

104TH CONGRESS
1ST SESSION

S. 806

To amend the Public Health Service Act to provide grants to entities in rural areas that design and implement innovative approaches to improve the availability and quality of health care in such rural areas, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 16 (legislative day, MAY 15), 1995

Mr. HATFIELD introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Public Health Service Act to provide grants to entities in rural areas that design and implement innovative approaches to improve the availability and quality of health care in such 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Health Improve-
5 ment Act of 1995”.

1 **SEC. 2. RURAL HEALTH EXTENSION NETWORKS.**

2 Title XVII of the Public Health Service Act (42
3 U.S.C. 300u et seq.) is amended by adding at the end
4 thereof the following new section:

5 **“SEC. 1709. RURAL HEALTH EXTENSION NETWORKS.**

6 “(a) GRANTS.—The Secretary, acting through the
7 Health Resources and Services Administration, may
8 award competitive grants to eligible entities to enable such
9 entities to facilitate the development of networks among
10 rural and urban health care providers to preserve and
11 share health care resources and enhance the quality and
12 availability of health care in rural areas. Such networks
13 may be statewide or regionalized in focus.

14 “(b) ELIGIBLE ENTITIES.—To be eligible to receive
15 a grant under subsection (a) an entity shall—

16 “(1)(A) be a rural health extension network
17 that meets the requirements of subsection (c); or

18 “(B) be an Area Health Education Center Pro-
19 gram;

20 “(2) prepare and submit to the Secretary an
21 application at such time, in such form and contain-
22 ing such information as the Secretary may require;
23 and

24 “(3) meets such other requirements as the Sec-
25 retary determines appropriate.

1 “(c) NETWORKS.—For purposes of subsection (b)(1),
2 a rural health extension network shall be an association
3 or consortium of three or more rural health care providers,
4 and may include one or more urban health care provider,
5 for the purposes of applying for a grant under this section
6 and using amounts received under such grant to provide
7 the services described in subsection (d).

8 “(d) SERVICES.—

9 “(1) IN GENERAL.—An entity that receives a
10 grant under subsection (a) shall use amounts re-
11 ceived under such grant to—

12 “(A) provide education and community de-
13 cisionmaking support for health care providers
14 in the rural areas served by the network;

15 “(B) utilize existing health care provider
16 education programs, including but not limited
17 to, the program for area health education cen-
18 ters under section 781, to provide educational
19 services to health care providers and trainees
20 including, but not limited to, physicians, nurses
21 and nursing students in the areas served by the
22 network;

23 “(C) make appropriately trained facil-
24 itators available to health care providers located
25 in the areas served by the network to assist

1 such providers in developing cooperative ap-
2 proaches to health care in such area;

3 “(D) facilitate linkage building through the
4 organization of discussion and planning groups
5 and the dissemination of information concern-
6 ing the health care resources where available,
7 within the area served by the network;

8 “(E) support telecommunications and con-
9 sultative projects to link rural hospitals and
10 other health care providers, and urban or ter-
11 tiary hospitals in the areas served by the net-
12 work; or

13 “(F) carry out any other activity deter-
14 mined appropriate by the Secretary.

15 “(2) EDUCATION.—In carrying out activities
16 under paragraph (1)(B), an entity shall support the
17 development of an information and resource sharing
18 system, including elements targeted towards high
19 risk populations and focusing on health promotion,
20 to facilitate the ability of rural health care providers
21 to have access to needed health care information.
22 Such activities may include the provision of training
23 to enable individuals to serve as coordinators of
24 health education programs in rural areas.

1 “(3) COLLECTION AND DISSEMINATION OF
2 DATA.—The chief executive officer of a State shall
3 designate a State agency that shall be responsible
4 for collecting and regularly disseminating informa-
5 tion concerning the activities of the rural health ex-
6 tension networks in that State.

7 “(e) MATCHING REQUIREMENT.—An entity that re-
8 ceives a grant under subsection (a) shall make available
9 (directly or through donations from public or private enti-
10 ties), non-Federal contributions towards the costs of the
11 operations of the network in an amount equal to the
12 amount of the grant.

13 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated to carry out this section,
15 \$10,000,000 for each of the fiscal years 1996 through
16 1999.

17 “(g) DEFINITION.—As used in this section and sec-
18 tion 1710, the term ‘rural health care providers’ means
19 health care professionals and hospitals located in rural
20 areas. The Secretary shall ensure that for purposes of this
21 definition, rural areas shall include any area that meets
22 any applicable Federal or State definition of rural area.

23 “(h) RELATION TO OTHER LAWS.—

24 “(1) IN GENERAL.—Notwithstanding any provi-
25 sion of the antitrust laws, it shall not be considered

1 a violation of the antitrust laws for entities to de-
2 velop and operate networks in accordance with this
3 section.

4 “(2) DEFINITION.—For purposes of this sub-
5 section, the term ‘antitrust laws’ means—

6 “(A) the Act entitled ‘An Act to protect
7 trade and commerce against unlawful restraints
8 and monopolies’, approved July 2, 1890, com-
9 monly known as the ‘Sherman Act’ (26 Stat.
10 209; chapter 647; 15 U.S.C. 1 et seq.);

11 “(B) the Federal Trade Commission Act,
12 approved September 26, 1914 (38 Stat. 717;
13 chapter 311; 15 U.S.C. 41 et seq.);

14 “(C) the Act entitled ‘An Act to supple-
15 ment existing laws against unlawful restraints
16 and monopolies, and for other purposes’, ap-
17 proved October 15, 1914, commonly known as
18 the ‘Clayton Act’ (38 Stat. 730; chapter 323;
19 15 U.S.C. 12 et seq.; 18 U.S.C. 402, 660,
20 3285, 3691; 29 U.S.C. 52, 53);

21 “(D) the Act of June 19, 1936, commonly
22 known as the Robinson-Patman Antidiscrimina-
23 tion Act (15 U.S.C. 13 et seq.); and

1 “(E) any State antitrust laws that would
2 prohibit the activities described in paragraph
3 (1).”.

4 **SEC. 3. RURAL MANAGED CARE COOPERATIVES.**

5 Title XVII of the Public Health Service Act (42
6 U.S.C. 300u et seq.) as amended by section 2 is further
7 amended by adding at the end thereof the following new
8 section:

9 **“SEC. 1710. RURAL MANAGED CARE COOPERATIVES.**

10 “(a) GRANTS.—The Secretary, acting through the
11 Health Resources and Services Administration, may
12 award competitive grants to eligible entities to enable such
13 entities to develop and administer cooperatives in rural
14 areas that will establish an effective case management and
15 reimbursement system designed to support the economic
16 viability of essential public or private health services, fa-
17 cilities, health care systems and health care resources in
18 such rural areas.

19 “(b) ELIGIBLE ENTITIES.—To be eligible to receive
20 a grant under subsection (a) an entity shall—

21 “(1) prepare and submit to the Secretary an
22 application at such time, in such form and contain-
23 ing such information as the Secretary may require,
24 including a description of the cooperative that the

1 entity intends to develop and operate using grant
2 funds; and

3 “(2) meet such other requirements as the Sec-
4 retary determines appropriate.

5 “(c) COOPERATIVES.—

6 “(1) IN GENERAL.—Amounts provided under a
7 grant awarded under subsection (a) shall be used to
8 establish and operate a cooperative made up of all
9 types of health care providers, hospitals, primary ac-
10 cess hospitals, other alternate rural health care fa-
11 cilities, physicians, rural health clinics, rural nurse
12 practitioners and physician assistant practitioners,
13 public health departments and others located in, but
14 not restricted to, the rural areas to be served by the
15 cooperative.

16 “(2) BOARD OF DIRECTORS.—A cooperative es-
17 tablished under paragraph (1) shall be administered
18 by a board of directors elected by the members of
19 the cooperative, a majority of whom shall represent
20 rural providers from the local community and in-
21 clude representatives from the local community.
22 Such members shall serve at the pleasure of such
23 members.

24 “(3) EXECUTIVE DIRECTOR.—The members of
25 a cooperative established under paragraph (1) shall

1 elect an executive director who shall serve as the
2 chief operating officer of the cooperative. The execu-
3 tive director shall be responsible for conducting the
4 day to day operation of the cooperative including—

5 “(A) maintaining an accounting system for
6 the cooperative;

7 “(B) maintaining the business records of
8 the cooperative;

9 “(C) negotiating contracts with provider
10 members of the cooperative; and

11 “(D) coordinating the membership and
12 programs of the cooperative.

13 “(4) REIMBURSEMENTS.—

14 “(A) NEGOTIATIONS.—A cooperative es-
15 tablished under paragraph (1) shall facilitate
16 negotiations among member health care provid-
17 ers and third party payors concerning the rates
18 at which such providers will be reimbursed for
19 services provided to individuals for which such
20 payors may be liable.

21 “(B) AGREEMENTS.—Agreements reached
22 under subparagraph (A) shall be binding on the
23 members of the cooperative.

24 “(C) EMPLOYERS.—Employer entities may
25 become members of a cooperative established

1 under paragraph (a) in order to provide,
2 through a member third party payor, health in-
3 surance coverage for its employees. Deductibles
4 shall only be charged to employees covered
5 under such insurance if such employees receive
6 health care services from a provider that is not
7 a member of the cooperative if similar services
8 would have been available from a member pro-
9 vider.

10 “(D) MALPRACTICE INSURANCE.—A coop-
11 erative established under subsection (a) shall be
12 responsible for identifying and implementing an
13 affordable malpractice insurance program that
14 shall include a requirement that such coopera-
15 tive assume responsibility for the payment of a
16 portion of the malpractice insurance premium
17 of providers members.

18 “(5) MANAGED CARE AND PRACTICE STAND-
19 ARDS.—A cooperative established under paragraph
20 (1) shall establish joint case management and pa-
21 tient care practice standards programs that health
22 care providers that are members of such cooperative
23 must meet to be eligible to participate in agreements
24 entered into under paragraph (4). Such standards
25 shall be developed by such provider members and

1 shall be subject to the approval of a majority of the
2 board of directors. Such programs shall include cost
3 and quality of care guidelines including a require-
4 ment that such providers make available
5 preadmission screening, selective case management
6 services, joint patient care practice standards devel-
7 opment and compliance and joint utilization review.

8 “(6) CONFIDENTIALITY.—

9 “(A) IN GENERAL.—Patients records,
10 records of peer review, utilization review, and
11 quality assurance proceedings conducted by the
12 cooperative should be considered confidential
13 and protected from release outside of the coop-
14 erative. The provider members of the coopera-
15 tive shall be indemnified by the cooperative for
16 the good faith participation by such members in
17 such the required activities.

18 “(B) QUALITY DATA.—Notwithstanding
19 any other provision of law, quality data ob-
20 tained by a hospital or other member of a coop-
21 erative in the normal course of the operations
22 of the hospital or member shall be immune
23 from discovery regardless of whether such data
24 is used for purposes other than peer review or

1 is disclosed to other members of the cooperative
2 involved.

3 “(d) LINKAGES.—A cooperative shall create linkages
4 among member health care providers, employers, and
5 payors for the joint consultation and formulation of the
6 types, rates, costs, and quality of health care provided in
7 rural areas served by the cooperative.

8 “(e) MATCHING REQUIREMENT.—An entity that re-
9 ceives a grant under subsection (a) shall make available
10 (directly or through donations from public or private enti-
11 ties), non-Federal contributions towards the costs of the
12 operations of the network in an amount equal to the
13 amount of the grant.

14 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
15 are authorized to be appropriated to carry out this section,
16 \$15,000,000 for each of the fiscal years 1996 through
17 1999.

18 “(g) RELATION TO OTHER LAWS.—

19 “(1) IN GENERAL.—Notwithstanding any provi-
20 sion of the antitrust laws, it shall not be considered
21 a violation of the antitrust laws for entities to de-
22 velop and operate cooperatives in accordance with
23 this section.

24 “(2) DEFINITION.—For purposes of this sub-
25 section, the term ‘antitrust laws’ means—

1 “(A) the Act entitled ‘An Act to protect
2 trade and commerce against unlawful restraints
3 and monopolies’, approved July 2, 1890, com-
4 monly known as the ‘Sherman Act’ (26 Stat.
5 209; chapter 647; 15 U.S.C. 1 et seq.);

6 “(B) the Federal Trade Commission Act,
7 approved September 26, 1914 (38 Stat. 717;
8 chapter 311; 15 U.S.C. 41 et seq.);

9 “(C) the Act entitled ‘An Act to supple-
10 ment existing laws against unlawful restraints
11 and monopolies, and for other purposes’, ap-
12 proved October 15, 1914, commonly known as
13 the ‘Clayton Act’ (38 Stat. 730; chapter 323;
14 15 U.S.C. 12 et seq.; 18 U.S.C. 402, 660,
15 3285, 3691; 29 U.S.C. 52, 53); and

16 “(D) the Act of June 19, 1936, commonly
17 known as the Robinson-Patman Antidiscrimina-
18 tion Act (15 U.S.C. 13 et seq.); and

19 “(E) any State antitrust laws that would
20 prohibit the activities described in paragraph
21 (1).”.

22 **SEC. 4. RURAL MENTAL HEALTH OUTREACH GRANTS.**

23 Subpart 3 of part B of title V of the Public Health
24 Service Act (42 U.S.C. 290cc–11 et seq.) is amended by
25 adding at the end thereof the following new section:

1 **“SEC. 520C. RURAL MENTAL HEALTH OUTREACH GRANTS.**

2 “(a) IN GENERAL.—The Secretary may award com-
3 petitive grants to eligible entities to enable such entities
4 to develop and implement a plan for mental health out-
5 reach programs in rural areas.

6 “(b) ELIGIBLE ENTITIES.—To be eligible to receive
7 a grant under subsection (a) an entity shall—

8 “(1) prepare and submit to the Secretary an
9 application at such time, in such form and contain-
10 ing such information as the Secretary may require,
11 including a description of the activities that the en-
12 tity intends to undertake using grant funds; and

13 “(2) meet such other requirements as the Sec-
14 retary determines appropriate.

15 “(c) PRIORITY.—In awarding grants under sub-
16 section (a), the Secretary shall give priority to applications
17 that place emphasis on mental health services for the el-
18 derly or children. Priority shall also be given to applica-
19 tions that involve relationships between the applicant and
20 rural managed care cooperatives.

21 “(d) MATCHING REQUIREMENT.—An entity that re-
22 ceives a grant under subsection (a) shall make available
23 (directly or through donations from public or private enti-
24 ties), non-Federal contributions towards the costs of the
25 operations of the network in an amount equal to the
26 amount of the grant.

1 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to carry out this section,
3 \$5,000,000 for each of the fiscal years 1996 through
4 1999.”.

5 **SEC. 5. AREA HEALTH EDUCATION CENTERS.**

6 Section 746(a) of the Public Health Service Act (42
7 U.S.C. 293j(a)) is amended by adding at the end thereof
8 the following new paragraph:

9 “(4) STIPENDS.—

10 “(A) The Secretary may make award
11 grants under this section to rural communities
12 to enable such communities to provide stipends
13 to physicians, nurses, nurse practitioners, physi-
14 cian assistants, and other health professional
15 trainees to encourage such individuals to pro-
16 vide health care services in such rural commu-
17 nities. In addition, the Secretary may award
18 grants under this section to rural communities
19 to enable such communities to provide stipends
20 to physicians, nurses, nurse practitioners, physi-
21 cian assistants, and other health professionals
22 that are practicing in rural areas to retain such
23 individuals in such areas.

24 “(B) A community that receives a grant
25 under subparagraph (A) shall make available

1 (directly or through donations from public or
2 private entities), non-Federal contributions to-
3 wards the costs of the operations of the network
4 in an amount equal to the amount of the
5 grant.”.

6 **SEC. 6. NONREFUNDABLE CREDIT FOR CERTAIN PRIMARY**
7 **HEALTH SERVICES PROVIDERS.**

8 (a) IN GENERAL.—Subpart A of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 (relating to nonrefundable personal credits) is
11 amended by inserting after section 22 the following new
12 section:

13 **“SEC. 23. PRIMARY HEALTH SERVICES PROVIDERS.**

14 “(a) ALLOWANCE OF CREDIT.—There shall be al-
15 lowed as a credit against the tax imposed by this chapter
16 for the taxable year an amount equal to the product of—

17 “(1) the number of months during such taxable
18 year—

19 “(A) during which the taxpayer is a quali-
20 fied primary health services provider, and

21 “(B) which are within the taxpayer’s man-
22 datory service period, and

23 “(2) \$1,000 (\$500 in the case of a qualified
24 practitioner who is not a physician).

1 “(b) QUALIFIED PRIMARY HEALTH SERVICES PRO-
2 VIDER.—For purposes of this section, the term ‘qualified
3 primary health services provider’ means, with respect to
4 any month, any qualified practitioner who—

5 “(1) has in effect a certification by the Bureau
6 as a provider of primary health services and such
7 certification is, when issued, for a health profes-
8 sional shortage area in which the qualified practi-
9 tioner is commencing the providing of primary
10 health services,

11 “(2) is providing primary health services full
12 time in the health professional shortage area identi-
13 fied in such certification, and

14 “(3) has not received a scholarship under the
15 National Health Service Corps Scholarship Program
16 or any loan repayments under the National Health
17 Service Corps Loan Repayment Program.

18 For purposes of paragraph (2) and subsection (e)(3), a
19 provider shall be treated as providing services in a health
20 professional shortage area when such area ceases to be
21 such an area if it was such an area when the provider
22 commenced providing services in the area.

23 “(c) MANDATORY SERVICE PERIOD.—For purposes
24 of this section, the term ‘mandatory service period’ means
25 the period of 60 consecutive calendar months beginning

1 with the first month the taxpayer is a qualified primary
2 health services provider. A taxpayer shall not have more
3 than 1 mandatory service period.

4 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
5 poses of this section—

6 “(1) BUREAU.—The term ‘Bureau’ means the
7 Bureau of Primary Health Care, Health Resources
8 and Services Administration of the United States
9 Public Health Service.

10 “(2) QUALIFIED PRACTITIONER.—The term
11 ‘qualified practitioner’ means a physician, a physi-
12 cian assistant, a nurse practitioner, or a certified
13 nurse-midwife.

14 “(3) PHYSICIAN.—The term ‘physician’ has the
15 meaning given to such term by section 1861(r) of
16 the Social Security Act.

17 “(4) PHYSICIAN ASSISTANT; NURSE PRACTI-
18 TIONER.—The terms ‘physician assistant’ and ‘nurse
19 practitioner’ have the meanings given to such terms
20 by section 1861(aa)(5) of the Social Security Act.

21 “(5) CERTIFIED NURSE-MIDWIFE.—The term
22 ‘certified nurse-midwife’ has the meaning given to
23 such term by section 1861(gg)(2) of the Social Secu-
24 rity Act.

1 “(6) PRIMARY HEALTH SERVICES.—The term
2 ‘primary health services’ has the meaning given such
3 term by section 330(b)(1) of the Public Health Serv-
4 ice Act.

5 “(7) HEALTH PROFESSIONAL SHORTAGE
6 AREA.—The term ‘health professional shortage area’
7 has the meaning given such term by section
8 332(a)(1)(A) of the Public Health Service Act.

9 “(e) RECAPTURE OF CREDIT.—

10 “(1) IN GENERAL.—If there is a recapture
11 event during any taxable year, then—

12 “(A) no credit shall be allowed under sub-
13 section (a) for such taxable year and any suc-
14 ceeding taxable year, and

15 “(B) the tax of the taxpayer under this
16 chapter for such taxable year shall be increased
17 by an amount equal to the product of—

18 “(i) the applicable percentage, and

19 “(ii) the aggregate unrecaptured cred-
20 its allowed to such taxpayer under this sec-
21 tion for all prior taxable years.

22 “(2) APPLICABLE RECAPTURE PERCENTAGE.—

23 “(A) IN GENERAL.—For purposes of this
24 subsection, the applicable recapture percentage
25 shall be determined from the following table:

“If the recapture event occurs during:	The applicable recapture percentage is:
Months 1–24	100
Months 25–36	75
Months 37–48	50
Months 49–60	25
Month 61 or thereafter	0.

1 “(B) TIMING.—For purposes of subpara-
2 graph (A), month 1 shall begin on the first day
3 of the mandatory service period.

4 “(3) RECAPTURE EVENT DEFINED.—

5 “(A) IN GENERAL.—For purposes of this
6 subsection, the term ‘recapture event’ means
7 the failure of the taxpayer to be a qualified pri-
8 mary health services provider for any month
9 during the taxpayer’s mandatory service period.

10 “(B) SECRETARIAL WAIVER.—The Sec-
11 retary, in consultation with the Secretary of
12 Health and Human Services, may waive any re-
13 capture event caused by extraordinary cir-
14 cumstances.

15 “(4) NO CREDITS AGAINST TAX; MINIMUM
16 TAX.—Any increase in tax under this subsection
17 shall not be treated as a tax imposed by this chapter
18 for purposes of determining the amount of any cred-
19 it under subpart A, B, or D of this part or for pur-
20 poses of section 55.”

21 (b) CLERICAL AMENDMENT.—The table of sections
22 for subpart A of part IV of subchapter A of chapter 1

1 of such Code is amended by inserting after the item relat-
2 ing to section 22 the following new item:

“Sec. 23. Primary health services providers.”

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 1995.

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