ascertain
20 their cost-effectiveness; and identify their
21 potential to overall health status with re-
22 spect to Healthy People 2000 Objectives;

23 “(ii) disseminate practice guidelines to
24 State and county health departments,
25 State insurance departments, insurance

1 companies, employers, professional medical
2 organizations, and others determined ap-
3 propriate by the Secretary; and

4 “(iii) provide information with respect
5 to recidivism rates of participation in the
6 evaluations.

7 “(4) DISSEMINATION.—The Secretary may dis-
8 seminate information collected from evaluations
9 under this section.

10 “(h) LIMITATION.—Amounts appropriated for carry-
11 ing out this section shall not be utilized to provide services.

12 **“Subtitle B—Opportunities for**
13 **Education and Training in Pub-**
14 **lic Health**

15 **“PART 1—SCHOLARSHIP AND LOAN REPAYMENT**
16 **PROGRAMS REGARDING SERVICE IN PUBLIC**
17 **HEALTH POSITIONS**

18 **“SEC. 2721. AUTHORIZATIONS OF APPROPRIATIONS FROM**
19 **FUND.**

20 “For the purpose of carrying out this part, there are
21 authorized to be appropriated from the Fund,
22 \$50,000,000 for each of the fiscal years 1996 through
23 2000.

1 **“SEC. 2722. SCHOLARSHIP PROGRAM.**

2 “(a) IN GENERAL.—The Secretary, acting through
3 the Administrator of the Health Resources and Services
4 Administration and in consultation with the Director of
5 the Centers for Disease Control and Prevention, shall
6 carry out a program under which the Secretary awards
7 scholarships to individuals described in subsection (b) for
8 the purpose of assisting the individuals with the costs of
9 attending public and nonprofit private schools of public
10 health (or other public or nonprofit private institutions
11 providing graduate or specialized training in public
12 health).

13 “(b) ELIGIBLE INDIVIDUALS.—An individual re-
14 ferred to in subsection (a) is any individual meeting the
15 following conditions:

16 “(1) The individual is enrolled (or accepted for
17 enrollment) at a school or other institution referred
18 to in subsection (a) as a full-time or part-time stu-
19 dent in a program providing training in a health
20 profession in a field of public health (including the
21 fields of epidemiology, biostatistics, environmental
22 health, health administration and planning, behav-
23 ioral sciences, maternal and child health, occupa-
24 tional safety, public health nursing, nutrition, and
25 toxicology).

1 “(2) The individual enters into the contract re-
2 quired pursuant to subsection (d) as a condition of
3 receiving the scholarship (relating to an agreement
4 to provide services in approved public health posi-
5 tions, as defined in section 2724).

6 “(c) ELIGIBLE SCHOOLS.—For fiscal year 1996 and
7 subsequent fiscal years, the Secretary may make an award
8 of a scholarship under subsection (a) only if the Secretary
9 determines that—

10 “(1) the school or other institution with respect
11 to which the award is to be provided has coordinated
12 the activities of the school or institution with rel-
13 evant activities of the Health Resources and Services
14 Administration and the Centers for Disease Control
15 and Prevention; and

16 “(2) not fewer than 60 percent of the graduates
17 of the school or institution are in public health posi-
18 tions determined by the Secretary to be consistent
19 with the needs of the United States regarding such
20 professionals.

21 “(d) APPLICABILITY OF CERTAIN PROVISIONS.—Ex-
22 cept as inconsistent with this section or section 2724, the
23 provisions of subpart III of part D of title III (relating
24 to the Scholarship and Loan Repayment Programs of the
25 National Health Service Corps) apply to an award of a

1 scholarship under subsection (a) to the same extent and
2 in the same manner as such provisions apply to an award
3 of a scholarship under section 338A.

4 **“SEC. 2723. LOAN REPAYMENT PROGRAM.**

5 “(a) IN GENERAL.—The Secretary, acting through
6 the Administrator of the Health Resources and Services
7 Administration and in consultation with the Director of
8 the Centers for Disease Control and Prevention, shall
9 carry out a program under which the Federal Government
10 enters into agreements to repay all or part of the edu-
11 cational loans of individuals meeting the following condi-
12 tions:

13 “(1) The individual involved is a graduate of a
14 school or other institution described in section
15 2722(a).

16 “(2) The individual meets the applicable legal
17 requirements to provide services as a public health
18 professional (including a professional in any of the
19 fields specified in section 2722(b)(1)).

20 “(3) The individual enters into the contract re-
21 quired pursuant to subsection (b) as a condition of
22 the Federal Government repaying such loans (relat-
23 ing to an agreement to provide services in approved
24 public health positions, as defined in section 2724).

1 “(b) APPLICABILITY OF CERTAIN PROVISIONS.—Ex-
2 cept as inconsistent with this section or section 2724, the
3 provisions of subpart III of part D of title III (relating
4 to the Scholarship and Loan Repayment Programs of the
5 National Health Service Corps) apply to an agreement re-
6 garding repayment under subsection (a) to the same ex-
7 tent and in the same manner as such provisions apply to
8 an agreement regarding repayment under section 338B.

9 “(c) AMOUNT OF REPAYMENTS.—For each year for
10 which an individual contracts to serve in an approved pub-
11 lic health position pursuant to subsection (b), the Sec-
12 retary may repay not more than \$20,000 of the principal
13 and interest of the educational loans of the individual.

14 **“SEC. 2724. APPROVED PUBLIC HEALTH POSITIONS.**

15 “(a) POSITION REGARDING POPULATIONS WITH SIG-
16 NIFICANT NEED FOR SERVICES.—

17 “(1) IN GENERAL.—With respect to the pro-
18 grams under this part, the obligated service of a
19 program participant pursuant to sections 2722(d)
20 and 2723(b) shall be provided through an assign-
21 ment, to an entity described in subsection (b), for a
22 position in which the participant provides services as
23 a public health professional to a population deter-
24 mined by the Secretary to have a significant unmet
25 need for the services of such a professional.

1 “(2) PERIOD OF SERVICE.—For purposes of
2 sections 2722(d) and 2723(d), the period of obli-
3 gated service is the following, as applicable to the
4 program participant involved:

5 “(A) In the case of scholarships under sec-
6 tion 2722 for full-time students, the greater
7 of—

8 “(i) 1 year for each year for which
9 such a scholarship is provided; or

10 “(ii) 2 years.

11 “(B) In the case of scholarships under sec-
12 tion 2722 for part-time students, a period de-
13 termined by the Secretary on the basis of the
14 number of hours of education or training re-
15 ceived under the scholarship, considering the
16 percentage constituted by the ratio of such
17 number to the number of hours for a full-time
18 student in the program involved.

19 “(C) In the case of the loan repayments
20 under section 2723, such period as the Sec-
21 retary and the participant may agree, except
22 that the period may not be less than 2 years.

23 “(b) APPROVAL OF ENTITIES FOR ASSIGNMENT OF
24 PROGRAM PARTICIPANTS.—The entities referred to in
25 subsection (a) are public and nonprofit private entities ap-

1 proved by the Secretary as meeting such requirements for
2 the assignment of a program participant as the Secretary
3 may establish. The entities that the Secretary may so ap-
4 prove include State and local departments of health, public
5 hospitals, community and neighborhood health clinics, mi-
6 grant health clinics, community-based health-related orga-
7 nizations, certified regional poison control centers, pur-
8 chasing cooperatives regarding health insurance, and any
9 other public or nonprofit private entity.

10 “(c) DEFINITIONS.—For purposes of this part:

11 “(1) The term ‘approved public health position’,
12 with respect to a program participant, means a posi-
13 tion to which the participant is assigned pursuant to
14 subsection (a).

15 “(2) The term ‘program participant’ means an
16 individual who enters into a contract pursuant to
17 section 2722(b)(2) or 2723(a)(3).

18 **“SEC. 2725. ALLOCATION OF FUNDS; SPECIAL CONSIDER-**
19 **ATIONS.**

20 “(a) ALLOCATIONS REGARDING NEW PARTICIPANTS
21 IN SCHOLARSHIP PROGRAM.—Of the amounts appro-
22 priated under section 2721 for a fiscal year, the Secretary
23 shall obligate not less than 30 percent for the purpose of
24 providing awards for scholarships under section 2722 to

1 individuals who have not previously received such scholar-
2 ships.

3 “(b) SPECIAL CONSIDERATION FOR CERTAIN INDI-
4 VIDUALS.—In making awards of scholarships under sec-
5 tion 2722 and making repayments under section 2723, the
6 Secretary shall give special consideration to individuals
7 who are in the armed forces of the United States or who
8 are veterans of the armed forces.

9 **“PART 2—EDUCATIONAL INSTITUTIONS**

10 **REGARDING PUBLIC HEALTH**

11 **“SEC. 2731. AUTHORIZATIONS OF APPROPRIATIONS FROM**
12 **FUND.**

13 “For the purpose of carrying out this part from the
14 Fund, there are authorized to be appropriated from the
15 Fund, \$100,000,000 for each of the fiscal years 1996
16 through 2000.

17 **“SEC. 2732. GRANTS FOR EXPANDING CAPACITY OF INSTI-**
18 **TUTIONS.**

19 “(a) IN GENERAL.—The Secretary may make grants
20 to institutions described in subsection (b) for the purpose
21 of expanding the educational capacities of the institutions
22 through recruiting and retaining faculty, curriculum devel-
23 opment, and coordinating the activities of the institutions
24 regarding education, training, and field placements.

1 “(b) RELEVANT INSTITUTIONS.—The institutions re-
2 ferred to in subsection (a) are public and nonprofit pri-
3 vate—

4 “(1) schools of public health;

5 “(2) departments of community and preventive
6 medicine that—

7 “(A) are within schools of medicine and
8 schools of osteopathic medicine; and

9 “(B) have established formal arrangements
10 with schools of public health in order to award
11 joint degrees in public health and another
12 health profession; and

13 “(3) schools of nursing or dentistry that have
14 established formal arrangements with schools of
15 public health in order to carry out educational pro-
16 grams in public health at the schools of nursing or
17 dentistry, respectively.

18 “(c) REQUIREMENTS REGARDING CURRICULUM DE-
19 VELOPMENT.—A funding agreement for a grant under
20 subsection (a) for an institution is that, to the extent de-
21 termined to be appropriate by the Secretary, the curricu-
22 lum of institution will include the following:

23 “(1) Subject to subsection (d)(1), part-time
24 nondegree programs for public health professionals
25 who need further training in fields of public health.

1 “(2) With respect to the program of community
2 health advisors established in part 5 of subtitle E,
3 a program to train individuals to serve as super-
4 visors under such part (including training and evalu-
5 ating the community health advisors), which pro-
6 gram is carried out in collaboration with local public
7 health departments and health education and train-
8 ing centers.

9 “(3) A program under which the institution col-
10 laborates with health departments and elementary
11 and secondary schools to develop a health education
12 curriculum for use in the program established under
13 subtitle B of the Public Health Improvement Act of
14 1994.

15 “(d) ADDITIONAL REQUIREMENTS.—Funding agree-
16 ments for a grant under subsection (a) for an institution
17 are as follows:

18 “(1) In developing the curriculum under the
19 grant, the institution will consult with the health de-
20 partments in the State involved, and will follow the
21 relevant priorities of such departments.

22 “(2) The institution will, as appropriate in the
23 determination of the Secretary, coordinate the activi-
24 ties of the institution under the grant with relevant
25 activities of the Health Resources and Services Ad-

1 ministration and the Centers for Disease Control
2 and Prevention.

3 **“SEC. 2733. COORDINATION OF GRANT ACTIVITIES WITH**
4 **NATIONAL PRIORITIES.**

5 “The Secretary shall—

6 “(1) determine the needs of the United States
7 regarding the education and geographic distribution
8 of public health professionals;

9 “(2) determine priorities among such needs;
10 and

11 “(3) in making grants under section 2732, en-
12 sure that the curricula developed under such section,
13 and the expertise of the faculty recruited and re-
14 tained under such section, are consistent with such
15 priorities.

16 **“SEC. 2734. CERTAIN REQUIREMENTS FOR GRANTS.**

17 “For fiscal year 1997 and subsequent fiscal years,
18 the Secretary may make a grant under section 2732 only
19 if the institution involved is in compliance with the follow-
20 ing:

21 “(1) The institution has coordinated the activi-
22 ties of the school or institution with relevant activi-
23 ties of the Health Resources and Services Adminis-
24 tration and the Centers for Disease Control and
25 Prevention.

1 \$60,000,000 for each of the fiscal years 1996 through
2 2000.

3 **“SEC. 2737. GRANTS TO STATES.**

4 “(a) STATES LACKING ADEQUATE TRAINING PRO-
5 GRAMS.—

6 “(1) IN GENERAL.—The Secretary may make
7 grants to States in which there is either no program
8 of training in a field of public health, or only one
9 such program, but in which there are 1 or more
10 schools of medicine, osteopathic medicine, nursing,
11 dentistry, social work, pharmacy, or health adminis-
12 tration. A funding agreement for such a grant is
13 that the purpose of the grant is for the State in-
14 volved to assist 1 or more of such schools in develop-
15 ing and integrating public health curricula for the
16 schools.

17 “(2) SPECIAL CONSIDERATIONS IN MAKING
18 GRANTS.—In making grants under paragraph (1),
19 the Secretary shall give special consideration to
20 States that agree to consult with 1 or more schools
21 of public health in carrying out the purpose de-
22 scribed in such subsection.

23 “(b) STATES WITH NONACCREDITED SCHOOLS.—
24 The Secretary may make grants to States in which there
25 are 1 or more nonaccredited schools of public health. A

1 funding agreement for such a grant is that the purpose
2 of the grant is for the State involved to assist 1 or more
3 of such schools in improving the schools.

4 “(c) AMOUNT OF GRANT; LIMITATION REGARDING
5 INDIVIDUAL EDUCATIONAL ENTITIES.—

6 “(1) AMOUNT.—The amount of a grant under
7 this section to a State may not exceed \$6,000,000.

8 “(2) LIMITATION.—A funding agreement for a
9 grant under this section for a State is that, with re-
10 spect to the school involved, the State will not pro-
11 vide more than 2 years of assistance to the school
12 from grants under this section.

13 **“PART 4—AREA HEALTH EDUCATION CENTERS**
14 **“SEC. 2738. AUTHORIZATIONS OF APPROPRIATIONS FROM**
15 **FUND.**

16 “(a) ADDITIONAL FUNDING.—For the purpose of
17 carrying out section 746 with respect to area health edu-
18 cation center programs, there are authorized to be appro-
19 priated from the Fund, \$35,000,000 for each of the fiscal
20 years 1996 through 2000.

21 “(b) RELATION TO OTHER FUNDS.—The authoriza-
22 tions of appropriations established in subsection (a) are
23 in addition to any other authorizations of appropriations
24 that are available for the purpose described in such sub-
25 section.

1 **“PART 5—HEALTH EDUCATION TRAINING**

2 **CENTERS**

3 **“SEC. 2739. AUTHORIZATIONS OF APPROPRIATIONS FROM**

4 **FUND.**

5 “(a) **ADDITIONAL FUNDING.**—For the purpose of
6 carrying out section 746 with respect to health education
7 and training centers, there are authorized to be appro-
8 priated from the Fund, \$20,000,000 for each of the fiscal
9 years 1996 through 2000.

10 “(b) **RELATION TO OTHER FUNDS.**—The authoriza-
11 tions of appropriations established in subsection (a) are
12 in addition to any other authorizations of appropriations
13 that are available for the purpose described in such sub-
14 section.

15 **“Subtitle C—Regional Poison**

16 **Control Centers**

17 **“SEC. 2741. AUTHORIZATIONS OF APPROPRIATIONS FROM**

18 **FUND.**

19 “For the purpose of carrying out this subtitle, there
20 is authorized to be appropriated from the Fund,
21 \$50,000,000 for each of the fiscal years 1996 through
22 2000.

23 **“SEC. 2742. GRANTS FOR REGIONAL CENTERS.**

24 “(a) **IN GENERAL.**—The Secretary may make grants
25 to public and nonprofit private entities for centers to carry
26 out activities regarding—

1 “(1) the prevention and treatment of poisoning;
2 and

3 “(2) such other activities regarding the control
4 of poisons as the Secretary determines to be appro-
5 priate.

6 “(b) REGIONAL CONSIDERATIONS.—In making
7 grants under subsection (a), the Secretary shall determine
8 the need in each of the principal geographic regions of
9 the United States for a center under such subsection, and
10 shall make the grants according to priorities established
11 by the Secretary on the basis of the extent of such need
12 in each of the regions. In carrying out the preceding sen-
13 tence, the Secretary shall ensure that no two centers re-
14 ceive grants for the same geographic service area.

15 “(c) MATCHING FUNDS.—

16 “(1) IN GENERAL.—With respect to the costs of
17 an entity in providing for centers under subsection
18 (a), the Secretary may make a grant under such
19 subsection only if the State in which the center is to
20 operate, or other public entities in the State, agree
21 to make available (directly or through donations
22 from public or private entities) non-Federal con-
23 tributions toward such costs in an amount deter-
24 mined by the Secretary.

1 “(2) DETERMINATION OF AMOUNT CONTRIB-
2 UTED.—Non-Federal contributions required under
3 paragraph (1) may be in cash or in kind, fairly eval-
4 uated, including plant, equipment, or services.
5 Amounts provided by the Federal Government, or
6 services 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-Fed-
9 eral contributions.

10 **“SEC. 2743. REQUIREMENTS REGARDING CERTIFICATION.**

11 “(a) IN GENERAL.—Subject to subsection (b), the
12 Secretary may make a grant under section 2742 only if
13 the center involved has been certified by a professional or-
14 ganization in the field of poison control, and the Secretary
15 has approved the organization as having in effect stand-
16 ards for certification that reasonably provide for the pro-
17 tection of the public health with respect to poisoning. In
18 carrying out the preceding sentence, the Secretary shall
19 consider the standards established by the American Asso-
20 ciation of Poison Control Centers.

21 “(b) TEMPORARY WAIVER.—The Secretary may
22 waive the requirement of subsection (a) for a center for
23 a period not exceeding 1 year.

1 **“SEC. 2744. GENERAL PROVISIONS.**

2 “(a) DURATION OF GRANT.—The period during
3 which payments are made under a grant under section
4 2742 may not exceed 3 years. The provision of such pay-
5 ments is subject to annual approval by the Secretary of
6 the payments and subject to the availability of appropria-
7 tions for the fiscal year involved to make the payments.
8 The preceding sentence may not be construed as establish-
9 ing a limitation on the number of such grants that may
10 be made to an entity.

11 “(b) STUDY REGARDING NEED FOR CENTERS.—

12 “(1) IN GENERAL.—The Secretary shall con-
13 duct a study of each of the centers for which a grant
14 under section 2742 has been provided. The purpose
15 of the study shall be to determine the effectiveness
16 of the centers in carrying out the activities described
17 in such section and the extent to which the activities
18 have been carried out in a cost-effective manner.

19 “(2) ALTERNATIVES TO CENTERS.—In carrying
20 out the study under paragraph (1), the Secretary
21 shall determine the extent to which the activities de-
22 scribed in section 2742 can be effectively carried out
23 through means other than centers under such sec-
24 tion. The alternative means considered by the Sec-
25 retary under the preceding sentence shall include the

1 alternative of requiring public and private health
2 plans to carry out such activities.

3 “(3) DATE CERTAIN FOR COMPLETION.—Not
4 later than November 1, 1996, the Secretary shall
5 submit to the Congress a report describing the find-
6 ings made in the study under paragraph (1).

7 “(4) NOTICE TO CENTERS.—Not later than
8 February 1, 1997, the Secretary shall notify each
9 grantee under section 2742 whether the Secretary
10 considers the continued operation of the center in-
11 volved to be necessary in meeting the needs of the
12 geographic region involved for the activities de-
13 scribed in such section.

14 **“Subtitle D—School-Related Health**
15 **Services**

16 **“PART 1—PROJECTS FOR PROVISION OF**
17 **SERVICES**

18 **“SEC. 2746. AUTHORIZATION OF APPROPRIATIONS FROM**
19 **FUND.**

20 “(a) FUNDING FOR SCHOOL-RELATED HEALTH
21 SERVICES.—For the purpose of carrying out this part,
22 there are authorized to be appropriated from the Fund,
23 \$100,000,000 for fiscal year 1996, \$200,000,000 for fis-
24 cal year 1997, \$300,000,000 for fiscal year 1998,

1 \$400,000,000 for fiscal year 1999, and \$500,000,000 for
2 fiscal year 2000.

3 “(b) FUNDING FOR PLANNING AND DEVELOPMENT
4 GRANTS.—Of amounts made available under this section,
5 not to exceed \$10,000,000 for each of fiscal years 1996
6 and 1997 may be utilized to carry out section 2749.

7 **“SEC. 2747. ELIGIBILITY FOR GRANTS.**

8 “(a) IN GENERAL.—

9 “(1) PLANNING AND DEVELOPMENT GRANTS.—
10 Entities eligible to apply for and receive grants
11 under section 2749 are—

12 “(A) State health agencies that apply on
13 behalf of local community partnerships; or

14 “(B) local community partnerships in
15 States in which health agencies have not suc-
16 cessfully applied.

17 “(2) OPERATIONAL GRANTS.—Entities eligible
18 to apply for and receive grants under section 2750
19 are—

20 “(A) a qualified State as designated under
21 subsection (c) that apply on behalf of local com-
22 munity partnerships; or

23 “(B) local community partnerships in
24 States that are not designated under subpara-
25 graph (A).

1 “(b) LOCAL COMMUNITY PARTNERSHIPS.—

2 “(1) IN GENERAL.—A local community partner-
3 ship under subsection (a)(1)(B) and (a)(2)(B) is an
4 entity that, at a minimum includes—

5 “(A) a local health care provider, which
6 may be a local public health department, with
7 experience in delivering services to children and
8 youth or medically underserved populations;

9 “(B) local educational agency on behalf of
10 one or more public schools; and

11 “(C) one community based organization lo-
12 cated in the community to be served that has
13 a history of providing services to at-risk chil-
14 dren and youth.

15 “(2) RURAL COMMUNITIES.—In rural commu-
16 nities, local partnerships should seek to include, to
17 the fullest extent practicable, providers and commu-
18 nity based organizations with experience in serving
19 the target population.

20 “(3) PARENT AND COMMUNITY PARTICIPA-
21 TION.—An applicant described in subsection (a)
22 shall, to the maximum extent feasible, involve broad-
23 based community participation (including parents of
24 the youth to be served).

1 “(c) QUALIFIED STATE.—A qualified State under
2 subsection (a)(2)(A) is a State that, at a minimum—

3 “(1) demonstrates an organizational commit-
4 ment (including a strategic plan) to providing a
5 broad range of health, health education and support
6 services to at-risk youth; and

7 “(2) has a memorandum of understanding or
8 cooperative agreement jointly entered into by the
9 State agencies responsible for health and education
10 regarding the planned delivery of health and support
11 services in school-based or school-linked centers.

12 **“SEC. 2748. PREFERENCES.**

13 “‘In making grants under sections 2749 and 2750,
14 the Secretary shall give priority to applicants whose com-
15 munities to be served show the most substantial level of
16 need for health services among children and youth.

17 **“SEC. 2749. PLANNING AND DEVELOPMENT GRANTS.**

18 “(a) IN GENERAL.—The Secretary may make grants
19 during fiscal years 1996 and 1997 to entities eligible
20 under section 2747 to develop school-based or school-
21 linked health service sites.

22 “(b) USE OF FUNDS.—Amounts provided under a
23 grant under this section may be used for the following:

24 “(1) Planning for the provision of school health
25 services, including—

1 “(A) an assessment of the need for health
2 services among youth in the communities to be
3 served;

4 “(B) the health services to be provided and
5 how new services will be integrated with exist-
6 ing services;

7 “(C) assessing and planning for the mod-
8 ernization and expansion of existing facilities
9 and equipment to accommodate such services;
10 and

11 “(D) an affiliation with relevant health
12 plans.

13 “(2) Recruitment and training of staff for the
14 administration and delivery of school health services.

15 “(3) The establishment of local community
16 partnerships as described in section 2747(b).

17 “(4) In the case of States, the development of
18 memorandums of understanding or cooperative
19 agreements for the coordinated delivery of health
20 and support services through school health service
21 sites.

22 “(5) Other activities necessary to assume oper-
23 ational status.

24 “(c) APPLICATION FOR GRANTS.—To be eligible to
25 receive a grant under this section an entity described in

1 section 2747(a) shall submit an application in a form and
2 manner prescribed by the Secretary.

3 “(d) NUMBER OF GRANTS.—Not more than one plan-
4 ning grant may be made to a single applicant. A planning
5 grant may not exceed 2 years in duration.

6 “(e) AMOUNT AVAILABLE FOR DEVELOPMENT
7 GRANT.—The Secretary may award not to exceed—

8 “(1) \$150,000 to entities under section
9 2747(a)(1)(A) and to localities planning for a city-
10 wide or countywide school health services delivery
11 system; and

12 “(2) \$50,000 to entities under section
13 2747(a)(1)(B).

14 **“SEC. 2750. GRANTS FOR OPERATION OF SCHOOL HEALTH**
15 **SERVICES.**

16 “(a) IN GENERAL.—The Secretary may make grants
17 to eligible entities described in section 2747(a)(2) that
18 submit applications consistent with the requirements of
19 this section, to pay the cost of operating school-based or
20 school-linked health service sites.

21 “(b) USE OF GRANT.—Amounts provided under a
22 grant under this section may be used for the following—

23 “(1) health services, including diagnosis and
24 treatment of simple illnesses and minor injuries;

1 “(2) preventive health services, including health
2 screenings follow-up health care, mental health, and
3 preventive health education;

4 “(3) enabling services and other necessary sup-
5 port services;

6 “(4) training, recruitment, and compensation of
7 health professionals and other staff necessary for the
8 administration and delivery of school health services;
9 and

10 “(5) referral services, including the linkage of
11 individuals to health plans, and community-based
12 health and social service providers.

13 “(c) APPLICATION FOR GRANT.—To be eligible to re-
14 ceive a grant under this section an entity described in sec-
15 tion 2747(a)(2) shall submit an application in a form and
16 manner prescribed by the Secretary. In order to receive
17 a grant under this section, an applicant must include in
18 the application the following information—

19 “(1) a description of the services to be fur-
20 nished by the applicant;

21 “(2) the amounts and sources of funding that
22 the applicant will expend, including estimates of the
23 amount of payments the applicant will receive from
24 health plans and other sources;

1 “(3) a description of local community partner-
2 ships, including parent and community participation;

3 “(4) a description of the linkages with other
4 health and social service providers; and

5 “(5) such other information as the Secretary
6 determines to be appropriate.

7 “(d) ASSURANCES.—In order to receive a grant
8 under this section, an applicant must meet the following
9 conditions—

10 “(1) school health service sites will, directly or
11 indirectly, provide a broad range of health services,
12 in accordance with the determinations of the local
13 community partnership, that may include—

14 “(A) diagnosis and treatment of simple ill-
15 nesses and minor injuries;

16 “(B) preventive health services, including
17 health screenings and follow-up health care,
18 mental health and preventive health education;

19 “(C) enabling services; and

20 “(D) referrals (including referrals regard-
21 ing mental health and substance abuse) with
22 follow-up to ensure that needed services are re-
23 ceived;

24 “(2) the applicant provides services rec-
25 ommended by the health provider, in consultation

1 with the local community partnership, and with the
2 approval of the local education agency;

3 “(3) the applicant provides the services under
4 this subsection to adolescents, and other school age
5 children and their families as deemed appropriate by
6 the local partnership;

7 “(4) the applicant maintains agreements with
8 community-based health care providers with a his-
9 tory of providing services to such populations for the
10 provision of health care services not otherwise pro-
11 vided directly or during the hours when school
12 health services are unavailable;

13 “(5) the applicant establishes an affiliation with
14 relevant health plans and will establish reimburse-
15 ment procedures and will make every reasonable ef-
16 fort to collect appropriate reimbursement for serv-
17 ices provided;

18 “(6) the applicant agrees to supplement and
19 not supplant the level of State or local funds under
20 the direct control of the applying State or participat-
21 ing local education or health authority expended for
22 school health services as defined by this part;

23 “(7) services funded under this Act will be co-
24 ordinated with existing school health services pro-
25 vided at a participating school; and

1 “(8) for applicants in rural areas, the assur-
2 ances required under paragraph (4) shall be fulfilled
3 to the maximum extent possible.

4 “(e) STATE LAWS.—Notwithstanding any other pro-
5 vision in this part, no school based health clinic may pro-
6 vide services, to any minor, when to do so is a violation
7 of State laws or regulations pertaining to informed con-
8 sent for medical services to minors.

9 “(f) LIMITATION ON ADMINISTRATIVE FUNDS.—In
10 the case of a State applying on behalf of local educational
11 partnerships, the applicant may retain not more than 5
12 percent of grants awarded under this subpart for adminis-
13 trative costs.

14 “(g) DURATION OF GRANT.—A grant under this sec-
15 tion shall be for a period determined appropriate by the
16 Secretary.

17 “(h) AMOUNT OF GRANT.—The annual amount of a
18 grant awarded under this section shall not be more than
19 \$200,000 per school-based or school-linked health service
20 site.

21 “(i) FEDERAL SHARE.—

22 “(1) IN GENERAL.—Subject to paragraph (3), a
23 grant for services awarded under this section may
24 not exceed—

1 “(A) 90 percent of the non-reimbursed cost
2 of the activities to be funded under the program
3 for the first 2 fiscal years for which the pro-
4 gram receives assistance under this section; and

5 “(B) 75 percent of the non-reimbursed
6 cost of such activities for subsequent years for
7 which the program receives assistance under
8 this section.

9 The remainder of such costs shall be made available
10 as provided in paragraph (2).

11 “(2) FORM OF NON-FEDERAL SHARE.—The
12 non-Federal share required by paragraph (1) may be
13 in cash or in-kind, fairly evaluated, including facili-
14 ties, equipment, personnel, or services, but may not
15 include amounts provided by the Federal Govern-
16 ment. In-kind contributions may include space with-
17 in a school facilities, school personnel, program use
18 of school transportation systems, outposted health
19 personnel, and extension of health provider medical
20 liability insurance.

21 “(3) WAIVER.—The Secretary may waive the
22 requirements of paragraph (1) for any year in ac-
23 cordance with criteria established by regulation.
24 Such criteria shall include a documented need for
25 the services provided under this section and an in-

1 ability of the grantee to meet the requirements of
2 paragraph (1) despite a good faith effort.

3 “(j) TRAINING AND TECHNICAL ASSISTANCE.—Enti-
4 ties that receive assistance under this section may use not
5 to exceed 10 percent of the amount of such assistance to
6 provide staff training and to secure necessary technical as-
7 sistance. To the maximum extent feasible, technical assist-
8 ance should be sought through local community-based en-
9 tities. The limitation contained in this subsection shall
10 apply to individuals employed to assist in obtaining funds
11 under this part. Staff training should include the training
12 of teachers and other school personnel necessary to ensure
13 appropriate referral and utilization of services, and appro-
14 priate linkages between class-room activities and services
15 offered.

16 “(k) REPORT AND MONITORING.—The Secretary will
17 submit to the Committee on Labor and Human Resources
18 in the Senate and the Committee on Energy and Com-
19 merce in the House of Representatives a biennial report
20 on the activities funded under this Act, consistent with
21 the ongoing monitoring activities of the Department. Such
22 reports are intended to advise the relevant Committees of
23 the availability and utilization of services, and other rel-
24 evant information about program activities.

1 **“PART 2—SCHOLARSHIP AND LOAN REPAYMENT**

2 **PROGRAMS REGARDING SCHOOL NURSES**

3 **“SEC. 2751. AUTHORIZATIONS OF APPROPRIATIONS FROM**

4 **FUND.**

5 “For the purpose of carrying out this part, there is
6 authorized to be appropriated from the Fund,
7 \$10,000,000 for each of the fiscal years 1996 through
8 2000.

9 **“SEC. 2752. SCHOLARSHIP PROGRAM REGARDING UP-**

10 **GRADE IN SKILLS.**

11 “(a) IN GENERAL.—The Secretary, acting through
12 the Administrator of the Health Resources and Services
13 Administration and in consultation with the Director of
14 the Centers for Disease Control and Prevention, shall
15 carry out a program under which the Secretary awards
16 scholarships to individuals described in subsection (b) for
17 the purpose of assisting the individuals with the costs of
18 attending programs of education in professional nursing
19 (exclusive of graduate programs in nursing).

20 “(b) ELIGIBLE INDIVIDUALS.—An individual re-
21 ferred to in subsection (a) is any individual meeting the
22 following conditions:

23 “(1) The individual is serving or has served as
24 a school nurse in public or nonprofit private elemen-
25 tary or secondary school, and the individual is not
26 a professional nurse.

1 “(2) The individual is enrolled (or accepted for
2 enrollment) at a program referred to in subsection
3 (a) as a full-time or part-time student.

4 “(3) The individual enters into the contract re-
5 quired pursuant to subsection (d) as a condition of
6 receiving the scholarship (relating to an agreement
7 to provide services as a school nurse).

8 “(c) APPLICABILITY OF CERTAIN PROVISIONS.—Ex-
9 cept as inconsistent with this section or section 2754, the
10 provisions of subpart III of part D of title III (relating
11 to the Scholarship and Loan Repayment Programs of the
12 National Health Service Corps) apply to an award of a
13 scholarship under subsection (a) to the same extent and
14 in the same manner as such provisions apply to an award
15 of a scholarship under section 338A.

16 **“SEC. 2753. LOAN REPAYMENT PROGRAM.**

17 “(a) IN GENERAL.—The Secretary, acting through
18 the Administrator of the Health Resources and Services
19 Administration and in consultation with the Director of
20 the Centers for Disease Control and Prevention, shall
21 carry out a program under which the Federal Government
22 enters into agreements to repay all or part of the edu-
23 cational loans of individuals meeting the following condi-
24 tions:

1 “(1) The individual is a professional nurse and
2 meets the applicable legal requirements to serve as
3 a school nurse.

4 “(2) The individual enters into the contract re-
5 quired pursuant to subsection (b) as a condition of
6 the Federal Government repaying such loans (relat-
7 ing to an agreement to provide services as a school
8 nurse).

9 “(b) APPLICABILITY OF CERTAIN PROVISIONS.—Ex-
10 cept as inconsistent with this section or section 2754, the
11 provisions of subpart III of part D of title III (relating
12 to the Scholarship and Loan Repayment Programs of the
13 National Health Service Corps) apply to an agreement re-
14 garding repayment under subsection (a) to the same ex-
15 tent and in the same manner as such provisions apply to
16 an agreement regarding repayment under section 338B.

17 “(c) AMOUNT OF REPAYMENTS.—For each year for
18 which an individual contracts to serve as school nurse pur-
19 suant to subsection (b), the Secretary may repay not more
20 than \$20,000 of the principal and interest of the edu-
21 cational loans of the individual.

22 “**SEC. 2754. SCHOOL-NURSE POSITIONS.**

23 “(a) POSITION REGARDING STUDENTS WITH SIG-
24 NIFICANT NEED FOR SERVICES.—

1 “(1) IN GENERAL.—With respect to the pro-
2 grams under this part, the obligated service of a
3 program participant pursuant to sections 2752(d)
4 and 2753(b) shall be provided through an assign-
5 ment to a school described in subsection (b) for a
6 position as a school nurse.

7 “(2) PERIOD OF SERVICE.—For purposes of
8 sections 2752(d) and 2753(d), the period of obli-
9 gated service is the following, as applicable to the
10 program participant involved:

11 “(A) In the case of scholarships under sec-
12 tion 2752 for full-time students, the greater
13 of—

14 “(i) 1 year for each year for which
15 such a scholarship is provided; or

16 “(ii) 2 years.

17 “(B) In the case of scholarships under sec-
18 tion 2752 for part-time students, a period de-
19 termined by the Secretary on the basis of the
20 number of hours of education or training re-
21 ceived under the scholarship, considering the
22 percentage constituted by the ratio of such
23 number to the number of hours for a full-time
24 student in the program involved.

1 “(C) In the case of the loan repayments
2 under section 2753, such period as the Sec-
3 retary and the participant may agree, except
4 that the period may not be less than 2 years.

5 “(b) APPROVAL OF SCHOOLS FOR ASSIGNMENT OF
6 PROGRAM PARTICIPANTS.—The schools referred to in
7 subsection (a) are public or nonprofit private elementary
8 or secondary schools whose students include a significant
9 number of students with an unmet need for health services
10 that are provided by school nurses.

11 “(c) DEFINITIONS.—For purposes of this subpart:

12 “(1) The term ‘professional nurse’ has the
13 meaning given such term under title VIII.

14 “(2) The term ‘program participant’ means an
15 individual who enters into a contract pursuant to
16 section 2752(b)(3) or 2753(a)(2).

17 “(3) The term ‘school nurse’ means a nurse
18 who provides health services on the premises of an
19 elementary or secondary school and meets such cri-
20 teria as the Secretary may establish.

1 **“Subtitle E—Expansion of Rural**
2 **and Underserved Areas Access**
3 **to Health Services**

4 **“PART 1—COMMUNITY AND MIGRANT HEALTH**
5 **CENTERS**

6 **“SEC. 2756. AUTHORIZATIONS OF APPROPRIATIONS FROM**
7 **FUND.**

8 “(a) IN GENERAL.—For the purpose of carrying out
9 this part, there is authorized to be appropriated from the
10 Fund, \$100,000,000 for each of the fiscal years 1996
11 through 2000.

12 “(b) RELATION TO OTHER FUNDS.—The authoriza-
13 tions of appropriations established in subsection (a) for
14 the purpose described in such subsection are in addition
15 to any other authorizations of appropriations that are
16 available for such purpose.

17 **“SEC. 2757. GRANTS TO COMMUNITY AND MIGRANT**
18 **HEALTH CENTERS.**

19 “(a) IN GENERAL.—The Secretary shall make grants
20 in accordance with this section to migrant health centers
21 and community health centers.

22 “(b) USE OF FUNDS.—

23 “(1) DEVELOPMENT, OPERATION, AND OTHER
24 PURPOSES REGARDING CENTERS.—Subject to para-
25 graph (2), grants under subsection (a) to migrant

1 health centers and community health centers may be
2 made only in accordance with the conditions upon
3 which grants are made under sections 329 and 330,
4 respectively.

5 “(2) REQUIRED FINANCIAL RESERVES.—The
6 Secretary may authorize migrant health centers and
7 community health centers to expend a grant under
8 subsection (a) to establish and maintain financial re-
9 serves required for purposes of health plans.

10 “(c) DEFINITIONS.—For purposes of this subtitle,
11 the terms ‘migrant health center’ and ‘community health
12 center’ have the meanings given such terms in sections
13 329(a)(1) and 330(a), respectively.

14 **“PART 2—NATIONAL HEALTH SERVICE CORPS**
15 **“SEC. 2781. AUTHORIZATIONS OF APPROPRIATIONS FROM**
16 **FUND.**

17 “(a) ADDITIONAL FUNDING; GENERAL CORPS PRO-
18 GRAM; ALLOCATIONS REGARDING NURSES.—For the pur-
19 pose of carrying out subpart II of part D of title III, and
20 for the purpose of carrying out subsection (c), there are
21 authorized to be appropriated from the Fund,
22 \$100,000,000 for each of the fiscal years 1996 through
23 2000.

24 “(b) RELATION TO OTHER FUNDS.—The authoriza-
25 tions of appropriations established in subsection (a) are

1 in addition to any other authorizations of appropriations
2 that are available for the purpose described in such sub-
3 section.

4 “(c) ALLOCATION FOR PARTICIPATION OF NURSES
5 IN SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS.—
6 Of the amounts appropriated under subsection (a), the
7 Secretary shall reserve such amounts as may be necessary
8 to ensure that, of the aggregate number of individuals who
9 are participants in the Scholarship Program under section
10 338A, or in the Loan Repayment Program under section
11 338B, the total number who are being educated as nurses
12 or are serving as nurses, respectively, is increased to 30
13 percent.

14 “(d) AVAILABILITY OF FUNDS.—An appropriation
15 under this section for any fiscal year may be made at any
16 time before that fiscal year and may be included in an
17 Act making an appropriation under an authorization
18 under subsection (a) for another fiscal year; but no funds
19 may be made available from any appropriation under this
20 section for obligation under sections 331 through 335, sec-
21 tion 336A, and section 337 before the fiscal year involved.

1 **“PART 3—SATELLITE CLINICS REGARDING**
2 **PRIMARY HEALTH CARE**

3 **“SEC. 2783. AUTHORIZATION OF APPROPRIATIONS FROM**
4 **FUND.**

5 “For the purpose of carrying out this part, there is
6 authorized to be appropriated from the Fund,
7 \$50,000,000 for each of the fiscal years 1996 through
8 2000.

9 **“SEC. 2783A. GRANTS TO STATES FOR DEVELOPMENT AND**
10 **OPERATION OF SATELLITE CLINICS.**

11 “(a) IN GENERAL.—With respect to outpatient
12 health centers that are providers of comprehensive health
13 services, the Secretary may make grants to States for the
14 purpose of assisting such centers in developing or operat-
15 ing facilities that—

16 “(1) provide clinical preventive services, treat-
17 ment of minor illnesses and injuries, family planning
18 services, and referrals for health services, mental
19 health services, and health-related social services;
20 and

21 “(2) are located at a distance from the center
22 sufficient to increase the extent to which individuals
23 in the geographic area involved have access to the
24 services specified in paragraph (1).

25 “(b) CERTAIN REQUIREMENTS.—The Secretary may
26 make a grant under subsection (a) only if the State agrees

1 that the health facility for which the grant is made, once
2 in operation, will meet the following conditions:

3 “(1) The clinical preventive services provided by
4 the facility will include routine preventive services,
5 including family planning services, for pregnant and
6 postpartum women and for children, including
7 health screenings and immunizations.

8 “(2) The principal providers of health services
9 at the facility, and the principal managers of the fa-
10 cility, will be nurse practitioners, physician assist-
11 ants, or nurse clinicians, subject to applicable law.

12 “(3) The outpatient health center operating the
13 facility will serve as a referral center for physician
14 services and will provide for the ongoing monitoring
15 of the activities of the facility.

16 “(c) MATCHING FUNDS.—The Secretary may make
17 a grant under subsection (a) only if the State involved
18 agrees to make non-Federal contributions toward the costs
19 of developing and operating the health facilities involved.

20 “(d) APPLICATION FOR GRANT.—The Secretary may
21 make a grant under subsection (a) only if an application
22 for the grant is submitted to the Secretary and the appli-
23 cation is in such form, is made in such manner, and con-
24 tains such agreements, assurances, and information as the

1 Secretary determines to be necessary to carry out this
2 part.

3 “(e) LIMITATION ON AMOUNT OF ASSISTANCE PER
4 FACILITY.—With respect to a health facility for which one
5 or more grants under subsection (a) are made, the Sec-
6 retary may not provide more than an aggregate \$250,000
7 for the development and operation of the facility.

8 **“PART 4—COMMUNITY HEALTH ADVISORS**

9 **“SEC. 2784. AUTHORIZATION OF APPROPRIATIONS FROM**
10 **FUND.**

11 “For the purpose of carrying out this part, there is
12 authorized to be appropriated from the Fund,
13 \$100,000,000 for each of the fiscal years 1996 through
14 2000.

15 **“SEC. 2785. FORMULA GRANTS REGARDING COMMUNITY**
16 **HEALTH ADVISOR PROGRAMS.**

17 “(a) FORMULA GRANTS.—

18 “(1) IN GENERAL.—In the case of each State
19 (or entity designated by a State under subsection
20 (b)) that submits to the Secretary an application in
21 accordance with section 2788 for a fiscal year, the
22 Secretary, acting through the Director of the Cen-
23 ters for Disease Control and Prevention and in co-
24 ordination with the heads of the agencies specified
25 in paragraph (2), shall make an award of financial

1 assistance to the State or entity for the development
2 and operation of community health advisor programs
3 under section 2786(b). The award shall consist of
4 the allotment determined under section 2789 with
5 respect to the State, subject to section 2794.

6 “(2) COORDINATION WITH OTHER AGENCIES.—
7 The agencies referred to in paragraph (1) regarding
8 coordination are the Health Resources and Services
9 Administration, the National Institutes of Health,
10 the Substance Abuse and Mental Health Services
11 Administration, and the Health Education and
12 Training Center.

13 “(b) DESIGNATED ENTITIES.—With respect to the
14 State involved, an entity other than the State may receive
15 an award under subsection (a) only if the entity—

16 “(1) is a public or nonprofit private academic
17 organization (or other public or nonprofit private en-
18 tity); and

19 “(2) has been designated by the State to carry
20 out the purpose described in such subsection in the
21 State and to receive amounts under such subsection
22 in lieu of the State.

23 “(c) ROLE OF STATE AGENCY FOR PUBLIC
24 HEALTH.—A funding agreement for an award under sub-
25 section (a) is that—

1 “(1) if the applicant is a State, the award will
2 be administered by the State agency with the prin-
3 cipal responsibility for carrying out public health
4 programs; and

5 “(2) if the applicant is an entity designated
6 under subsection (b), the award will be administered
7 in consultation with such State agency.

8 “(d) STATEWIDE RESPONSIBILITIES; LIMITATION ON
9 EXPENDITURES.—

10 “(1) STATEWIDE RESPONSIBILITIES.—A fund-
11 ing agreement for an award under subsection (a) is
12 that the applicant involved will—

13 “(A) operate a clearinghouse to maintain
14 and disseminate information on community
15 health advisor programs (and similar programs)
16 in the State, including information on develop-
17 ing and operating such programs, on training
18 individuals to participate in the programs, and
19 on evaluation of the programs;

20 “(B) collaborate with schools of public
21 health to provide to community health advisor
22 programs in the State technical assistance in
23 training and supervising community health ad-
24 visors under section 2787(g)(1); and

1 “(C) coordinate the activities carried out in
2 the State under the award, including coordina-
3 tion between the various community health ad-
4 visor programs and coordination between such
5 programs and related activities of the State and
6 of other public or private entities.

7 “(2) LIMITATION.—A funding agreement for an
8 award under subsection (a) is that the applicant in-
9 volved will not expend more than 15 percent of the
10 award in the aggregate for carrying out paragraph
11 (1) and for the expenses of administering the award
12 with respect to the State involved, including the
13 process of receiving payments from the Secretary
14 under the award, allocating the payments among the
15 entities that are to develop and operate the commu-
16 nity health advisor programs involved, and monitor-
17 ing compliance with the funding agreements made
18 under this subtitle by the applicant.

19 **“SEC. 2786. REQUIREMENTS REGARDING COMMUNITY**
20 **HEALTH ADVISOR PROGRAMS.**

21 “(a) PURPOSE OF AWARD; HEALTHY PEOPLE 2000
22 OBJECTIVES.—

23 “(1) IN GENERAL.—Subject to paragraph (2), a
24 funding agreement for an award under section 2785
25 for an applicant is that the purpose of the award is,

1 through community health advisor programs under
2 subsection (b), to assist the State involved in attain-
3 ing the Healthy People 2000 Objectives.

4 “(2) AUTHORITY REGARDING SELECTION OF
5 PRIORITY OBJECTIVES.—With respect to compliance
6 with the agreement made under paragraph (1), an
7 applicant receiving an award under section 2785
8 may, from among the various Healthy People 2000
9 Objectives, select one or more Objectives to be given
10 priority in the operation of a community health advi-
11 sor program of the applicant, subject to the appli-
12 cant selecting such priorities in consultation with the
13 entity that is to carry out the program and the local
14 health department involved.

15 “(b) REQUIREMENTS FOR PROGRAMS.—

16 “(1) IN GENERAL.—A funding agreement for
17 an award under section 2785 for an applicant is
18 that, in expending the award, the purpose described
19 in subsection (a)(1) will be carried out in accordance
20 with the following:

21 “(A) For each community for which the
22 purpose is to be carried out, the applicant will
23 establish a program in accordance with this
24 subsection.

1 “(B) The program will be carried out in a
2 community only if the applicant has, under sec-
3 tion 2787(a), identified the community as hav-
4 ing a significant need for the program.

5 “(C) The program will be operated by a
6 public or nonprofit private entity with experi-
7 ence in providing health or health-related social
8 services to individuals who are underserved with
9 respect to such services.

10 “(D) The services of the program, as spec-
11 ified in paragraph (2), will be provided prin-
12 cipally by community health advisors (as de-
13 fined in subsection (d)).

14 “(2) AUTHORIZED PROGRAM SERVICES.—For
15 purposes of paragraph (1)(D), the services specified
16 in this paragraph for a program are as follows:

17 “(A) The program will collaborate with
18 health care providers and related entities in
19 order to facilitate the provision of health serv-
20 ices and health-related social services (including
21 collaborating with local health departments,
22 community health centers, public hospital sys-
23 tems, migrant health centers, rural health clin-
24 ics, hospitals, physicians and nurses, providers
25 of health education, pre-school facilities for chil-

1 dren, elementary and secondary schools, and
2 providers of social services).

3 “(B) The program will provide public edu-
4 cation on health promotion and on the preven-
5 tion of diseases, illnesses, injuries, and disabil-
6 ities, and will facilitate the appropriate use of
7 available health services and health-related so-
8 cial services.

9 “(C) The program will provide health-re-
10 lated counseling.

11 “(D) The program will provide referrals
12 for available health services and health-related
13 social services.

14 “(E) For the purpose of increasing the ca-
15 pacity of individuals to utilize health services
16 and health-related social services under Federal,
17 State, and local programs, the following condi-
18 tions will be met:

19 “(i) The program will assist individ-
20 uals in establishing eligibility under the
21 programs and in receiving the services or
22 other benefits of the programs.

23 “(ii) The program will provide such
24 other services as the Secretary determines
25 to be appropriate, which services may in-

1 clude (but are not limited to) transpor-
2 tation and translation services.

3 “(F) The program will provide outreach
4 services to inform the community of the avail-
5 ability of the services of the program.

6 “(c) PRIORITY FOR MEDICALLY UNDERSERVED COM-
7 MUNITIES.—A funding agreement for an award under sec-
8 tion 2785 is that the applicant involved will give priority
9 to developing and operating community health advisor
10 programs for medically underserved communities.

11 “(d) DEFINITION OF COMMUNITY HEALTH ADVI-
12 SOR.—For purposes of this part, the term ‘community
13 health advisor’ means an individual—

14 “(1) who has demonstrated the capacity to
15 carry out one or more of the authorized program
16 services;

17 “(2) who, for not less than 1 year, has been a
18 resident of the community in which the community
19 health advisor program involved is to be operated;
20 and

21 “(3) is a member of a socioeconomic group to
22 be served by the program.

1 **“SEC. 2787. ADDITIONAL AGREEMENTS.**

2 “(a) IDENTIFICATION OF COMMUNITY NEEDS.—A
3 funding agreement for an award under section 2785 is
4 that the applicant involved will—

5 “(1) identify the needs of the community in-
6 volved for the authorized program services, including
7 the identifying the resources of the community that
8 are available for carrying out the program;

9 “(2) in identifying such needs, consult with
10 members of the community, with individuals and
11 programs that provide health services in the commu-
12 nity, and with individuals and programs that provide
13 health-related social services in the community; and

14 “(3) consider such needs in carrying out a com-
15 munity health advisor program for the community.

16 “(b) MATCHING FUNDS.—

17 “(1) IN GENERAL.—With respect to the cost of
18 carrying out a community health advisor program, a
19 funding agreement for an award under section 2785
20 is that the applicant involved will make available (di-
21 rectly or through donations from public or private
22 entities) non-Federal contributions toward such cost
23 in an amount that is not less than 25 percent of
24 such cost.

25 “(2) DETERMINATION OF AMOUNT CONTRIB-
26 UTED.—

1 “(A) Non-Federal contributions required in
2 paragraph (1) may be in cash or in kind, fairly
3 evaluated, including plant, equipment, or serv-
4 ices. Amounts provided by the Federal Govern-
5 ment, or services assisted or subsidized to any
6 significant extent by the Federal Government,
7 may not be included in determining the amount
8 of such non-Federal contributions.

9 “(B) With respect to the State in which
10 the community health advisor program involved
11 is to be carried out, amounts provided by the
12 State in compliance with subsection (c) shall be
13 included in determining the amount of non-Fed-
14 eral contributions under paragraph (1).

15 “(c) MAINTENANCE OF EFFORT.—With respect to
16 the purposes for which an award under section 2785 is
17 authorized in this subtitle to be expended, the Secretary
18 may make such an award only if the State involved agrees
19 to maintain expenditures of non-Federal amounts for such
20 purposes at a level that is not less than the level of such
21 expenditures maintained by the State for the fiscal year
22 preceding the first fiscal year for which such an award
23 is made with respect to the State.

24 “(d) CULTURAL CONTEXT OF SERVICES.—A funding
25 agreement for an award under section 2785 for an appli-

1 cant is that the services of the community health advisor
2 program involved will be provided in the language and cul-
3 tural context most appropriate for the individuals served
4 by the program, and that for such purpose the community
5 health advisors of the program will include an appropriate
6 number of advisors who are fluent in both English and
7 not less than one of the other relevant languages.

8 “(e) NUMBER OF PROGRAMS PER AWARD; PRO-
9 GRAMS FOR URBAN AND RURAL AREAS.—A funding
10 agreement for an award under section 2785 for an appli-
11 cant is that the number of community health advisor pro-
12 grams operated in the State with the award will be deter-
13 mined by the Secretary, except that (subject to section
14 2786(b)(1)(B)) such a program will be carried out in not
15 less than one urban area of the State, and in not less than
16 one rural area of the State.

17 “(f) ONGOING SUPERVISION OF ADVISORS.—A fund-
18 ing agreement for an award under section 2785 is that
19 the applicant involved will ensure that each community
20 health advisor program operated with the award provides
21 for the ongoing supervision of the community health advi-
22 sors of the program, and that the individuals serving as
23 supervisors in the program will include 1 or more public
24 health nurses with field experience and managerial experi-
25 ence.

1 “(g) CERTAIN EXPENDITURES.—

2 “(1) TRAINING; CONTINUING EDUCATION.—

3 Funding agreements for an award under section
4 2785 include the following:

5 “(A) The applicant involved will ensure
6 that, for each community health advisor pro-
7 gram operated with the award, a program is
8 carried out to train community health advisors
9 to provide the authorized program services, in-
10 cluding practical experiences in providing serv-
11 ices for health promotion and disease preven-
12 tion.

13 “(B) The program of training will provide
14 for the continuing education of the community
15 health advisors.

16 “(C) Not more than 15 percent of the
17 award will be expended for the program of
18 training.

19 “(2) COMPENSATION.—With respect to compli-
20 ance with the agreements made under this subtitle,
21 the purposes for which an award under section 2785
22 may be expended include providing compensation for
23 the services of community health advisors.

1 “(h) REPORTS TO SECRETARY; ASSESSMENT OF EF-
2 FECTIVENESS.—Funding agreements for an award under
3 section 2785 for an applicant include the following:

4 “(1) The applicant will ensure that, for each
5 fiscal year for which a community health advisor
6 program receives amounts from the award, the pro-
7 gram will prepare a report describing the activities
8 of the program for such year, including—

9 “(A) a specification of the number of indi-
10 viduals served by the program;

11 “(B) a specification of the entities with
12 which the program has collaborated in carrying
13 out the purpose described in section 2786(a)(1);
14 and

15 “(C) an assessment of the extent of the ef-
16 fectiveness of the program in carrying out such
17 purpose.

18 “(2) Such reports will include such additional
19 information regarding the applicant and the pro-
20 grams as the Secretary may require.

21 “(3) The applicant will prepare the reports as
22 a single document and will submit the document to
23 the Secretary not later than February 1 of the fiscal
24 year following the fiscal year for which the reports
25 were prepared.

1 **“SEC. 2788. APPLICATION FOR ASSISTANCE; STATE PLAN.**

2 “For purposes of section 2785, an application is in
3 accordance with this section if—

4 “(1) the application is submitted not later than
5 the date specified by the Secretary;

6 “(2) the application contains each funding
7 agreement described in this subtitle;

8 “(3) the application contains a State plan de-
9 scribing the purposes for which the award is to be
10 expended in the State, including a description of the
11 manner in which the applicant will comply with each
12 such funding agreement; and

13 “(4) the application is in such form, is made in
14 such manner, and contains such agreements, assur-
15 ances, and information as the Secretary determines
16 to be necessary to carry out this subtitle.

17 **“SEC. 2789. DETERMINATION OF AMOUNT OF ALLOTMENT.**

18 “(a) IN GENERAL.—For purposes of section 2785,
19 the allotment under this section with respect to a State
20 for a fiscal year is the sum of the respective amounts de-
21 termined for the State under subsection (b) and sub-
22 section (c).

23 “(b) AMOUNT RELATING TO POPULATION.—For pur-
24 poses of subsection (a), the amount determined under this
25 subsection is the product of—

1 “(1) an amount equal to 50 percent of the
2 amount appropriated under section 2784 for the fis-
3 cal year and available for awards under section
4 2785; and

5 “(2) the percentage constituted by the ratio
6 of—

7 “(A) the number of individuals residing in
8 the State involved; to

9 “(B) the sum of the respective numbers
10 determined for each State under subparagraph
11 (A).

12 “(c) AMOUNT RELATING TO POVERTY LEVEL.—For
13 purposes of subsection (a), the amount determined under
14 this subsection is the product of—

15 “(1) the amount determined under subsection
16 (b)(1); and

17 “(2) the percentage constituted by the ratio
18 of—

19 “(A) the number of individuals residing in
20 the State whose income is at or below an
21 amount equal to 200 percent of the official pov-
22 erty line; to

23 “(B) the sum of the respective numbers
24 determined for each State under subparagraph
25 (A).

1 **“SEC. 2790. QUALITY ASSURANCE; COST-EFFECTIVENESS.**

2 “The Secretary shall establish guidelines for assuring
3 the quality of community health advisor programs (includ-
4 ing quality in the training of community health advisors)
5 and for assuring the cost-effectiveness of the programs.
6 A funding agreement for an award under section 2785 is
7 that the applicant involved will carry out such programs
8 in accordance with the guidelines.

9 **“SEC. 2791. EVALUATIONS; TECHNICAL ASSISTANCE.**

10 “(a) EVALUATIONS.—The Secretary shall conduct
11 evaluations of community health advisor programs and
12 disseminate information developed as result of the evalua-
13 tions to the States. In conducting such evaluations, the
14 Secretary shall determine whether the programs are in
15 compliance with the guidelines established under section
16 2790.

17 “(b) TECHNICAL ASSISTANCE.—The Secretary may
18 provide technical assistance to recipients of awards under
19 section 2785 with respect to the planning, development,
20 and operation of community health advisor programs.

21 “(c) GRANTS AND CONTRACTS.—The Secretary may
22 carry out this section directly or through grants, coopera-
23 tive agreements, or contracts.

24 “(d) LIMITATION ON EXPENDITURES.—Of the
25 amounts appropriated under section 2784 for a fiscal year,

1 the Secretary may reserve not more than 10 percent for
2 carrying out this section.

3 **“SEC. 2792. RULE OF CONSTRUCTION REGARDING PRO-**
4 **GRAMS OF INDIAN HEALTH SERVICE.**

5 “This subtitle may not be construed as requiring the
6 Secretary to modify or terminate the program carried out
7 by the Director of the Indian Health Service and des-
8 ignated by such Director as the Community Health Rep-
9 resentative Program. The Secretary shall ensure that sup-
10 port for such Program is not supplanted by awards under
11 section 2785. In communities in which both such Program
12 and a community health advisor program are being carried
13 out, the Secretary shall ensure that the community health
14 advisor program works in cooperation with, and as a com-
15 plement to, the Community Health Representative Pro-
16 gram.

17 **“SEC. 2793. DEFINITIONS.**

18 “For purposes of this subtitle:

19 “(1) The term ‘authorized program services’,
20 with respect to a community health advisor program,
21 means the services specified in section 2786(b)(2).

22 “(2) The term ‘community health advisor’ has
23 the meaning given such term in section 2786(d).

1 “(3) The term ‘community health advisor pro-
2 gram’ means a program carried out under section
3 2786(b).

4 “(4) The term ‘financial assistance’, with re-
5 spect to an award under section 2785, means a
6 grant, cooperative agreement, or a contract.

7 “(5) The term ‘funding agreement’ means an
8 agreement required as a condition of receiving an
9 award under section 2785.

10 “(6) The term ‘official poverty line’ means the
11 official poverty line established by the Director of
12 the Office of Management and Budget and revised
13 by the Secretary in accordance with section 673(2)
14 of the Omnibus Budget Reconciliation Act of 1981,
15 which poverty line is applicable to the size of the
16 family involved.

17 “(7) The term ‘State involved’, with respect to
18 an applicant for an award under section 2785,
19 means the State in which the applicant is to carry
20 out a community health advisor program.

21 **“SEC. 2794. EFFECT OF INSUFFICIENT APPROPRIATIONS**
22 **FOR MINIMUM ALLOTMENTS.**

23 “(a) IN GENERAL.—If the amounts made available
24 under section 2784 for a fiscal year are insufficient for
25 providing each State (or entity designated by the State

1 pursuant to section 2785, as the case may be) with an
2 award under section 2785 in an amount equal to or great-
3 er than the amount specified in section 2789(a)(2), the
4 Secretary shall, from such amounts as are made available
5 under subsection (a), make such awards on a discretionary
6 basis.

7 “(b) RULE OF CONSTRUCTION.—For purposes of
8 subsection (a), awards under section 2785 are made on
9 a discretionary basis if the Secretary determines which
10 States (or entities designated by States pursuant to such
11 section, as the case may be) are to receive such awards,
12 subject to meeting the requirements of this subtitle for
13 such an award, and the Secretary determines the amount
14 of such awards.

15 **“Subtitle F—General Provisions**

16 **“SEC. 2798. REQUIREMENT REGARDING ACCREDITATION** 17 **OF SCHOOLS, DEPARTMENTS, AND PRO-** 18 **GRAMS.**

19 “Except as indicated otherwise in this title:

20 “(1) A reference in this title to a school of pub-
21 lic health, a school of nursing, or any other entity
22 providing education or training in a health profes-
23 sion (whether a school, department, program, or
24 other entity) is a reference to the entity as defined
25 under section 799 or 853.

1 “(2) If an entity is not defined in either of such
2 sections, the reference in this title to the entity has
3 the meaning provided by the Secretary, except that
4 the Secretary shall require for purposes of this title
5 that the entity be accredited for the provision of the
6 education or training involved.

7 **“SEC. 2799. RELATION TO OTHER FUNDS.**

8 “Notwithstanding any other provision of law, the au-
9 thorizations of appropriations established in this title are
10 in addition to any other authorizations of appropriations
11 that are available for the purposes described with respect
12 to such appropriations in this title.

13 **“SEC. 2799A. DEFINITIONS.**

14 “(a) IN GENERAL.—For purposes of this title:

15 “(1) The term ‘Healthy People 2000 Objectives’
16 means the objectives established by the Secretary to-
17 ward the goals of increasing the span of healthy life,
18 reducing health disparities among various popu-
19 lations, and providing access to preventive services,
20 which objectives apply to the health status of the
21 population of the United States for the year 2000.

22 “(2) The term ‘medically underserved commu-
23 nity’ means—

24 “(A) a community that has a substantial
25 number of individuals who are members of a

1 medically underserved population, as defined in
2 section 330; or

3 “(B) a community a significant portion of
4 which is a health professional shortage area
5 designated under section 332.”.

6 **TITLE IV—MEDICAL RESEARCH**

7 **SEC. 4001. FINDINGS.**

8 The Congress finds the following:

9 (1) Nearly 4 of 5 peer reviewed research
10 projects deemed worthy of funding by the National
11 Institutes of Health are not funded.

12 (2) Less than 2 percent of the nearly one tril-
13 lion dollars our Nation spends on health care is de-
14 voted to health research, while the defense industry
15 spends 15 percent of its budget on research.

16 (3) Public opinion surveys have shown that
17 Americans want more Federal resources put into
18 health research and support by having a portion of
19 their health insurance premiums set aside for this
20 purpose.

21 (4) Ample evidence exists to demonstrate that
22 health research has improved the quality of health
23 care in the United States. Advances such as the de-
24 velopment of vaccines, the cure of many childhood
25 cancers, drugs that effectively treat a host of dis-

1 eases and disorders, a process to protect our Na-
2 tion's blood supply from the HIV virus, progress
3 against cardiovascular disease including heart attack
4 and stroke, and new strategies for the early detec-
5 tion and treatment of diseases such as colon, breast,
6 and prostate cancer clearly demonstrates the bene-
7 fits of health research.

8 (5) Among the most effective methods to con-
9 trol health care costs are prevention and cure of dis-
10 ease and disability, thus, health research which holds
11 the promise of cure and prevention of disease and
12 disability is a critical component of any comprehen-
13 sive health care reform plan.

14 (6) The state of our Nation's research facilities
15 at the National Institutes of Health and at univer-
16 sities is deteriorating significantly. Renovation and
17 repair of these facilities are badly needed to main-
18 tain and improve the quality of research.

19 (7) Because the Omnibus Budget Reconciliation
20 Act of 1993 freezes discretionary spending for the
21 next 5 years, the Nation's investment in health re-
22 search through the National Institutes of Health is
23 likely to decline in real terms unless corrective legis-
24 lative action is taken.

1 (8) A health research fund is needed to main-
2 tain our Nation’s commitment to health research
3 and to increase the percentage of approved projects
4 which receive funding at the National Institutes of
5 Health to at least 33 percent.

6 **SEC. 4002. NATIONAL FUND FOR HEALTH RESEARCH.**

7 (a) ESTABLISHMENT.—There is established in the
8 Treasury of the United States an account, to be known
9 as the “National Fund for Health Research” (hereafter
10 referred to in this section as the “Fund”), consisting of
11 such amounts as are transferred to the Fund under sub-
12 section (b) and any interest earned on investment of
13 amounts in the Fund.

14 (b) TRANSFERS TO FUND.—

15 (1) IN GENERAL.—With respect to each of the
16 5 full calendar years beginning after the date of en-
17 actment of this Act, the Secretary of the Treasury
18 shall transfer to the Fund an amount equal to the
19 applicable amount under paragraph (2).

20 (2) APPLICABLE AMOUNT.—The applicable
21 amount under this paragraph is—

22 (A) with respect to amounts in the Health
23 Care Reform Trust Fund established under sec-
24 tion 9551(a)(2)(A) of the Internal Revenue

1 Code of 1986, \$1,200,000,000 for each cal-
2 endar year described in paragraph (1); and

3 (B) with respect to amounts received in
4 the Treasury under section 6097 of the Internal
5 Revenue Code of 1986, 100 percent of the
6 amounts received under such section in each
7 calendar year described in paragraph (1).

8 (3) DESIGNATION OF OVERPAYMENTS AND CON-
9 TRIBUTIONS.—

10 (A) IN GENERAL.—Subchapter A of chap-
11 ter 61 of the Internal Revenue Code of 1986
12 (relating to returns and records) is amended by
13 adding at the end the following new part:

14 **“PART IX—DESIGNATION OF OVERPAYMENTS**
15 **AND CONTRIBUTIONS FOR THE NATIONAL**
16 **FUND FOR HEALTH RESEARCH**

“Sec. 6097. Amounts for the National Fund for Health Research.

17 **“SEC. 6097. AMOUNTS FOR THE NATIONAL FUND FOR**
18 **HEALTH RESEARCH.**

19 “(a) IN GENERAL.—Every individual (other than a
20 nonresident alien) may designate that—

21 “(1) a portion (not less than \$1) of any over-
22 payment of the tax imposed by chapter 1 for the
23 taxable year, and

24 “(2) a cash contribution (not less than \$1),

1 be paid over to the National Fund for Health Research
2 established under section 4002 of the Health Innovation
3 Partnership Act of 1994. In the case of a joint return of
4 a husband and wife, each spouse may designate one-half
5 of any such overpayment of tax (not less than \$2).

6 “(b) MANNER AND TIME OF DESIGNATION.—Any
7 designation under subsection (a) may be made with re-
8 spect to any taxable year only at the time of filing the
9 original return of the tax imposed by chapter 1 for such
10 taxable year. Such designation shall be made either on the
11 1st page of the return or on the page bearing the tax-
12 payer’s signature.

13 “(c) OVERPAYMENTS TREATED AS REFUNDED.—For
14 purposes of this section, any overpayment of tax des-
15 ignated under subsection (a) shall be treated as being re-
16 funded to the taxpayer as of the last day prescribed for
17 filing the return of tax imposed by chapter 1 (determined
18 with regard to extensions) or, if later, the date the return
19 is filed.

20 “(d) DESIGNATED AMOUNTS NOT DEDUCTIBLE.—
21 No amount designated pursuant to subsection (a) shall be
22 allowed as a deduction under section 170 or any other sec-
23 tion for any taxable year.

24 “(e) TERMINATION.—This section shall not apply to
25 taxable years beginning in a calendar year after a deter-

1 mination by the Secretary that the sum of all designations
2 under subsection (a) for taxable years beginning in the
3 second and third calendar years preceding the calendar
4 year is less than \$5,000,000.”.

5 (B) CLERICAL AMENDMENT.—The table of
6 parts for subchapter A of chapter 61 of such
7 Code is amended by adding at the end the fol-
8 lowing new item:

“Part IX. Designation of overpayments and contributions for the
National Fund for Health Research.”.

9 (C) EFFECTIVE DATE.—The amendments
10 made by this paragraph shall apply to taxable
11 years beginning after December 31, 1994.

12 (c) EXPENDITURES FROM FUND.—

13 (1) IN GENERAL.—The Secretary of the Treas-
14 ury shall pay annually, within 30 days after the
15 President signs an appropriations Act for the De-
16 partments of Labor, Health and Human Services,
17 and Education and related agencies, or by the end
18 of the first quarter of the fiscal year, to the Sec-
19 retary of Health and Human Services on behalf of
20 the National Institutes of Health, an amount equal
21 to the amount in the National Fund for Health Re-
22 search at the time of such payment, to enable the
23 Secretary to carry out the purpose of section 404F
24 of the Public Health Service Act, less any adminis-

1 trative expenses which may be paid under paragraph
2 (3).

3 (2) PURPOSES FOR EXPENDITURES FROM
4 FUND.—Part A of title IV of the Public Health
5 Service Act (42 U.S.C. 281 et seq.) is amended by
6 adding at the end the following new section:

7 **“SEC. 404F. EXPENDITURES FROM THE NATIONAL FUND**
8 **FOR HEALTH RESEARCH.**

9 “(a) IN GENERAL.—From amounts received for any
10 fiscal year from the National Fund for Health Research,
11 the Secretary shall distribute—

12 “(1) 2 percent of such amounts during any fis-
13 cal year to the Office of the Director of the National
14 Institutes of Health to be allocated at the Director’s
15 discretion for the following activities:

16 “(A) for carrying out the responsibilities of
17 the Office of the Director, National Institutes
18 of Health, including the Office of Research on
19 Women’s Health and the Office of Research on
20 Minority Health, the Office of the Alternative
21 Medicine and the Office of Rare Diseases Re-
22 search; and

23 “(B) for construction and acquisition of
24 equipment for or facilities of or used by the Na-
25 tional Institutes of Health;

1 “(2) 2 percent of such amounts for transfer to
2 the National Center for Research Resources to carry
3 out section 1502 of the National Institutes of
4 Health Revitalization Act of 1993 concerning Bio-
5 medical and Behavioral Research Facilities;

6 “(3) 1 percent of such amounts during any fis-
7 cal year for carrying out section 301 and part D of
8 title IV with respect to health information commu-
9 nications; and

10 “(4) the remainder of such amounts during any
11 fiscal year to member institutes of the National In-
12 stitutes of Health and centers in the same propor-
13 tion to the total amount received under this section,
14 as the amount of annual appropriations under ap-
15 propriations Acts for each member institute and cen-
16 ter for the fiscal year bears to the total amount of
17 appropriations under appropriations Acts for all
18 member institutes and centers of the National Insti-
19 tutes of Health for the fiscal year.

20 “(b) PLANS OF ALLOCATION.—The amounts trans-
21 ferred under subsection (a) shall be allocated by the Direc-
22 tor of NIH or the various directors of the institutes and
23 centers, as the case may be, pursuant to allocation plans
24 developed by the various advisory councils to such direc-
25 tors, after consultation with such directors.”.

1 (3) ADMINISTRATIVE EXPENSES.—Amounts in
2 the National Fund for Health Research shall be
3 available to pay the administrative expenses of the
4 Department of the Treasury directly allocable to—

5 (A) modifying the individual income tax re-
6 turn forms to carry out section 6097 of the In-
7 ternal Revenue Code of 1986;

8 (B) carrying out this section with respect
9 to such Fund; and

10 (C) processing amounts received under this
11 section and transferring such amounts to such
12 Fund.

13 (4) TRIGGER AND RELEASE OF FUND MON-
14 IES.—No expenditures shall be made pursuant to
15 section 4002(c) during any fiscal year in which the
16 annual amount appropriated for the National Insti-
17 tutes of Health is less than the amount so appro-
18 priated for the prior fiscal year.

19 (d) BUDGET ENFORCEMENT.—Amounts contained in
20 the National Fund for Health Research shall be excluded
21 from, and shall not be taken into account for purposes
22 of, any budget enforcement procedures under the Congres-
23 sional Budget Act of 1974 or the Balanced Budget Emer-
24 gency Deficit Control Act of 1985.

1 **TITLE V—REVENUE PROVISIONS**

2 **SEC. 5000. AMENDMENT OF 1986 CODE.**

3 Except as otherwise expressly provided, whenever in
4 this title an amendment or repeal is expressed in terms
5 of an amendment to, or repeal of, a section or other provi-
6 sion, the reference shall be considered to be made to a
7 section or other provision of the Internal Revenue Code
8 of 1986.

9 **Subtitle A—Financing Provisions**

10 **SEC. 5001. INCREASE IN EXCISE TAXES ON TOBACCO** 11 **PRODUCTS.**

12 (a) CIGARETTES.—Subsection (b) of section 5701 is
13 amended—

14 (1) by striking “\$12 per thousand (\$10 per
15 thousand on cigarettes removed during 1991 or
16 1992)” in paragraph (1) and inserting “\$62 per
17 thousand”, and

18 (2) by striking “\$25.20 per thousand (\$21 per
19 thousand on cigarettes removed during 1991 or
20 1992)” in paragraph (2) and inserting “\$130.20 per
21 thousand”.

22 (b) CIGARS.—Subsection (a) of section 5701 is
23 amended—

24 (1) by striking “\$1.125 cents per thousand
25 (93.75 cents per thousand on cigars removed during

1 1991 or 1992)” in paragraph (1) and inserting
2 “\$51.13 per thousand”, and

3 (2) by striking “equal to” and all that follows
4 in paragraph (2) and inserting “equal to 66 percent
5 of the price for which sold but not more than \$155
6 per thousand.”

7 (c) CIGARETTE PAPERS.—Subsection (c) of section
8 5701 is amended by striking “0.75 cent (0.625 cent on
9 cigarette papers removed during 1991 or 1992)” and in-
10 serting “3.88 cents”.

11 (d) CIGARETTE TUBES.—Subsection (d) of section
12 5701 is amended by striking “1.5 cents (1.25 cents on
13 cigarette tubes removed during 1991 or 1992)” and in-
14 serting “7.76 cents”.

15 (e) SMOKELESS TOBACCO.—Subsection (e) of section
16 5701 is amended—

17 (1) by striking “36 cents (30 cents on snuff re-
18 moved during 1991 or 1992)” in paragraph (1) and
19 inserting “\$13.69”, and

20 (2) by striking “12 cents (10 cents on chewing
21 tobacco removed during 1991 or 1992)” in para-
22 graph (2) and inserting “\$5.45”.

23 (f) PIPE TOBACCO.—Subsection (f) of section 5701
24 is amended by striking “67.5 cents (56.25 cents on pipe

1 tobacco removed during 1991 or 1992)” and inserting
2 “\$17.35”.

3 (g) APPLICATION OF TAX INCREASE TO PUERTO
4 RICO.—Section 5701 is amended by adding at the end the
5 following new subsection:

6 “(h) APPLICATION TO TAXES TO PUERTO RICO.—
7 Notwithstanding subsections (b) and (c) of section 7653
8 and any other provision of law:

9 “(1) IN GENERAL.—On tobacco products and
10 cigarette papers and tubes, manufactured or im-
11 ported into the Commonwealth of Puerto Rico, there
12 is hereby imposed a tax at the rate equal to the ex-
13 cess of—

14 “(A) the rate of tax applicable under this
15 section to like articles manufactured in the
16 United States, over

17 “(B) the rate referred to in subparagraph
18 (A) as in effect on the day before the date of
19 the enactment of the Health Innovation Part-
20 nership Act of 1994.

21 “(2) SHIPMENTS TO PUERTO RICO FROM THE
22 UNITED STATES.—Only the rates of tax in effect on
23 the day before the date of the enactment of this sub-
24 section shall be taken into account in determining
25 the amount of any exemption from, or credit or

1 drawback of, any tax imposed by this section on any
2 article shipped to the Commonwealth of Puerto Rico
3 from the United States.

4 “(3) SHIPMENTS FROM PUERTO RICO TO THE
5 UNITED STATES.—The rates of tax taken into ac-
6 count under section 7652(a) with respect to tobacco
7 products and cigarette papers and tubes coming into
8 the United States from the Commonwealth of Puer-
9 to Rico shall be the rates of tax in effect on the day
10 before the date of the enactment of the Health Inno-
11 vation Partnership Act of 1994.

12 “(4) DISPOSITION OF REVENUES.—The provi-
13 sions of section 7652(a)(3) shall not apply to any
14 tax imposed by reason of this subsection.”.

15 (h) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to articles removed (as defined in
17 section 5702(k) of the Internal Revenue Code of 1986,
18 as amended by this Act) after December 31, 1994.

19 (i) FLOOR STOCKS TAXES.—

20 (1) IMPOSITION OF TAX.—On tobacco products
21 and cigarette papers and tubes manufactured in or
22 imported into the United States or the Common-
23 wealth of Puerto Rico which are removed before any
24 tax-increase date, and held on such date for sale by

1 any person, there is hereby imposed a tax in an
2 amount equal to the excess of—

3 (A) the tax which would be imposed under
4 section 5701 of the Internal Revenue Code of
5 1986 on the article if the article had been re-
6 moved on such date, over

7 (B) the prior tax (if any) imposed under
8 section 5701 or 7652 of such Code on such ar-
9 ticle.

10 (2) AUTHORITY TO EXEMPT CIGARETTES HELD
11 IN VENDING MACHINES.—To the extent provided in
12 regulations prescribed by the Secretary, no tax shall
13 be imposed by paragraph (1) on cigarettes held for
14 retail sale on any tax-increase date, by any person
15 in any vending machine. If the Secretary provides
16 such a benefit with respect to any person, the Sec-
17 retary may reduce the \$500 amount in paragraph
18 (3) with respect to such person.

19 (3) CREDIT AGAINST TAX.—Each person shall
20 be allowed as a credit against the taxes imposed by
21 paragraph (1) an amount equal to \$500. Such credit
22 shall not exceed the amount of taxes imposed by
23 paragraph (1) on each tax-increase date for which
24 such person is liable.

1 (4) LIABILITY FOR TAX AND METHOD OF PAY-
2 MENT.—

3 (A) LIABILITY FOR TAX.—A person hold-
4 ing cigarettes on any tax-increase date, to
5 which any tax imposed by paragraph (1) applies
6 shall be liable for such tax.

7 (B) METHOD OF PAYMENT.—The tax im-
8 posed by paragraph (1) shall be paid in such
9 manner as the Secretary shall prescribe by reg-
10 ulations.

11 (C) TIME FOR PAYMENT.—The tax im-
12 posed by paragraph (1) shall be paid on or be-
13 fore the date which is 3 months after the tax-
14 increase date.

15 (5) ARTICLES IN FOREIGN TRADE ZONES.—
16 Notwithstanding the Act of June 18, 1934 (48 Stat.
17 998, 19 U.S.C. 81a) and any other provision of law,
18 any article which is located in a foreign trade zone
19 on any tax-increase date shall be subject to the tax
20 imposed by paragraph (1) if—

21 (A) internal revenue taxes have been deter-
22 mined, or customs duties liquidated, with re-
23 spect to such article before such date pursuant
24 to a request made under the 1st proviso of sec-
25 tion 3(a) of such Act, or

1 (B) such article is held on such date under
2 the supervision of a customs officer pursuant to
3 the 2d proviso of such section 3(a).

4 (6) DEFINITIONS.—For purposes of this sub-
5 section:

6 (A) IN GENERAL.—Terms used in this sub-
7 section which are also used in section 5702 of
8 the Internal Revenue Code of 1986 shall have
9 the respective meanings such terms have in
10 such section, as amended by this Act.

11 (B) SECRETARY.—The term “Secretary”
12 means the Secretary of the Treasury or his del-
13 egate.

14 (C) TAX-INCREASE DATE.—The term “tax-
15 increase date” means January 1, 1995, and
16 July 1, 1996.

17 (7) CONTROLLED GROUPS.—Rules similar to
18 the rules of section 5061(e)(3) of such Code shall
19 apply for purposes of this subsection.

20 (8) OTHER LAWS APPLICABLE.—All provisions
21 of law, including penalties, applicable with respect to
22 the taxes imposed by section 5701 of such Code
23 shall, insofar as applicable and not inconsistent with
24 the provisions of this subsection, apply to the floor
25 stocks taxes imposed by paragraph (1), to the same

1 extent as if such taxes were imposed by such section
2 5701. The Secretary may treat any person who bore
3 the ultimate burden of the tax imposed by para-
4 graph (1) as the person to whom a credit or refund
5 under such provisions may be allowed or made.

6 **SEC. 5002. MODIFICATIONS OF CERTAIN TOBACCO TAX**
7 **PROVISIONS.**

8 (a) EXEMPTION FOR EXPORTED TOBACCO PROD-
9 UCTS AND CIGARETTE PAPERS AND TUBES TO APPLY
10 ONLY TO ARTICLES MARKED FOR EXPORT.—

11 (1) Subsection (b) of section 5704 is amended
12 by adding at the end the following new sentence:
13 “Tobacco products and cigarette papers and tubes
14 may not be transferred or removed under this sub-
15 section unless such products or papers and tubes
16 bear such marks, labels, or notices as the Secretary
17 shall by regulations prescribe.”

18 (2) Section 5761 is amended by redesignating
19 subsections (c) and (d) as subsections (d) and (e),
20 respectively, and by inserting after subsection (b)
21 the following new subsection:

22 “(c) SALE OF TOBACCO PRODUCTS AND CIGARETTE
23 PAPERS AND TUBES FOR EXPORT.—Except as provided
24 in subsections (b) and (d) of section 5704—

1 “(1) every person who sells, relands, or receives
2 within the jurisdiction of the United States any to-
3 bacco products or cigarette papers or tubes which
4 have been labeled or shipped for exportation under
5 this chapter,

6 “(2) every person who sells or receives such
7 relanded tobacco products or cigarette papers or
8 tubes, and

9 “(3) every person who aids or abets in such
10 selling, relanding, or receiving,

11 shall, in addition to the tax and any other penalty provided
12 in this title, be liable for a penalty equal to the greater
13 of \$1,000 or 5 times the amount of the tax imposed by
14 this chapter. All tobacco products and cigarette papers
15 and tubes relanded within the jurisdiction of the United
16 States, and all vessels, vehicles, and aircraft used in such
17 relanding or in removing such products, papers, and tubes
18 from the place where relanded, shall be forfeited to the
19 United States.”.

20 (3) Subsection (a) of section 5761 is amended
21 by striking “subsection (b)” and inserting “sub-
22 section (b) or (c)”.

23 (4) Subsection (d) of section 5761, as redesign-
24 ated by paragraph (2), is amended by striking
25 “The penalty imposed by subsection (b)” and insert-

1 ing “The penalties imposed by subsections (b) and
2 (c)”.

3 (5)(A) Subpart F of chapter 52 is amended by
4 adding at the end the following new section:

5 **“SEC. 5754. RESTRICTION ON IMPORTATION OF PRE-**
6 **VIOUSLY EXPORTED TOBACCO PRODUCTS.**

7 “(a) IN GENERAL.—Tobacco products and cigarette
8 papers and tubes previously exported from the United
9 States may be imported or brought into the United States
10 only as provided in section 5704(d). For purposes of this
11 section, section 5704(d), section 5761, and such other pro-
12 visions as the Secretary may specify by regulations, ref-
13 erences to exportation shall be treated as including a ref-
14 erence to shipment to the Commonwealth of Puerto Rico.

15 “(b) CROSS REFERENCE.—

**“For penalty for the sale of tobacco products and
cigarette papers and tubes in the United States
which are labeled for export, see section 5761(c).”.**

16 (B) The table of sections for subpart F of chap-
17 ter 52 is amended by adding at the end the following
18 new item:

“Sec. 5754. Restriction on importation of previously exported to-
bacco products.”.

19 (b) IMPORTERS REQUIRED TO BE QUALIFIED.—

20 (1) Sections 5712, 5713(a), 5721, 5722,
21 5762(a)(1), and 5763(b) and (c) are each amended
22 by inserting “or importer” after “manufacturer”.

1 (2) The heading of subsection (b) of section
2 5763 is amended by inserting “QUALIFIED IMPORT-
3 ERS,” after “MANUFACTURERS,”.

4 (3) The heading for subchapter B of chapter 52
5 is amended by inserting “**and Importers**” after
6 “**Manufacturers**”.

7 (4) The item relating to subchapter B in the
8 table of subchapters for chapter 52 is amended by
9 inserting “and importers” after “manufacturers”.

10 (c) REPEAL OF TAX-EXEMPT SALES TO EMPLOYEES
11 OF CIGARETTE MANUFACTURERS.—

12 (1) Subsection (a) of section 5704 is amend-
13 ed—

14 (A) by striking “EMPLOYEE USE OR” in
15 the heading, and

16 (B) by striking “for use or consumption by
17 employees or” in the text.

18 (2) Subsection (e) of section 5723 is amended
19 by striking “for use or consumption by their employ-
20 ees, or for experimental purposes” and inserting
21 “for experimental purposes”.

22 (d) REPEAL OF TAX-EXEMPT SALES TO UNITED
23 STATES.—Subsection (b) of section 5704 is amended by
24 striking “and manufacturers may similarly remove such
25 articles for use of the United States;”.

1 (e) BOOKS OF 25 OR FEWER CIGARETTE PAPERS
2 SUBJECT TO TAX.—Subsection (c) of section 5701 is
3 amended by striking “On each book or set of cigarette
4 papers containing more than 25 papers,” and inserting
5 “On cigarette papers,”.

6 (f) STORAGE OF TOBACCO PRODUCTS.—Subsection
7 (k) of section 5702 is amended by inserting “under section
8 5704” after “internal revenue bond”.

9 (g) AUTHORITY TO PRESCRIBE MINIMUM MANUFAC-
10 TURING ACTIVITY REQUIREMENTS.—Section 5712 is
11 amended by striking “or” at the end of paragraph (1),
12 by redesignating paragraph (2) as paragraph (3), and by
13 inserting after paragraph (1) the following new paragraph:

14 “(2) the activity proposed to be carried out at
15 such premises does not meet such minimum capacity
16 or activity requirements as the Secretary may pre-
17 scribe, or”.

18 (h) SPECIAL RULES RELATING TO PUERTO RICO
19 AND THE VIRGIN ISLANDS.—Section 7652 is amended by
20 adding at the end the following new subsection:

21 “(h) LIMITATION ON COVER OVER OF TAX ON TO-
22 BACCO PRODUCTS.—For purposes of this section, with re-
23 spect to taxes imposed under section 5701 or this section
24 on any tobacco product or cigarette paper or tube, the
25 amount covered into the treasuries of Puerto Rico and the

1 Virgin Islands shall not exceed the rate of tax under sec-
2 tion 5701 in effect on the article on the day before the
3 date of the enactment of the Health Innovation Partner-
4 ship Act of 1994.”

5 (i) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to articles removed (as defined in
7 section 5702(k) of the Internal Revenue Code of 1986,
8 as amended by this Act) after December 31, 1994.

9 **SEC. 5003. IMPOSITION OF EXCISE TAX ON MANUFACTURE**
10 **OR IMPORTATION OF ROLL-YOUR-OWN TO-**
11 **BACCO.**

12 (a) IN GENERAL.—Section 5701 (relating to rate of
13 tax), as amended by section 5001, is amended by redesi-
14 gnating subsections (g) and (h) as subsections (h) and (i)
15 and by inserting after subsection (f) the following new
16 subsection:

17 “(g) ROLL-YOUR-OWN TOBACCO.—On roll-your-own
18 tobacco, manufactured in or imported into the United
19 States, there shall be imposed a tax of \$17.35 per pound
20 (and a proportionate tax at the like rate on all fractional
21 parts of a pound).”.

22 (b) ROLL-YOUR-OWN TOBACCO.—Section 5702 (re-
23 lating to definitions) is amended by adding at the end the
24 following new subsection:

1 “(p) ROLL-YOUR-OWN TOBACCO.—The term ‘roll-
2 your-own tobacco’ means any tobacco which, because of
3 its appearance, type, packaging, or labeling, is suitable for
4 use and likely to be offered to, or purchased by, consumers
5 as tobacco for making cigarettes.”.

6 (c) TECHNICAL AMENDMENTS.—

7 (1) Subsection (c) of section 5702 is amended
8 by striking “and pipe tobacco” and inserting “pipe
9 tobacco, and roll-your-own tobacco”.

10 (2) Subsection (d) of section 5702 is amend-
11 ed—

12 (A) in the material preceding paragraph
13 (1), by striking “or pipe tobacco” and inserting
14 “pipe tobacco, or roll-your-own tobacco”, and

15 (B) by striking paragraph (1) and insert-
16 ing the following new paragraph:

17 “(1) a person who produces cigars, cigarettes,
18 smokeless tobacco, pipe tobacco, or roll-your-own to-
19 bacco solely for the person’s own personal consump-
20 tion or use, and”.

21 (3) The chapter heading for chapter 52 is
22 amended to read as follows:

1 **“CHAPTER 52—TOBACCO PRODUCTS AND**
2 **CIGARETTE PAPERS AND TUBES”.**

3 (4) The table of chapters for subtitle E is
4 amended by striking the item relating to chapter 52
5 and inserting the following new item:

“CHAPTER 52. TOBACCO PRODUCTS AND CIGARETTE PAPERS AND
TUBES.”

6 (d) EFFECTIVE DATE.—

7 (1) IN GENERAL.—The amendments made by
8 this section shall apply to roll-your-own tobacco re-
9 moved (as defined in section 5702(k) of the Internal
10 Revenue Code of 1986, as amended by this Act)
11 after December 31, 1994.

12 (2) TRANSITIONAL RULE.—Any person who—

13 (A) on the date of the enactment of this
14 Act is engaged in business as a manufacturer of
15 roll-your-own tobacco or as an importer of to-
16 bacco products or cigarette papers and tubes,
17 and

18 (B) before January 1, 1995, submits an
19 application under subchapter B of chapter 52
20 of such Code to engage in such business,
21 may, notwithstanding such subchapter B, continue
22 to engage in such business pending final action on
23 such application. Pending such final action, all pro-
24 visions of such chapter 52 shall apply to such appli-

1 cant in the same manner and to the same extent as
2 if such applicant were a holder of a permit under
3 such chapter 52 to engage in such business.

4 **Subtitle B—Health Care Reform** 5 **Trust Fund**

6 **SEC. 5101. ESTABLISHMENT OF HEALTH CARE REFORM** 7 **TRUST FUND.**

8 (a) IN GENERAL.—Subchapter A of chapter 98 (re-
9 lating to establishment of trust funds) is amended by add-
10 ing at the end the following new part:

11 **“PART II—HEALTH CARE TRUST FUND**

“Sec. 9551. Health Care Reform Trust Fund

12 **“SEC. 9551. HEALTH CARE REFORM TRUST FUND.**

13 “(a) CREATION OF TRUST FUND.—There is estab-
14 lished in the Treasury of the United States a trust fund
15 to be known as the ‘Health Care Reform Trust Fund’,
16 consisting of such amounts as may be appropriated or
17 credited to the Health Care Reform Trust Fund as pro-
18 vided in this section.

19 “(b) TRANSFERS TO THE TRUST FUND.—There are
20 hereby appropriated to the Health Care Reform Trust
21 Fund amounts received in the Treasury under section
22 5701 (relating to taxes on tobacco products) to the extent
23 attributable to the increases in such taxes as the result

1 of the enactment of subtitle A of title V of the Health
2 Innovation Partnership Act of 1994.

3 “(c) EXPENDITURES.—Amounts in the Health Care
4 Reform Trust Fund are appropriated as provided for in
5 sections 2001 and 4002 of the Health Innovation Partner-
6 ship Act of 1994, and title XXVII of the Public Health
7 Service Act, and to the extent any such amount is not
8 expended during any fiscal year, such amount shall be
9 available for such purpose for subsequent fiscal years.

10 “(d) OTHER RULES.—

11 “(1) INSUFFICIENT FUNDS.—If, for any fiscal
12 year, the sum of the amounts required to be allo-
13 cated under subsection (c) exceeds the amounts re-
14 ceived in the Health Care Reform Trust Fund, then
15 each of such amounts required to be so allocated
16 shall be reduced to an amount which bears the same
17 ratio to such amount as the amounts received in the
18 trust fund bear to the amounts required to be so al-
19 located (without regard to this paragraph).

20 “(2) ALLOCATION OF EXCESS FUNDS AND IN-
21 TEREST.—Amounts received in the Health Care Re-
22 form Trust Fund in excess of the amounts required
23 to be allocated under subsection (c), for any fiscal
24 year shall be allocated ratably on the basis of the

1 amounts allocated for the fiscal year (without regard
2 to this paragraph).”.

3 (b) CONFORMING AMENDMENT.—Subchapter A of
4 chapter 98 is amended by inserting after the subchapter
5 heading the following new items:

“Part I. General trust funds.

“Part II. Health care trust fund.

6 **“PART I—GENERAL TRUST FUNDS”.**



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