

104TH CONGRESS
2D SESSION

H. R. 3753

To amend the Social Security Act and the Public Health Service Act with respect to the health of residents of rural areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 1996

Mr. GUNDERSON (for himself, Mr. POSHARD, Mr. ROBERTS, Mr. STENHOLM, Mr. BEREUTER, Mr. BONILLA, Mr. BUNN of Oregon, Mr. HILLIARD, Mrs. JOHNSON of Connecticut, Mrs. LINCOLN, Mr. PAYNE of Virginia, Mr. WILLIAMS, Mr. BAKER of Louisiana, Mr. BARRETT of Nebraska, Mr. BOEHLERT, Mr. BOUCHER, Mr. BREWSTER, Mr. CLINGER, Mr. COMBEST, Mr. CONDIT, Mr. COOLEY of Oregon, Ms. DANNER, Mr. EHLERS, Mr. EVANS, Mr. FAZIO of California, Mr. HALL of Texas, Mr. JOHNSON of South Dakota, Mr. KLUG, Mr. MCHUGH, Mr. NEY, Mr. NUSSLE, Mr. PETERSON of Minnesota, Mr. RAHALL, Mr. RAMSTAD, Mr. SANDERS, Mr. SKELTON, Mr. STUPAK, Mr. THORNBERRY, Mr. WALSH, and Mr. WHITFIELD) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Social Security Act and the Public Health Service Act with respect to the health of residents of rural areas, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Rural Health Improve-
3 ment Act of 1996”.

4 **SEC. 2. TABLE OF CONTENTS.**

5 The table of contents of this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

Sec. 3. Sense of Congress on work of Bill Emerson.

**TITLE I—EQUALIZATION OF MEDICARE REIMBURSEMENT RATES
TO HEALTH MAINTENANCE ORGANIZATIONS AND COMPETITIVE
MEDICAL PLANS**

Sec. 101. Payments to health maintenance organizations and competitive medi-
cal plans.

**TITLE II—GRANTS TO ENCOURAGE ESTABLISHMENT OF
COMMUNITY RURAL HEALTH NETWORKS**

Sec. 201. Assistance for development of access plans for chronically under-
served areas.

Sec. 202. Technical assistance grants for networks.

Sec. 203. Development grants for networks.

Sec. 204. Definitions.

Sec. 205. Financing through termination of certain grant programs.

**TITLE III—MEDICARE RURAL PRIMARY CARE HOSPITALS AND
RURAL EMERGENCY ACCESS CARE HOSPITALS**

Subtitle A—Rural Primary Care Hospital Program

Sec. 301. Designation of rural primary care hospitals.

Sec. 302. Payment on a reasonable cost basis.

Sec. 303. Lengthening maximum period of permitted inpatient stay.

Sec. 304. Payment continued to designated essential access community hos-
pitals.

Sec. 305. Effective date.

Subtitle B—Rural Emergency Access Care Hospitals

Sec. 311. Establishment of hospitals.

**TITLE IV—INCENTIVES FOR HEALTH PROFESSIONALS TO
PRACTICE IN RURAL AREAS**

Subtitle A—National Health Service Corps

Sec. 401. National Health Service Corps scholarship and loan repayments ex-
cluded from gross income.

Sec. 402. Study regarding allocation of Corps members among shortage areas.

Sec. 403. Priority in assignment of Corps members; community rural health
networks.

Subtitle B—Primary Care Services Furnished in Shortage Areas

Sec. 411. Additional payments under medicare for primary care services furnished in rural shortage areas.

TITLE V—CLASSIFICATION OF RURAL REFERRAL CENTERS

Sec. 501. Classification of centers.

TITLE VI—PROMOTION OF HEALTH CENTERS IN RURAL REGIONS

Sec. 601. Expansion of health centers in rural regions.

Sec. 602. Collaboration of health centers with community hospitals.

TITLE VII—MEDICARE PAYMENT METHODOLOGIES

Sec. 701. Telemedicine services.

TITLE VIII—ANTITRUST

Sec. 801. Sense of Congress relating to application of guidelines.

TITLE IX—FINANCING

Sec. 901. Extension and expansion of existing medicare secondary payer requirements.

1 SEC. 3. SENSE OF CONGRESS ON WORK OF BILL EMERSON.

2 It is the sense of the Congress that this Act reflects
3 the dedication of the late Representative Bill Emerson,
4 who served on the Steering Committee of the Rural Health
5 Care Coalition of the House of Representatives, to ensur-
6 ing health care access for all rural Americans.

1 **TITLE I—EQUALIZATION OF**
2 **MEDICARE REIMBURSEMENT**
3 **RATES TO HEALTH MAINTENANCE ORGANIZATIONS AND**
4 **COMPETITIVE MEDICAL**
5 **PLANS**
6

7 **SEC. 101. PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS AND COMPETITIVE MEDICAL PLANS.**
8

9 (a) IN GENERAL.—Section 1876(a) of the Social Security Act (42 U.S.C. 1395mm(a)) is amended to read as
10 follows:
11

12 “(a)(1)(A) The Secretary shall annually determine,
13 and shall announce (in a manner intended to provide notice to interested parties) not later than August 1 before
14 the calendar year concerned—
15

16 “(i) a per capita rate of payment for individuals
17 who are enrolled under this section with an eligible
18 organization which has entered into a risk-sharing
19 contract and who are entitled to benefits under part
20 A and enrolled under part B, and

21 “(ii) a per capita rate of payment for individuals
22 who are so enrolled with such an organization
23 and who are enrolled under part B only.

24 For purposes of this section, the term “risk-sharing contract” means a contract entered into under subsection (g)
25

1 and the term “reasonable cost reimbursement contract”
2 means a contract entered into under subsection (h).

3 “(B) The annual per capita rate of payment for each
4 medicare payment area (as defined in paragraph (5)) shall
5 be equal to the adjusted capitation rate (as defined in
6 paragraph (4)), adjusted by the Secretary for—

7 “(i) individuals who are enrolled under this sec-
8 tion with an eligible organization which has entered
9 into a risk-sharing contract and who are enrolled
10 under part B only; and

11 “(ii) such risk factors as age, disability status,
12 gender, institutional status, and such other factors
13 as the Secretary determines to be appropriate so as
14 to ensure actuarial equivalence. The Secretary may
15 add to, modify, or substitute for such factors, if such
16 changes will improve the determination of actuarial
17 equivalence.

18 “(C) In the case of an eligible organization with a
19 risk-sharing contract, the Secretary shall make monthly
20 payments in advance and in accordance with the rate de-
21 termined under subparagraph (B) and except as provided
22 in subsection (g)(2), to the organization for each individ-
23 ual enrolled with the organization under this section.

24 “(D) The Secretary shall establish a separate rate of
25 payment to a eligible organization with respect to any indi-

1 individual determined to have end-stage renal disease and en-
2 rolled with the organization. Such rate of payment shall
3 be actuarially equivalent to rates paid to other enrollees
4 in the payment area (or such other area as specified by
5 the Secretary).

6 “(E)(i) The amount of payment under this paragraph
7 may be retroactively adjusted to take into account any dif-
8 ference between the actual number of individuals enrolled
9 in the plan under this section and the number of such
10 individuals estimated to be so enrolled in determining the
11 amount of the advance payment.

12 “(ii)(I) Subject to subclause (II), the Secretary may
13 make retroactive adjustments under clause (i) to take into
14 account individuals enrolled during the period beginning
15 on the date on which the individual enrolls with an eligible
16 organization (which has a risk-sharing contract under this
17 section) under a health benefit plan operated, sponsored,
18 or contributed to by the individual’s employer or former
19 employer (or the employer or former employer of the indi-
20 vidual’s spouse) and ending on the date on which the indi-
21 vidual is enrolled in the plan under this section, except
22 that for purposes of making such retroactive adjustments
23 under this clause, such period may not exceed 90 days.

24 “(II) No adjustment may be made under subclause
25 (I) with respect to any individual who does not certify that

1 the organization provided the individual with the expla-
2 nation described in subsection (c)(3)(E) at the time the
3 individual enrolled with the organization.

4 “(F)(i) At least 45 days before making the announce-
5 ment under subparagraph (A) for a year, the Secretary
6 shall provide for notice to eligible organizations of pro-
7 posed changes to be made in the methodology or benefit
8 coverage assumptions from the methodology and assump-
9 tions used in the previous announcement and shall provide
10 such organizations an opportunity to comment on such
11 proposed changes.

12 “(ii) In each announcement made under subpara-
13 graph (A) for a year, the Secretary shall include an expla-
14 nation of the assumptions (including any benefit coverage
15 assumptions) and changes in methodology used in the an-
16 nouncement in sufficient detail so that eligible organiza-
17 tions can compute per capita rates of payment for individ-
18 uals located in each county (or equivalent medicare pay-
19 ment area) which is in whole or in part within the service
20 area of such an organization.

21 “(2) With respect to any eligible organization which
22 has entered into a reasonable cost reimbursement con-
23 tract, payments shall be made to such plan in accordance
24 with subsection (h)(2) rather than paragraph (1).

1 “(3) Subject to subsections (c)(2)(B)(ii) and (c)(7),
2 payments under a contract to an eligible organization
3 under paragraph (1) or (2) shall be instead of the amounts
4 which (in the absence of the contract) would be otherwise
5 payable, pursuant to sections 1814(b) and 1833(a), for
6 services furnished by or through the organization to indi-
7 viduals enrolled with the organization under this section.

8 “(4)(A) For purposes of this section, the ‘adjusted
9 capitation rate’ for a medicare payment area (as defined
10 in paragraph (5)) is equal to the greatest of the following:

11 “(i) The sum of—

12 “(I) the area-specific percentage for the
13 year (as specified under subparagraph (B) for
14 the year) of the area-specific adjusted capita-
15 tion rate for the year for the medicare payment
16 area, as determined under subparagraph (C),
17 and

18 “(II) the national percentage (as specified
19 under subparagraph (B) for the year) of the
20 input-price-adjusted national adjusted capita-
21 tion rate for the year, as determined under sub-
22 paragraph (D),

23 multiplied by a budget neutrality adjustment factor
24 determined under subparagraph (E).

25 “(ii) An amount equal to—

1 “(I) in the case of 1997, 80 percent of the
2 input-price-adjusted national adjusted capita-
3 tion rate for the year, as determined under sub-
4 paragraph (D); and

5 “(II) in the case of a succeeding year, the
6 amount specified in this clause for the preced-
7 ing year increased by the national average per
8 capita growth percentage specified under sub-
9 paragraph (F) for that succeeding year.

10 “(iii) An amount equal to—

11 “(I) in the case of 1997, 102 percent of
12 the annual per capita rate of payment for 1996
13 for the medicare payment area (determined
14 under this subsection, as in effect on the day
15 before the date of enactment of the Rural
16 Health Improvement Act of 1996; and

17 “(II) in the case of a subsequent year, 102
18 percent of the adjusted capitation rate under
19 this subsection for the area for the previous
20 year.

21 “(B) For purposes of subparagraph (A)(i)—

22 “(i) for 1997, the ‘area-specific percentage’ is
23 90 percent and the ‘national percentage’ is 10 per-
24 cent,

1 “(ii) for 1998, the ‘area-specific percentage’ is
2 85 percent and the ‘national percentage’ is 15 per-
3 cent,

4 “(iii) for 1999, the ‘area-specific percentage’ is
5 80 percent and the ‘national percentage’ is 20 per-
6 cent,

7 “(iv) for 2000, the ‘area-specific percentage’ is
8 75 percent and the ‘national percentage’ is 25 per-
9 cent, and

10 “(v) for a year after 2000, the ‘area-specific
11 percentage’ is 70 percent and the ‘national percent-
12 age’ is 30 percent.

13 “(C) For purposes of subparagraph (A)(i), the area-
14 specific adjusted capitation rate for a medicare payment
15 area—

16 “(i) for 1997, is the average of the annual per
17 capita rates of payment for the area for 1994
18 through 1996, after adjusting the 1994 and 1995
19 rates of payment to 1996 dollars, increased by the
20 national average per capita growth percentage for
21 1997 (as defined in subparagraph (F)); or

22 “(ii) for a subsequent year, is the area-specific
23 adjusted capitation rate for the previous year deter-
24 mined under this subparagraph for the area, in-

1 creased by the national average per capita growth
2 percentage for such subsequent year.

3 “(D)(i) For purposes of subparagraph (A)(i) and
4 subparagraph (A)(ii), the input-price-adjusted national
5 adjusted capitation rate for a medicare payment area for
6 a year is equal to the sum, for all the types of medicare
7 services (as classified by the Secretary), of the product
8 (for each such type of service) of—

9 “(I) the national standardized adjusted capita-
10 tion rate (determined under clause (ii)) for the year,

11 “(II) the proportion of such rate for the year
12 which is attributable to such type of services, and

13 “(III) an index that reflects (for that year and
14 that type of services) the relative input price of such
15 services in the area compared to the national aver-
16 age input price of such services.

17 In applying subclause (III), the Secretary shall, subject
18 to clause (iii), apply those indices under this title that are
19 used in applying (or updating) national payment rates for
20 specific areas and localities.

21 “(ii) In clause (i)(I), the ‘national standardized ad-
22 justed capitation rate’ for a year is equal to—

23 “(I) the sum (for all medicare payment areas)
24 of the product of (aa) the area-specific adjusted
25 capitation rate for that year for the area under sub-

1 paragraph (C), and (bb) the average number of
2 standardized medicare beneficiaries residing in that
3 area in the year; divided by

4 “(II) the total average number of standardized
5 medicare beneficiaries residing in all the medicare
6 payment areas for that year.

7 “(iii) In applying this subparagraph for 1997—

8 “(I) medicare services shall be divided into 2
9 types of services: part A services and part B serv-
10 ices;

11 “(II) the proportions described in clause (i)(II)
12 for such types of services shall be—

13 “(aa) for part A services, the ratio (ex-
14 pressed as a percentage) of the national average
15 annual per capita rate of payment for part A
16 for 1996 to the total average annual per capita
17 rate of payment for parts A and B for 1996,
18 and

19 “(bb) for part B services, 100 percent
20 minus the ratio described in item (aa);

21 “(III) for part A services, 70 percent of pay-
22 ments attributable to such services shall be adjusted
23 by the index used under section 1886(d)(3)(E) to
24 adjust payment rates for relative hospital wage levels

1 for hospitals located in the payment area involved;
2 and

3 “(IV) for part B services—

4 “(aa) 66 percent of payments attributable
5 to such services shall be adjusted by the index
6 of the geographic area factors under section
7 1848(e) used to adjust payment rates for physi-
8 cians’ services furnished in the payment area,
9 and

10 “(bb) of the remaining 34 percent of the
11 amount of such payments, 70 percent shall be
12 adjusted by the index described in subclause
13 (III).

14 The Secretary may continue to apply the rules described
15 in this clause (or similar rules) for 1998.

16 “(E) For each year, the Secretary shall compute a
17 budget neutrality adjustment factor so that the aggregate
18 of the payments under this section shall be equal to the
19 aggregate payments that would have been made under this
20 section if the area-specific percentage for the year had
21 been 100 percent and the national percentage had been
22 0 percent.

23 “(F) In this section, the ‘national average per capita
24 growth percentage’ is equal to the percentage growth in

1 medicare fee-for-service per capita expenditures, which the
2 Secretary shall project for each year.

3 “(5)(A) In this section, except as provided in sub-
4 paragraph (C), the term ‘medicare payment area’ means
5 a county, or equivalent area specified by the Secretary.

6 “(B) In the case of individuals who are determined
7 to have end stage renal disease, the medicare payment
8 area shall be specified by the Secretary.

9 “(C)(i) Upon written request of the Chief Executive
10 Officer of a State for a contract year (beginning after
11 1997) made at least 7 months before the beginning of the
12 year, the Secretary shall adjust the system under which
13 medicare payment areas in the State are otherwise deter-
14 mined under subparagraph (A) to a system which—

15 “(I) has a single statewide medicare payment
16 area,

17 “(II) is a metropolitan based system described
18 in clause (iii), or

19 “(III) which consolidates into a single medicare
20 payment area noncontiguous counties (or equivalent
21 areas described in subparagraph (A)) within a State.

22 Such adjustment shall be effective for payments for
23 months beginning with January of the year following the
24 year in which the request is received.

1 “(ii) In the case of a State requesting an adjustment
2 under this subparagraph, the Secretary shall adjust the
3 payment rates otherwise established under this section for
4 medicare payment areas in the State in a manner so that
5 the aggregate of the payments under this section in the
6 State shall be equal to the aggregate payments that would
7 have been made under this section for medicare payment
8 areas in the State in the absence of the adjustment under
9 this subparagraph.

10 “(iii) The metropolitan based system described in this
11 clause is one in which—

12 “(I) all the portions of each metropolitan statis-
13 tical area in the State or in the case of a consoli-
14 dated metropolitan statistical area, all of the por-
15 tions of each primary metropolitan statistical area
16 within the consolidated area within the State, are
17 treated as a single medicare payment area, and

18 “(II) all areas in the State that do not fall
19 within a metropolitan statistical area are treated as
20 a single medicare payment area.

21 “(iv) In clause (iii), the terms ‘metropolitan statis-
22 tical area’, ‘consolidated metropolitan statistical area’, and
23 ‘primary metropolitan statistical area’ mean any area des-
24 ignated as such by the Secretary of Commerce.

1 “(6) Subject to subsections (c)(2)(B)(ii) and (c)(7),
2 if an individual is enrolled under this section with an eligi-
3 ble organization having a risk-sharing contract, only the
4 eligible organization shall be entitled to receive payments
5 from the Secretary under this title for services furnished
6 to the individual.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall take effect on October 1, 1996.

9 **TITLE II—GRANTS TO ENCOUR-**
10 **AGE ESTABLISHMENT OF**
11 **COMMUNITY RURAL HEALTH**
12 **NETWORKS**

13 **SEC. 201. ASSISTANCE FOR DEVELOPMENT OF ACCESS**
14 **PLANS FOR CHRONICALLY UNDERSERVED**
15 **AREAS.**

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

18 (1) IN GENERAL.—The Secretary shall provide
19 grants (in amounts determined in accordance with
20 paragraph (3)) over a 3-year period to an eligible
21 State for the development of plans to increase access
22 to health care services during such period for resi-
23 dents of areas in the State that are designated as
24 chronically underserved areas in accordance with
25 subsection (b).

1 (2) ELIGIBILITY REQUIREMENTS.—A State is
2 eligible to receive grants under this section if the
3 State submits to the Secretary (at such time and in
4 such form as the Secretary may require) assurances
5 that the State has developed (or is in the process of
6 developing) a plan to increase the access of residents
7 of a chronically underserved area to health care serv-
8 ices that meets the requirements of subsection (c),
9 together with such other information and assurances
10 as the Secretary may require.

11 (3) AMOUNT OF ASSISTANCE.—

12 (A) IN GENERAL.—Subject to subpara-
13 graph (B), the amount of assistance provided to
14 a State under this subsection with respect to
15 any plan during a 3-year period shall be equal
16 to—

17 (i) for the first year of the period, an
18 amount equal to 100 percent of the
19 amounts expended by the State during the
20 year to develop the plan described in para-
21 graph (1) (as reported to the Secretary in
22 accordance with such requirements as the
23 Secretary may impose);

24 (ii) for the second year of the period,
25 an amount equal to 50 percent of the

1 amounts expended by the State during the
2 year to develop the plan; and

3 (iii) for the third year of the period,
4 an amount equal to 33 percent of the
5 amounts expended by the State during the
6 year to develop the plan.

7 (B) AGGREGATE PER PLAN LIMIT.—The
8 amount of assistance provided to a State under
9 this subsection with respect to any plan may
10 not exceed \$100,000 during any year of the 3-
11 year period for which the State receives assist-
12 ance.

13 (b) DESIGNATION OF AREAS.—

14 (1) DESIGNATION BY GOVERNOR.—In accord-
15 ance with the guidelines developed under paragraph
16 (2), the Governor of a State may designate an area
17 in the State as a chronically underserved area for
18 purposes of this section upon the request of a local
19 official of the area or upon the Governor's initiative.

20 (2) GUIDELINES FOR DESIGNATION.—

21 (A) DEVELOPMENT BY SECRETARY.—Not
22 later than 1 year after the date of the enact-
23 ment of this Act, the Secretary shall develop
24 guidelines for the designation of areas as chron-
25 ically underserved areas under this section.

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

5 (i) Whether the area (or a significant
6 portion of the area) is a rural area (under
7 section 1886(d)(2)(D) of the Social Secu-
8 rity Act) and—

9 (I) is designated as a health pro-
10 fessional shortage area (under section
11 332(a) of the Public Health Service
12 Act), or meets the criteria for des-
13 ignation as such an area; or

14 (II) was previously designated as
15 such an area or previously met such
16 criteria for an extended period prior
17 to the designation of the area under
18 this section (in accordance with cri-
19 teria established by the Secretary).

20 (ii) The availability and adequacy of
21 health care providers and facilities for resi-
22 dents of the area.

23 (iii) The extent to which the availabil-
24 ity of assistance under other Federal and
25 State programs has failed to alleviate the

1 lack of access to health care services for
2 residents of the area.

3 (iv) The percentage of residents of the
4 area whose income is at or below the pov-
5 erty level.

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

8 (vi) The existence of cultural or geo-
9 graphic barriers to access to health care
10 services in the area, including weather con-
11 ditions.

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

15 (A) has been notified of the proposed des-
16 ignation; and

17 (B) has not, within 60 days after the date
18 of receipt of the notice, disapproved the des-
19 ignation.

20 (4) PERIOD OF DESIGNATION.—A designation
21 under this section shall be effective during a period
22 specified by the Governor of not longer than 3 years.
23 The Governor may extend the designation for addi-
24 tional 3-year periods, except that a State may not
25 receive assistance under subsection (a)(3) for

1 amounts expended during any such additional
2 periods.

3 (c) REQUIREMENTS FOR STATE ACCESS PLANS.—A
4 State plan to increase the access of residents of chronically
5 underserved areas to health care services meets the re-
6 quirements of this section if the Secretary finds that the
7 plan was developed with the participation of health care
8 providers and facilities and residents of the area that is
9 the subject of the plan, together with such other require-
10 ments as the Secretary may impose.

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

17 **SEC. 202. TECHNICAL ASSISTANCE GRANTS FOR NET-**
18 **WORKS.**

19 (a) IN GENERAL.—The Secretary shall make funds
20 available under this section to provide technical assistance
21 (including information regarding eligibility for other Fed-
22 eral programs) and advice for entities described in sub-
23 section (b) seeking to establish or enhance a community
24 rural health network (as defined in section 204) in an un-
25 derserved rural area.

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

4 (1) An entity receiving a grant under section
5 203.

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

7 (3) An entity providing health care services (in-
8 cluding health professional education services) in the
9 area involved.

10 (c) USE OF FUNDS.—

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

13 (A) for planning a community rural health
14 network and the submission of the plan for the
15 network to the Secretary under section 203(c)
16 (subject to the limitation described in para-
17 graph (2));

18 (B) to provide assistance in conducting
19 community-based needs and prioritization, iden-
20 tifying existing regional health resources, and
21 developing networks, utilizing existing local pro-
22 viders and facilities where appropriate;

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

1 (D) to provide assistance in coordinating
2 arrangements for tertiary care;

3 (E) to provide assistance in recruitment
4 and retention of health care professionals;

5 (F) to provide assistance in coordinating
6 the delivery of emergency services with the pro-
7 vision of other health care services in the area
8 served by the network;

9 (G) to provide assistance in coordinating
10 arrangements for mental health and substance
11 abuse treatment services; and

12 (H) to provide information regarding the
13 area or proposed network's eligibility for Fed-
14 eral and State assistance for health care-related
15 activities, together with information on funds
16 available through private sources.

17 (2) LIMITATION ON AMOUNT AVAILABLE FOR
18 DEVELOPMENT OF NETWORK.—The amount of fi-
19 nancial assistance available to an entity for activities
20 described in paragraph (1) may not exceed \$50,000
21 and may not be available for a period of time ex-
22 ceeding 1 year.

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

1 through the State offices of rural health or through appro-
2 priate entities designated by such offices.

3 (e) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated \$10,000,000 for each
5 of fiscal years 1997 through 2001 to carry out this sec-
6 tion. Amounts appropriated under this section shall be
7 available until expended.

8 **SEC. 203. DEVELOPMENT GRANTS FOR NETWORKS.**

9 (a) IN GENERAL.—The Secretary shall provide finan-
10 cial assistance to eligible entities for the purpose of provid-
11 ing for the development and implementation of community
12 rural health networks (as defined in section 204). In pro-
13 viding such assistance, the Secretary shall give priority to
14 eligible entities that will carry out such purpose in States
15 that have developed a plan under section 201.

16 (b) ELIGIBLE ENTITIES.—

17 (1) IN GENERAL.—An entity is eligible to re-
18 ceive financial assistance under this section only if
19 the entity meets the requirements of subparagraphs
20 (A) through (C) as follows:

21 (A) The entity—

22 (i) is based in a rural area; OR

23 (ii) is described in paragraph (2) or

24 (3) of section 202(b).

1 (B) The entity is undertaking to develop
2 and implement a community rural health net-
3 work in one or more underserved rural areas
4 (as defined in section 204) with the active par-
5 ticipation of at least 3 health care providers or
6 facilities in the area.

7 (C) The entity has consulted with the local
8 governments of the area to be served by the
9 network and with individuals who reside in the
10 area.

11 (2) COORDINATION WITH PROVIDERS OUTSIDE
12 OF AREA PERMITTED.—Nothing in this section shall
13 be construed as preventing an entity that coordi-
14 nates the delivery of services in an underserved rural
15 area with an entity outside the area from qualifying
16 for financial assistance under this section, or as pre-
17 venting an entity consisting of a consortia of mem-
18 bers located in adjoining States from qualifying for
19 such assistance.

20 (3) PERMITTING ENTITIES NOT RECEIVING
21 FUNDING FOR DEVELOPMENT OF PLAN TO RECEIVE
22 FUNDING FOR IMPLEMENTATION.—An entity that is
23 eligible to receive financial assistance under this sec-
24 tion may receive assistance to carry out activities de-
25 scribed in subsection (c)(1)(B) notwithstanding that

1 the entity does not receive assistance to carry out
2 activities described in subsection (c)(1)(A).

3 (c) USE OF FUNDS.—

4 (1) IN GENERAL.—Financial assistance made
5 available to eligible entities under this section may
6 be used only—

7 (A) for the development of a community
8 health network and the submission of the plan
9 for the network to the Secretary; and

10 (B) after the Secretary approves the plan
11 for the network, for activities to implement the
12 network, including (but not limited to)—

13 (i) establishing information systems,
14 including telecommunications,

15 (ii) recruiting health care providers,

16 (iii) providing services to enable indi-
17 viduals to have access to health care serv-
18 ices, including transportation and language
19 interpretation services (including interpre-
20 tation services for the hearing-impaired),
21 and

22 (iv) establishing and operating a com-
23 munity health advisor program described
24 in paragraph (2).

25 (2) COMMUNITY HEALTH ADVISOR PROGRAM.—

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

5 (i) Collaborating efforts with health
6 care providers and related entities to facili-
7 tate the provision of health services and
8 health-related social services.

9 (ii) Providing public education on
10 health promotion and disease prevention
11 and efforts to facilitate the use of available
12 health services and health-related social
13 services.

14 (iii) Providing health-related counsel-
15 ing.

16 (iv) Making referrals for available
17 health services and health-related social
18 services.

19 (v) Improving the ability of individ-
20 uals to use health services and health-relat-
21 ed social services under Federal, State,
22 and local programs through assisting indi-
23 viduals in establishing eligibility under the
24 programs.

1 (vi) Providing outreach services to in-
2 form the community of the availability of
3 the services provided under the program.

4 (B) COMMUNITY HEALTH ADVISOR DE-
5 FINED.—In subparagraph (A), the term “com-
6 munity health advisor” means, with respect to
7 a community health advisor program, an indi-
8 vidual—

9 (i) who has demonstrated the capacity
10 to carry out one or more of the activities
11 carried out under the program; and

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

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

18 (A) For construction or renovation of a
19 telecommunications system.

20 (B) For construction or remodeling of
21 health care facilities.

22 (4) LIMITATION ON AMOUNT AVAILABLE FOR
23 DEVELOPMENT OF NETWORK.—The amount of fi-
24 nancial assistance available to an entity for activities
25 described in paragraph (1)(A) may not exceed

1 \$50,000 and may not be made available for a period
2 of time exceeding 1 year.

3 (d) APPLICATION.—

4 (1) IN GENERAL.—No financial assistance shall
5 be provided under this section to an entity unless
6 the entity has submitted to the Secretary, in a time
7 and manner specified by the Secretary, and had ap-
8 proved by the Secretary an application.

9 (2) INFORMATION TO BE INCLUDED.—Each
10 such application shall include—

11 (A) a description of the community rural
12 health network, including service area and ca-
13 pacity, and

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

17 (e) AUTHORIZATION OF APPROPRIATIONS.—

18 (1) IN GENERAL.—There are authorized to be
19 appropriated \$50,000,000 for each of fiscal years
20 1997 through 2001 to carry out this section.
21 Amounts appropriated under this section shall be
22 available until expended.

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

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

3 **SEC. 204. DEFINITIONS.**

4 (a) **COMMUNITY RURAL HEALTH NETWORK.**—For
5 purposes of this title, the term “community rural health
6 network” means a formal cooperative arrangement be-
7 tween participating hospitals, rural health clinics, physi-
8 cians, and other health care providers which—

9 (1) is located in an underserved rural area;

10 (2) furnishes health care services to individuals
11 residing in the area; and

12 (3) is governed by a board of directors selected
13 by participating health care providers and residents
14 of the area.

15 (b) **OTHER DEFINITIONS.**—For purposes of this title:

16 (1) The term “rural area” has the meaning
17 given such term in section 1886(d)(2)(D) of the So-
18 cial Security Act.

19 (2) The term “Secretary” means the Secretary
20 of Health and Human Services.

21 (3) The term “State” means each of the several
22 States, the District of Columbia, Puerto Rico, the
23 Virgin Islands, Guam, the Northern Mariana Is-
24 lands, and American Samoa.

1 (4) The term “underserved rural area” means
2 a rural area designated—

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

6 (B) as a chronically underserved area
7 under section 201.

8 **SEC. 205. FINANCING THROUGH TERMINATION OF CERTAIN**
9 **GRANT PROGRAMS.**

10 Notwithstanding any other provision of law, no funds
11 are authorized to be appropriated to carry out the follow-
12 ing programs for fiscal year 1997 or any subsequent fiscal
13 year:

14 (A) The grant program for rural health
15 transition under section 4005(e) of the Omni-
16 bus Budget Reconciliation Act of 1987.

17 (B) The program for rural outreach grants
18 (which program was, for fiscal year 1995, car-
19 ried out by the Health Resources and Services
20 Administration with funds made available under
21 Public Law 103–333 for such grants).

1 **TITLE III—MEDICARE RURAL**
2 **PRIMARY CARE HOSPITALS**
3 **AND RURAL EMERGENCY AC-**
4 **CESS CARE HOSPITALS**
5 **Subtitle A—Rural Primary Care**
6 **Hospital Program**

7 **SEC. 301. DESIGNATION OF RURAL PRIMARY CARE HOS-**
8 **PITALS.**

9 Section 1820 of the Social Security Act (42 U.S.C.
10 1395i-4) is amended to read as follows:

11 “MEDICARE RURAL PRIMARY CARE HOSPITAL PROGRAM

12 “SEC. 1820. (a) STATE DESIGNATION OF FACILI-
13 TIES.—

14 “(1) IN GENERAL.—A State may designate one
15 or more facilities as a rural primary care hospital in
16 accordance with paragraph (2).

17 “(2) CRITERIA FOR DESIGNATION AS RURAL
18 PRIMARY CARE HOSPITAL.—A State may designate a
19 facility as a rural primary care hospital if the facil-
20 ity—

21 “(A) is located in a county (or equivalent
22 unit of local government) in a rural area (as de-
23 fined in section 1886(d)(2)(D)) that—

1 “(i) is located more than a 20-mile
2 drive from a hospital, or another facility
3 described in this subsection, or

4 “(ii) is certified by the State as being
5 a necessary provider of health care services
6 to residents in the area because of local ge-
7 ography or service patterns;

8 “(B) makes available 24-hour emergency
9 care services;

10 “(C) provides not more than 15 acute care
11 inpatient beds (meeting such standards as the
12 Secretary may establish) for providing inpatient
13 care for a period not to exceed 96 hours (unless
14 a longer period is required because transfer to
15 a hospital is precluded because of inclement
16 weather or other emergency conditions), except
17 that a peer review organization or equivalent
18 entity may, on request, waive the 96-hour re-
19 striction on a case-by-case basis;

20 “(D) meets such staffing requirements as
21 would apply under section 1861(e) to a hospital
22 located in a rural area, except that—

23 “(i) the facility need not meet hospital
24 standards relating to the number of hours
25 during a day, or days during a week, in

1 which the facility must be open and fully
2 staffed, except insofar as the facility is re-
3 quired to make available emergency care
4 services as determined under subparagraph
5 (B) and must have nursing services avail-
6 able on a 24-hour basis, but need not oth-
7 erwise staff the facility except when an in-
8 patient is present,

9 “(ii) the facility may provide any serv-
10 ices otherwise required to be provided by a
11 full-time, on-site dietitian, pharmacist, lab-
12 oratory technician, medical technologist,
13 and radiological technologist on a part-
14 time, off-site basis under arrangements as
15 defined in section 1861(w)(1), and

16 “(iii) the inpatient care described in
17 subparagraph (C) may be provided by a
18 physician’s assistant, nurse practitioner, or
19 clinical nurse specialist subject to the over-
20 sight of a physician who need not be
21 present in the facility;

22 “(E) meets the requirements of subpara-
23 graph (I) of paragraph (2) of section 1861(aa);
24 and

1 “(F) has executed and in effect an agree-
2 ment described in subsection (b)(1).

3 “(b) AGREEMENTS.—

4 “(1) IN GENERAL.—Each rural primary care
5 hospital shall have an agreement with respect to
6 each item described in paragraph (2) with at least
7 1 hospital (as defined in section 1861(e)).

8 “(2) ITEMS DESCRIBED.—The items described
9 in this paragraph are the following:

10 “(A) Patient referral and transfer.

11 “(B) The development and use of commu-
12 nications systems including (where feasible)—

13 “(i) telemetry systems, and

14 “(ii) systems for electronic sharing of
15 patient data.

16 “(C) The provision of emergency and non-
17 emergency transportation among the facility
18 and the hospital.

19 “(3) CREDENTIALING AND QUALITY ASSUR-
20 ANCE.—Each rural primary care hospital shall have
21 an agreement with respect to credentialing and qual-
22 ity assurance with at least 1—

23 “(A) hospital,

24 “(B) peer review organization or equivalent
25 entity, or

1 “(C) other appropriate and qualified entity
2 identified by the State.

3 “(c) CERTIFICATION BY THE SECRETARY.—The Sec-
4 retary shall certify a facility as a rural primary care hos-
5 pital if the facility—

6 “(1) is designated as a rural primary care hos-
7 pital by the State in which it is located; and

8 “(2) meets such other criteria as the Secretary
9 may require.

10 “(d) PERMITTING MAINTENANCE OF SWING BEDS.—
11 Nothing in this section shall be construed to prohibit a
12 State from designating or the Secretary from certifying
13 a facility as a rural primary care hospital solely because,
14 at the time the facility applies to the State for designation
15 as a rural primary care hospital, there is in effect an
16 agreement between the facility and the Secretary under
17 section 1883 under which the facility’s inpatient hospital
18 facilities are used for the furnishing of extended care serv-
19 ices, except that the number of beds used for the furnish-
20 ing of such services may not exceed 25 beds (minus the
21 number of inpatient beds used for providing inpatient care
22 in the facility pursuant to subsection (a)). For purposes
23 of the previous sentence, the number of beds of the facility
24 used for the furnishing of extended care services shall not
25 include any beds of a unit of the facility that is licensed

1 as a distinct-part skilled nursing facility at the time the
2 facility applies to the State for designation as a rural pri-
3 mary care hospital.

4 “(e) WAIVER OF CONFLICTING PART A PROVI-
5 SIONS.—The Secretary is authorized to waive such provi-
6 sions of this part and part C as are necessary to conduct
7 the program established under this section.”.

8 **SEC. 302. PAYMENT ON A REASONABLE COST BASIS.**

9 (a) MEDICARE PART A.—Section 1814(l) of the So-
10 cial Security Act (42 U.S.C. 1395f(l)) is amended to read
11 as follows:

12 “(l) PAYMENT FOR INPATIENT RURAL PRIMARY
13 CARE HOSPITAL SERVICES.—The amount of payment
14 under this part for inpatient rural primary care hospital
15 services is the reasonable costs of the rural primary care
16 hospital in providing such services.”.

17 (b) MEDICARE PART B.—Section 1834(g) of such
18 Act (42 U.S.C. 1395m(g)) is amended to read as follows:

19 “(g) PAYMENT FOR OUTPATIENT RURAL PRIMARY
20 CARE HOSPITAL SERVICES.—The amount of payment
21 under this part for outpatient rural primary care hospital
22 services is the reasonable costs of the rural primary care
23 hospital in providing such services.”.

1 **SEC. 303. LENGTHENING MAXIMUM PERIOD OF PERMITTED**
2 **INPATIENT STAY.**

3 Section 1814(a)(8) of the Social Security Act (42
4 U.S.C. 1395f(a)(8)) is amended by striking “72 hours”
5 and inserting “96 hours”.

6 **SEC. 304. PAYMENT CONTINUED TO DESIGNATED ESSEN-**
7 **TIAL ACCESS COMMUNITY HOSPITALS.**

8 Section 1886(d)(5)(D) of the Social Security Act (42
9 U.S.C. 1395ww(d)(5)(D)) is amended—

10 (1) in clause (iii)(III), by inserting “as in effect
11 on September 30, 1996” before the period at the
12 end; and

13 (2) in clause (v), by inserting “as in effect on
14 September 30, 1996” after “1820(i)(1)” and after
15 “1820(g)”.

16 **SEC. 305. EFFECTIVE DATE.**

17 The amendments made by this subtitle shall apply to
18 services furnished on or after October 1, 1996.

19 **Subtitle B—Rural Emergency**
20 **Access Care Hospitals**

21 **SEC. 311. ESTABLISHMENT OF HOSPITALS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 “(2) The term ‘rural emergency access care hospital
12 services’ means the following services provided by a rural
13 emergency access care hospital and furnished to an indi-
14 vidual over a continuous period not to exceed 24 hours
15 (except that such services may be furnished over a longer
16 period in the case of an individual who is unable to leave
17 the hospital because of inclement weather):

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

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

23 (b) REQUIRING RURAL EMERGENCY ACCESS CARE
24 HOSPITALS TO MEET HOSPITAL ANTI-DUMPING RE-
25 QUIREMENTS.—Section 1867(e)(5) of the Social Security

1 Act (42 U.S.C. 1395dd(e)(5)) is amended by striking
2 “1861(mm)(1))” and inserting “1861(mm)(1) and a
3 rural emergency access care hospital (as defined in section
4 1861(oo)(1))”.

5 (c) COVERAGE AND PAYMENT FOR SERVICES.—

6 (1) COVERAGE.—Section 1832(a)(2) of the So-
7 cial Security Act (42 U.S.C. 1395k(a)(2)) is amend-
8 ed—

9 (A) by striking “and” at the end of sub-
10 paragraph (I);

11 (B) by striking the period at the end of
12 subparagraph (J) and inserting “; and”; and

13 (C) by adding at the end the following new
14 subparagraph:

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

17 (2) PAYMENT BASED ON PAYMENT FOR OUT-
18 PATIENT CRITICAL ACCESS HOSPITAL SERVICES.—

19 (A) IN GENERAL.—Section 1833(a)(6) of
20 the Social Security Act (42 U.S.C.
21 1395l(a)(6)), as amended by section 331(2)(A),
22 is amended by striking “services,” and inserting
23 “services and rural emergency access care hos-
24 pital services,”.

1 (B) PAYMENT METHODOLOGY DE-
2 SCRIBED.—Section 1834(g) of the Social Secu-
3 rity Act (42 U.S.C. 1395m(g)), as amended by
4 section 331(2)(B), is amended—

5 (i) in the heading, by striking “SERV-
6 ICES” and inserting “SERVICES AND
7 RURAL EMERGENCY ACCESS CARE HOS-
8 PITAL SERVICES”; and

9 (ii) by adding at the end the following
10 new sentence: “The amount of payment for
11 rural emergency access care hospital serv-
12 ices provided during a year shall be deter-
13 mined using the applicable method pro-
14 vided under this subsection for determining
15 payment for outpatient rural primary care
16 hospital services during the year.”.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to fiscal years beginning on or
19 after October 1, 1996.

1 **TITLE IV—INCENTIVES FOR**
2 **HEALTH PROFESSIONALS TO**
3 **PRACTICE IN RURAL AREAS**
4 **Subtitle A—National Health**
5 **Service Corps**

6 **SEC. 401. NATIONAL HEALTH SERVICE CORPS SCHOLAR-**
7 **SHIP AND LOAN REPAYMENTS EXCLUDED**
8 **FROM GROSS INCOME.**

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

14 **“SEC. 137. NATIONAL HEALTH SERVICE CORPS SCHOLAR-**
15 **SHIP AND LOAN PAYMENTS.**

16 “(a) GENERAL RULE.—Gross income shall not in-
17 clude any qualified scholarship payment or any qualified
18 loan repayment.

19 “(b) QUALIFIED PAYMENTS.—For purposes of this
20 section, the term ‘qualified scholarship payment’ means
21 any payment made on behalf of the taxpayer by the Na-
22 tional Health Service Corps Scholarship Program under
23 section 338A(g) of the Public Health Service Act, and the
24 term ‘qualified loan repayment’ means any payment made
25 on behalf of the taxpayer by the National Health Service

1 Corps Loan Repayment Program under section 338B(g)
2 of such Act.”.

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

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

“Sec. 137. National Health Service Corps scholarship and loan
payments.

“Sec. 138. Cross references to other Acts.”.

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to payments made under sections
13 338A(g) and 338B(g) of the Public Health Service Act
14 after the date of the enactment of this Act.

15 **SEC. 402. STUDY REGARDING ALLOCATION OF CORPS MEM-**
16 **BERS AMONG SHORTAGE AREAS.**

17 (a) IN GENERAL.—The Secretary of Health and
18 Human Services shall conduct a study for the purpose of
19 determining, with respect to the assignment of members
20 of the National Health Service Corps under subpart II of
21 part D of title III of the Public Health Service Act—

22 (1) whether the statutory and administrative
23 criteria for the assignment of Corps members should
24 be modified in order to ensure that the members are

1 equitably allocated among health professional short-
2 age areas; and

3 (2) if so, the recommendations of the Secretary
4 for modifications in the criteria.

5 (b) REPORT.—Not later than May 1, 1997, the Sec-
6 retary shall complete the study required in subsection (a)
7 and submit to the Congress a report describing the find-
8 ings made in the study.

9 **SEC. 403. PRIORITY IN ASSIGNMENT OF CORPS MEMBERS;**

10 **COMMUNITY RURAL HEALTH NETWORKS.**

11 Section 333A(a)(1)(B) of the Public Health Service
12 Act (42 U.S.C. 254f–1(a)(1)(B)) is amended—

13 (1) in clause (iii), by striking “and” after the
14 semicolon at the end;

15 (2) in clause (iv), by adding “and” after the
16 semicolon at the end; and

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

18 “(v) is a participant in a community
19 rural health network, as defined in section
20 204 of the Rural Health Improvement Act
21 of 1996.”.

1 **Subtitle B—Primary Care Services**
2 **Furnished in Shortage Areas**

3 **SEC. 411. ADDITIONAL PAYMENTS UNDER MEDICARE FOR**
4 **PRIMARY CARE SERVICES FURNISHED IN**
5 **RURAL SHORTAGE AREAS.**

6 (a) INCREASE IN AMOUNT OF ADDITIONAL PAY-
7 MENT.—Section 1833(m) of the Social Security Act (42
8 U.S.C. 1395l(m)) is amended by striking “10 percent”
9 and inserting “20 percent”.

10 (b) RESTRICTION TO PRIMARY CARE SERVICES.—
11 Section 1833(m) of the Social Security Act (42 U.S.C.
12 1395l(m)) is amended—

13 (1) by striking “physicians’ services” and in-
14 serting “primary care services (as defined in section
15 1842(i)(4) and including services described in such
16 section that are furnished by a physician assistant,
17 nurse practitioner, or nurse midwife and that would
18 be physicians’ services if furnished by a physician)”,

19 (2) by striking “in an area” and inserting “in
20 a rural area”, and

21 (3) by inserting “or physician assistant, nurse
22 practitioner, or nurse midwife furnishing the serv-
23 ice” after “physician”.

24 (c) EXTENSION OF PAYMENT FOR FORMER SHORT-
25 AGE AREAS.—

1 (1) IN GENERAL.—Section 1833(m) of the So-
2 cial Security Act (42 U.S.C. 1395l(m)) is amended
3 by striking “area,” and inserting “area (or, in the
4 case of an area for which the designation as a health
5 professional shortage area under such section is
6 withdrawn, in the case of such services furnished to
7 such an individual during the 3-year period begin-
8 ning on the effective date of the withdrawal of such
9 designation),”.

10 (2) EFFECTIVE DATE.—The amendment made
11 by paragraph (1) shall apply to services furnished in
12 an area for which the designation as a health profes-
13 sional shortage area under section 332(a)(1)(A) of
14 the Public Health Service Act is withdrawn on or
15 after October 1, 1996.

16 (d) REQUIRING CARRIERS TO REPORT ON SERVICES
17 PROVIDED.—Section 1842(b)(3) of the Social Security
18 Act (42 U.S.C. 1395u(b)(3)) is amended—

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

21 (2) by inserting after subparagraph (I) the fol-
22 lowing new subparagraph:

23 “(J) will provide information to the Secretary
24 not later than 30 days after the end of the contract
25 year on the types of providers to whom the carrier

1 made additional payments during the year for cer-
 2 tain services pursuant to section 1833(m), together
 3 with a description of the services furnished by such
 4 providers during the year; and”.

5 (e) EFFECTIVE DATE.—The amendments made by
 6 subsections (a), (b), and (d) shall apply to services fur-
 7 nished on or after October 1, 1996.

8 (f) SUBMISSION OF REPORT ON STUDY.—The Sec-
 9 retary of Health and Human Services shall transmit to
 10 Congress, by not later than May 1, 1997, a report on the
 11 study being conducted on the criteria for designation of
 12 health professional shortage areas under subpart II of
 13 part D of title III of the Public Health Service Act and
 14 for designation of medically underserved areas under sec-
 15 tion 330(b) of such Act.

16 **TITLE V—CLASSIFICATION OF** 17 **RURAL REFERRAL CENTERS**

18 **SEC. 501. CLASSIFICATION OF CENTERS.**

19 (a) PROHIBITING DENIAL OF REQUEST FOR RECLAS-
 20 SIFICATION ON BASIS OF COMPARABILITY OF WAGES.—

21 (1) IN GENERAL.—Section 1886(d)(10)(D) of
 22 the Social Security Act (42 U.S.C.
 23 1395ww(d)(10)(D)) is amended—

24 (A) by redesignating clause (iii) as clause
 25 (iv); and

1 (B) by inserting after clause (ii) the follow-
2 ing new clause:

3 “(iii) Under the guidelines published by the Secretary
4 under clause (i), in the case of a hospital which is classi-
5 fied by the Secretary as a rural referral center under para-
6 graph (5)(C), the Board may not reject the application
7 of the hospital under this paragraph on the basis of any
8 comparison between the average hourly wage of the hos-
9 pital and the average hourly wage of hospitals in the area
10 in which it is located.”.

11 (2) EFFECTIVE DATE.—Notwithstanding sec-
12 tion 1886(d)(10)(C)(ii) of the Social Security Act, a
13 hospital may submit an application to the Medicare
14 Geographic Classification Review Board during the
15 30-day period beginning on the date of the enact-
16 ment of this Act requesting a change in its classi-
17 fication for purposes of determining the area wage
18 index applicable to the hospital under section
19 1886(d)(3)(D) of such Act for fiscal year 1997, if
20 the hospital would be eligible for such a change in
21 its classification under the standards described in
22 section 1886(d)(10)(D) (as amended by paragraph
23 (1)) but for its failure to meet the deadline for appli-
24 cations under section 1886(d)(10)(C)(ii).

1 (b) CONTINUING TREATMENT OF PREVIOUSLY DES-
2 IGNATED CENTERS.—Any hospital classified as a rural re-
3 ferral center by the Secretary of Health and Human Serv-
4 ices under section 1886(d)(5)(C) of the Social Security
5 Act for fiscal year 1991 shall be classified as such a rural
6 referral center for fiscal year 1997 and each subsequent
7 fiscal year.

8 **TITLE VI—PROMOTION OF**
9 **HEALTH CENTERS IN RURAL**
10 **REGIONS**

11 **SEC. 601. EXPANSION OF HEALTH CENTERS IN RURAL RE-**
12 **GIONS.**

13 Section 330 of the Public Health Service Act (42
14 U.S.C. 254c) is amended by adding at the end the follow-
15 ing new subsection:

16 “(l) In making grants in rural areas for new or ex-
17 panded services for each fiscal year under this section, the
18 Secretary shall give priority to projects that would be lo-
19 cated in a State, or county or region of a State, that is
20 not already serviced by an existing community health cen-
21 ter.”.

22 **SEC. 602. COLLABORATION OF HEALTH CENTERS WITH**
23 **COMMUNITY HOSPITALS.**

24 Section 330 of the Public Health Service Act (42
25 U.S.C. 254c), as amended by section 601, is further

1 amended by adding at the end the following new sub-
2 section:

3 “(m)(1) In making grants under this section for new
4 or expanded services in rural areas for each fiscal year,
5 the Secretary shall give special consideration to projects
6 which have entered into a collaborative agreement with a
7 community hospital that meets the following requirements:

8 “(A) The community health center is located in,
9 or adjacent to, the community hospital.

10 “(B) To the extent practicable, excess facilities
11 and equipment in or owned by the community hos-
12 pital are available for use by the community health
13 center.

14 “(C) The community health center and the hos-
15 pital avoid unnecessary duplication of facilities and
16 equipment, except that the center may install appro-
17 priate support equipment for routine primary health
18 services.

19 “(D) The community health center provides pri-
20 mary health services.

21 “(E) To the extent practicable, the community
22 health center provides referrals to providers of sup-
23 plemental health services.

1 “(F) The physicians of the community health
2 center have admitting privileges at the community
3 hospital.

4 “(G) To ensure quality, efficiency, and cost-ef-
5 fectiveness, the community health center and the
6 community hospital will work in collaboration to di-
7 rect patients to the appropriate location for care.

8 “(2) For purposes of this subsection, the term ‘com-
9 munity hospital’ means a public general hospital that—

10 “(A) is owned and operated by a State, county,
11 or unit of local government or is a private nonprofit
12 community hospital,

13 “(B) has less than 75 beds, and

14 “(C) primarily serves a rural area designated
15 under subsection (b)(3) as a medically underserved
16 area.

17 “(3) For purposes of this subsection, the term ‘rural
18 area’ has the meaning given such term in section
19 1886(d)(2)(D) of the Social Security Act.”.

20 **TITLE VII—MEDICARE PAYMENT** 21 **METHODOLOGIES**

22 **SEC. 701. TELEMEDICINE SERVICES.**

23 The Secretary of Health and Human Services shall
24 establish a methodology for making payments under part
25 B of the medicare program for telemedicine services fur-

1 nished on an emergency basis to individuals residing in
 2 a rural area (as defined in section 1886(d)(2)(D)).

3 **TITLE VIII—ANTITRUST**

4 **SEC. 801. SENSE OF CONGRESS RELATING TO APPLICATION** 5 **OF GUIDELINES.**

6 It is the sense of Congress that—

7 (1) the Federal Trade Commission, in conjunc-
 8 tion with the Justice Department, give special con-
 9 sideration to antitrust guidelines affecting physician
 10 and hospital networks located in rural areas during
 11 its ongoing review of such guidelines; and

12 (2) the completion of the Commission’s review
 13 be expedited to provide relief and clarification to
 14 physicians and hospitals working to develop alter-
 15 native means of providing accessible, affordable, and
 16 quality health care services to all Americans, espe-
 17 cially those living and working in rural areas.

18 **TITLE IX—FINANCING**

19 **SEC. 901. EXTENSION AND EXPANSION OF EXISTING MEDI-** 20 **CARE SECONDARY PAYER REQUIREMENTS.**

21 (a) DATA MATCH.—

22 (1) Section 1862(b)(5)(C) of the Social Security
 23 Act (42 U.S.C. 1395y(b)(5)(C)) is amended by strik-
 24 ing clause (iii).

1 (2) Section 6103(l)(12) of the Internal Revenue
2 Code of 1986 is amended by striking subparagraph
3 (F).

4 (b) APPLICATION TO DISABLED INDIVIDUALS IN
5 LARGE GROUP HEALTH PLANS.—

6 (1) IN GENERAL.—Section 1862(b)(1)(B) of
7 the Social Security Act (42 U.S.C. 1395y(b)(1)(B))
8 is amended—

9 (A) in clause (i), by striking “clause (iv)”
10 and inserting “clause (iii)”,

11 (B) by striking clause (iii), and

12 (C) by redesignating clause (iv) as clause
13 (iii).

14 (2) CONFORMING AMENDMENTS.—Paragraphs
15 (1) through (3) of section 1837(i) of such Act (42
16 U.S.C. 1395p(i)) and the second sentence of section
17 1839(b) (42 U.S.C. 1395r(b)) are each amended by
18 striking “1862(b)(1)(B)(iv)” each place it appears
19 and inserting “1862(b)(1)(B)(iii)”.

20 (c) INDIVIDUALS WITH END STAGE RENAL DIS-
21 EASE.—Section 1862(b)(1)(C) of such Act (42 U.S.C.
22 1395y(b)(1)(C)) is amended—

23 (1) in the last sentence by striking “October 1,
24 1998” and inserting “the date of the enactment of
25 the Rural Health Improvement Act of 1996”; and

1 (2) by adding at the end the following new sen-
2 tence: “Effective for items and services furnished on
3 or after the date of the enactment of the Rural
4 Health Improvement Act of 1996, (with respect to
5 periods beginning on or after the date that is 18
6 months prior to such date), clauses (i) and (ii) shall
7 be applied by substituting ‘30-month’ for ‘12-month’
8 each place it appears.”.

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