

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 725

To amend title XIX of the Social Security Act to create a new part under such title to provide access to services for medically underserved populations not currently served by federally qualified health centers, by providing funds for a new program to allow federally qualified health centers and other qualifying entities to expand such centers' and entities' capacity and to develop additional centers.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 1993

Mr. MACHTLEY (for himself, Mr. McCLOSKEY, and Mr. UPTON) introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To amend title XIX of the Social Security Act to create a new part under such title to provide access to services for medically underserved populations not currently served by federally qualified health centers, by providing funds for a new program to allow federally qualified health centers and other qualifying entities to expand such centers' and entities' capacity and to develop additional centers.

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

1 **SECTION 1. FINDINGS.**

2 The Congress finds that—

3 (1) at least 30 million Americans lack access to  
4 even the most basic health services;

5 (2) access to health care is especially difficult  
6 for those Americans who—

7 (A) live in medically underserved rural  
8 communities or inner city neighborhoods;

9 (B) lack public or private health insurance  
10 coverage and the ability to pay directly for care;

11 (C) must move for work purposes, such as  
12 migrant farmworkers;

13 (D) are members of minority groups, or  
14 who speak limited English; or

15 (E) are members of other vulnerable  
16 groups, including persons who are homeless or  
17 are high-risk pregnant women, infants and chil-  
18 dren;

19 (3) the consequences of poor access to health  
20 care is evidenced in elevated infant and childhood  
21 mortality rates, dangerously low childhood immuni-  
22 zation rates, overutilization of hospital emergency  
23 rooms or other inappropriate providers of primary  
24 care services, and hospitalization rates for prevent-  
25 able conditions that are significantly higher than the  
26 national average;

1 (4) efforts to provide access to essential health  
2 care services for medically underserved Americans  
3 will not only contribute to improved health status,  
4 but will also result in less unnecessary care and re-  
5 duced overall costs of health care; and

6 (5) the federally qualified health centers, in-  
7 cluding the community and migrant health centers  
8 which serve more than 6 million needy Americans,  
9 provide an effective and proven model for extending  
10 access to all medically underserved Americans.

11 **SEC. 2. ESTABLISHMENT OF NEW PART UNDER THE MEDIC-**  
12 **AID PROGRAM TO PROVIDE FUNDS FOR A**  
13 **NEW FEDERALLY QUALIFIED HEALTH CEN-**  
14 **TERS GRANTS PROGRAM.**

15 (a) IN GENERAL.—Title XIX of the Social Security  
16 Act is amended by inserting after the title heading the  
17 following:

18 “PART A—PAYMENT TO STATES FOR MEDICAL  
19 ASSISTANCE”.

20 (b) PURPOSE.—Section 1901 of the Social Security  
21 Act (42 U.S.C. 1396) is amended—

22 (1) in the first sentence—

23 (A) by striking “and (2)” and inserting  
24 “(2)”; and

1 (B) by striking “self care,” and inserting  
2 “self care; and (3) grants to assist entities in  
3 providing health care services to medically un-  
4 derserved individuals,”; and

5 (2) by amending the second sentence to read as  
6 follows: “The sums made available under this section  
7 shall be used for making payments—

8 (A) under this part to States which have  
9 submitted, and had approved by the Secretary,  
10 State plans for medical assistance; and

11 (B) under part B to entities meeting the  
12 requirements under such part.”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 subsections (a) and (b) shall become effective on October  
15 1, 1993.

16 **SEC. 3. ESTABLISHMENT OF NEW PROGRAM TO PROVIDE**  
17 **FUNDS TO ALLOW FEDERALLY QUALIFIED**  
18 **HEALTH CENTERS AND OTHER ENTITIES OR**  
19 **ORGANIZATIONS TO PROVIDE EXPANDED**  
20 **SERVICES TO MEDICALLY UNDERSERVED IN-**  
21 **DIVIDUALS.**

22 (a) IN GENERAL.—Title XIX of the Social Security  
23 Act (42 U.S.C. 1396 et seq.) is amended by adding at  
24 the end the following new part:



1           “(A) have as of January 1, 1993, been certified  
2           by the Secretary as an FQHC under section  
3           1905(l)(2)(B); or

4           “(B) have submitted applications to the Sec-  
5           retary to qualify as FQHC’s under section  
6           1905(l)(2)(B); or

7           “(C) have submitted a plan to the Secretary  
8           which provides that the entity will meet the require-  
9           ments to qualify as an FQHC when operational.

10          “(2)(A) The Secretary shall also make grants under  
11          this section to public or private nonprofit agencies, health  
12          care entities or organizations which meet the requirements  
13          necessary to qualify as an FQHC except, the requirement  
14          that such entity have a consumer majority governing  
15          board and which have submitted a proposal to the Sec-  
16          retary to provide those services provided by an FQHC as  
17          defined in section 1905(l)(2)(B) and which are designed  
18          to promote access to primary care services or to reduce  
19          reliance on hospital emergency rooms or other high cost  
20          providers of primary health care services, provided such  
21          proposal is developed by the entity or organizations (or  
22          such entities or organizations acting in a consortium in  
23          a community) with the review and approval of the Gov-  
24          ernor of the State in which such entity or organization  
25          is located.

1       “(B) The Secretary shall provide in making grants  
2 to entities or organizations described in this paragraph  
3 that no more than 10 percent of the funds provided for  
4 grants under this section shall be made available for  
5 grants to such entities or organizations.

6       “(c) APPLICATION REQUIREMENTS.—(1) In order to  
7 be eligible to receive a grant under this section, an FQHC  
8 or other entity or organization must submit an application  
9 in such form and at such time as the Secretary shall pre-  
10 scribe and which meets the requirements of this sub-  
11 section.

12       “(2) An application submitted under this section  
13 must provide—

14               “(A)(i) for a schedule of fees or payments for  
15 the provision of the services provided by the entity  
16 designed to cover its reasonable costs of operations;  
17 and

18               “(ii) for a corresponding schedule of discounts  
19 to be applied to such fees or payments, based upon  
20 the patient’s ability to pay (determined by using a  
21 sliding scale formula based on the income of the pa-  
22 tient);

23               “(B) assurances that the entity or organization  
24 provides services to persons who are eligible for ben-  
25 efits under title XVIII, for medical assistance under

1 a State plan approved under part A or for assistance  
2 for medical expenses under any other public assist-  
3 ance program or private health insurance program;  
4 and

5 “(C) assurances that the entity or organization  
6 has made and will continue to make every reason-  
7 able effort to collect reimbursement for services—

8 “(i) from persons eligible for assistance  
9 under any of the programs described in sub-  
10 paragraph (B); and

11 “(ii) from patients not entitled to benefits  
12 under any such programs.

13 “(d) LIMITATIONS ON USE OF FUNDS.—(1) From  
14 the amounts awarded to an entity or organization under  
15 this section, funds may be used for purposes of planning  
16 but may only be expended for the costs of—

17 “(A) assessing the needs of the populations or  
18 proposed areas to be served;

19 “(B) preparing a description of how the needs  
20 identified will be met;

21 “(C) development of an implementation plan  
22 that addresses—

23 “(i) recruitment and training of personnel;  
24 and

1           “(ii) activities necessary to achieve oper-  
2           ational status in order to meet FQHC require-  
3           ments under 1905(l)(2)(B).

4           “(2) From the amounts awarded to an entity or orga-  
5           nization under this section, funds may be used for the pur-  
6           poses of paying for the costs of recruiting, training and  
7           compensating staff (clinical and associated administrative  
8           personnel (to the extent such costs are not already reim-  
9           bursed under part A or any other State or Federal pro-  
10          gram)) to the extent necessary to allow the entity to oper-  
11          ate at new or expanded existing sites.

12          “(3) From the amounts awarded to an entity or orga-  
13          nization under this section, funds may be expended for  
14          the purposes of acquiring facilities and equipment but only  
15          for the costs of—

16                 “(A) construction of new buildings (to the ex-  
17                 tent that new construction is found to be the most  
18                 cost-efficient approach by the Secretary);

19                 “(B) acquiring, expanding, or modernizing of  
20                 existing facilities;

21                 “(C) purchasing essential (as determined by the  
22                 Secretary) equipment; and

23                 “(D) amortization of principal and payment of  
24                 interest on loans obtained for purposes of site con-

1       struction, acquisition, modernization, or expansion,  
2       as well as necessary equipment.

3       “(4) From the amounts awarded to an entity or orga-  
4       nization under this section, funds may be expended for  
5       the payment of services but only for the costs of—

6               “(A) providing or arranging for the provision of  
7       all services through the entity necessary to qualify  
8       such entity as an FQHC under section  
9       1905(l)(2)(B);

10              “(B) providing or arranging for any other serv-  
11       ice that an FQHC may provide and be reimbursed  
12       for under this title; and

13              “(C) providing any unreimbursed costs of pro-  
14       viding services as described in section 330(a) of the  
15       Public Health Service Act to patients.

16       “(e) PRIORITIES IN THE AWARDING OF GRANTS.—

17       (1) The Secretary shall give priority in awarding grants  
18       under this section to entities which have, as of January  
19       1, 1993, been certified as an FQHC under section  
20       1905(l)(2)(B) and which have submitted a proposal to the  
21       Secretary to expand their operations (including expansion  
22       to new sites) to serve medically underserved populations  
23       for high impact areas not currently served by an FQHC.  
24       The Secretary shall give first priority in awarding grants  
25       under this section to those FQHCs or other entities which

1 propose to serve populations with the highest degree of  
2 unmet need, and which can demonstrate the ability to ex-  
3 pand their operations in the most efficient manner.

4       “(2) The Secretary shall give second priority in  
5 awarding grants to entities which have submitted applica-  
6 tions to the Secretary which demonstrate that the entity  
7 will qualify as an FQHC under section 1905(l)(2)(B) be-  
8 fore it provides or arranges for the provision of services  
9 supported by funds awarded under this section, and which  
10 are serving or proposing to serve medically underserved  
11 populations or high impact areas which are not currently  
12 served (or proposed to be served) by an FQHC.

13       “(3) The Secretary shall give third priority in award-  
14 ing grants in subsequent years to those FQHCs or other  
15 entities which have provided for expanded services and  
16 project and are able to demonstrate that such entity will  
17 incur significant unreimbursed costs in providing such ex-  
18 panded services.

19       “(f) RETURN OF FUNDS TO SECRETARY FOR COSTS  
20 REIMBURSED FROM OTHER SOURCES.—To the extent  
21 that an entity or organization receiving funds under this  
22 part is reimbursed from another source for the provision  
23 of services to an individual, and does not use such in-  
24 creased reimbursement to expand services furnished, areas  
25 served, to compensate for costs of unreimbursed services

1 provided to patients, or to promote recruitment, training,  
2 or retention of personnel, such excess revenues shall be  
3 returned to the Secretary.

4 “(g) TERMINATION OF GRANTS.—(1)(A) With re-  
5 spect to any entity that is receiving funds awarded under  
6 this section and which subsequently fails to meet the re-  
7 quirements to qualify as an FQHC under section  
8 1905(l)(2)(B) or is an entity that is not required to meet  
9 the requirements to qualify as an FQHC under section  
10 1905(l)(2)(B) but fails to meet the requirements of this  
11 section, the Secretary shall terminate the award of funds  
12 under this section to such entity.

13 “(B) Prior to any termination of funds under this  
14 section to an entity, the entities shall be entitled to 60  
15 days prior notice of termination and, as provided by the  
16 Secretary in regulations, an opportunity to correct any de-  
17 ficiencies in order to allow the entity to continue to receive  
18 funds under this section.

19 “(2) Upon any termination of funding under this sec-  
20 tion, the Secretary may (to the extent practicable)—

21 “(A) sell any property (including equipment)  
22 acquired or constructed by the entity using funds  
23 made available under this section or transfer such  
24 property to another FQHC, in which case the Sec-  
25 retary shall reimburse any costs which were incurred

1 by the entity in acquiring or constructing such prop-  
2 erty (including equipment) which were not supported  
3 by grants under this section; and

4 “(B) recoup any funds provided to an entity  
5 terminated under this section.

6 “(h) LIMITATION ON AMOUNT OF EXPENDITURES.—  
7 The amount of funds that may be expended under this  
8 title to carry out the purposes of this part shall be for  
9 fiscal year 1994, \$200,000,000, for fiscal year 1995,  
10 \$400,000,000, for fiscal year 1996, \$600,000,000, for fis-  
11 cal year 1997, \$800,000,000, for fiscal year 1998,  
12 \$800,000,000, and for fiscal years thereafter such sums  
13 as provided by Congress.”.

14 (b) EFFECTIVE DATE.—The amendments made by  
15 subsection (a) shall become effective with respect to serv-  
16 ices furnished by a federally qualified health center or  
17 other qualifying entity described in this section beginning  
18 on or after October 1, 1993.

19 **SEC. 4. STUDY AND REPORT ON SERVICES PROVIDED BY**  
20 **COMMUNITY HEALTH CENTERS AND HOS-**  
21 **PITALS.**

22 (a) IN GENERAL.—The Secretary of Health and  
23 Human Services (in this section referred to as the “Sec-  
24 retary”) shall provide for a study to examine the relation-  
25 ship and interaction between community health centers

1 and hospitals in providing services to individuals residing  
2 in medically underserved areas. The Secretary shall ensure  
3 that the National Rural Research Centers participate in  
4 such study.

5 (b) REPORT.—The Secretary shall provide to the ap-  
6 propriate committees of Congress a report summarizing  
7 the findings of the study within 90 days of the end of  
8 each project year and shall include in such report rec-  
9 ommendations on methods to improve the coordination of  
10 and provision of services in medically underserved areas  
11 by community health centers and hospitals.

12 (c) AUTHORIZATION.—There are authorized to carry  
13 out the study provided for in this section \$150,000 for  
14 each of fiscal years 1994 and 1995.

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