

109TH CONGRESS
2^D SESSION

H. R. 6030

To amend title XVIII of the Social Security Act to protect and preserve access of Medicare beneficiaries in rural areas to health care providers under the Medicare Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 6, 2006

Mr. WALDEN of Oregon (for himself, Mr. POMEROY, Mrs. EMERSON, Mr. MCINTYRE, Mr. MARSHALL, Mr. PAUL, Mr. McNULTY, Mr. GOODE, Mr. GRAVES, Ms. HERSETH, Mr. PETERSON of Minnesota, Mr. DAVIS of Tennessee, Mrs. JO ANN DAVIS of Virginia, Mr. MCHUGH, Mr. JONES of North Carolina, Mr. ROSS, Mr. TANNER, Mr. PETERSON of Pennsylvania, Mr. BERRY, Mr. NUSSLE, Mr. MATHESON, Mr. BOYD, Mr. MORAN of Kansas, Mr. KIND, Mr. SWEENEY, Mr. DEFazio, Mr. LEACH, Mr. ETHERIDGE, Mr. SHERWOOD, Mr. BOUCHER, Mr. BISHOP of Georgia, Mr. OBERSTAR, Mr. SALAZAR, Mr. ROGERS of Alabama, Mr. NEY, Mr. STUPAK, Mr. THOMPSON of California, Mr. HINOJOSA, Mr. BASS, Mr. LUCAS, Mr. HASTINGS of Washington, Mr. OTTER, Mr. EDWARDS, Mrs. CUBIN, Mr. LATHAM, Mr. KENNEDY of Minnesota, Mr. RAHALL, Mr. HINCHEY, Mrs. CAPITO, Mr. MICHAUD, Mr. STRICKLAND, Mr. SIMPSON, Mr. HOEKSTRA, Mr. ALLEN, Mr. UDALL of New Mexico, Mr. PICKERING, Mr. KILDEE, Mr. MELANCON, and Mr. RENZI) introduced the following bill; which was referred to the Committee on Energy and 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 title XVIII of the Social Security Act to protect and preserve access of Medicare beneficiaries in rural areas to health care providers under the Medicare Program, and for other purposes.

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

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

4 (a) **SHORT TITLE.**—This Act may be cited as the
 5 “Health Care Access and Rural Equity (H–CARE) Act
 6 of 2006”.

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

Sec. 1. Short title; table of contents.

TITLE I—MEDICARE HOSPITAL SERVICES

Sec. 101. Fairness in the Medicare disproportionate share hospital (DSH) ad-
 justment for rural hospitals.

Sec. 102. Treatment of Medicare hospital reclassifications.

Sec. 103. Critical access hospital improvements.

Sec. 104. Rebasing for sole community hospitals.

Sec. 105. Establishment of rural community hospital (RCH) program.

Sec. 106. Extension of medicare rural hospital hold harmless provision under
 the prospective payment system for hospital outpatient depart-
 ment (HOPD) services.

TITLE II—MEDICARE PRACTITIONER SERVICES

Sec. 201. Coverage of marriage and family therapist services and mental health
 counselor services under part B of the Medicare program.

Sec. 202. Permanent treatment of certain physician pathology services under
 Medicare.

Sec. 203. Extension of medicare incentive payment program for physician scar-
 city areas.

Sec. 204. Extension of medicare increase payments for ground ambulance serv-
 ices in rural areas.

Sec. 205. Extension of floor on medicare work geographic adjustment.

TITLE III—OTHER MEDICARE PROVISIONS

Sec. 301. Ensuring proportional representation of interests of rural areas on
 MedPAC.

Sec. 302. Rural health clinic improvements.

Sec. 303. Use of medical conditions for coding ambulance services.

Sec. 304. Improvement in payments to retain emergency and other capacity for
 ambulances in rural areas.

Sec. 305. Medicare remote monitoring pilot projects.

Sec. 306. Minimum payment rate by Medicare Advantage organizations for
 critical access hospital services and rural health clinic services.

Sec. 307. Prompt payment by Medicare prescription drug plans and MA–PD
 plans under part D.

1 (1) RECLASSIFICATIONS UNDER SECTION 508
2 OF MMA.—Section 508 of the Medicare Prescription
3 Drug, Improvement, and Modernization Act of 2003
4 (Pub. Law 108–173, 42 U.S.C. 1395ww note) is
5 amended—

6 (A) in subsection (a)(3), by striking “3-
7 year period beginning with April 1, 2004” and
8 inserting “period beginning on April 1, 2004,
9 and ending on September 30, 2010”;

10 (B) in subsection (b), by striking “3-year-
11 period” and inserting “period”; and

12 (C) in subsection (e), by striking
13 “\$900,000,000” and inserting
14 “\$1,950,000,000”.

15 (2) SPECIAL EXCEPTION RECLASSIFICATIONS.—

16 The Secretary of Health and Human Services shall
17 extend for discharges occurring through September
18 30, 2010, the special exception reclassification of a
19 sole community hospital located in a State with less
20 than 10 people per square mile, made under the au-
21 thority of section 1886(d)(5)(I)(i) of the Social Se-
22 curity Act (42 U.S.C. 1395ww(d)(5)(I)(i)) and con-
23 tained in the final rule promulgated by the Secretary
24 in the Federal Register on August 11, 2004 (69
25 Fed. Reg. 49107).

1 (b) DISREGARDING SECTION 508 HOSPITAL RECLAS-
2 SIFICATIONS FOR PURPOSES OF GROUP RECLASSIFICA-
3 TIONS.—Section 508 of the Medicare Prescription Drug,
4 Improvement, and Modernization Act of 2003 (Pub. Law
5 108–173, 42 U.S.C. 1395ww note) is further amended by
6 adding at the end the following new subsection:

7 “(g) DISREGARDING HOSPITAL RECLASSIFICATIONS
8 FOR PURPOSES OF GROUP RECLASSIFICATIONS.—For
9 purposes of the reclassification of a group of hospitals in
10 a geographic area under section 1886(d), a hospital reclas-
11 sified under this section shall not be taken into account
12 and shall not prevent the other hospitals in such area from
13 establishing such a group for such purpose.”.

14 **SEC. 103. CRITICAL ACCESS HOSPITAL IMPROVEMENTS.**

15 (a) CLARIFICATION OF PAYMENT FOR CLINICAL
16 LABORATORY TESTS FURNISHED BY CRITICAL ACCESS
17 HOSPITALS.—

18 (1) IN GENERAL.—Section 1834(g)(4) of the
19 Social Security Act (42 U.S.C. 1395m(g)(4)) is
20 amended—

21 (A) in the heading, by striking “NO BENE-
22 FICIARY COST-SHARING” and inserting “TREAT-
23 MENT OF”; and

24 (B) by adding at the end the following new
25 sentence: “For purposes of the preceding sen-

1 tence and section 1861(mm)(3), clinical diag-
2 nostic laboratory services furnished by a critical
3 access hospital shall be treated as being fur-
4 nished as part of outpatient critical access serv-
5 ices without regard to whether—

6 “(A) the individual with respect to whom
7 such services are furnished is physically present
8 in the critical access hospital at the time the
9 specimen is collected;

10 “(B) such individual is registered as an
11 outpatient on the records of, and receives such
12 services directly from, the critical access hos-
13 pital; or

14 “(C) payment is (or, but for this sub-
15 section, would be) available for such services
16 under the fee schedule established under section
17 1833(h).”.

18 (2) EFFECTIVE DATE.—The amendments made
19 by paragraph (1) shall apply to cost reporting peri-
20 ods beginning on or after October 1, 2003.

21 (b) ELIMINATION OF ISOLATION TEST FOR COST-
22 BASED AMBULANCE REIMBURSEMENT.—

23 (1) IN GENERAL.—Section 1834(l)(8) of the
24 Social Security Act (42 U.S.C. 1395m(l)(8)) is
25 amended—

1 (A) in subparagraph (B)—

2 (i) by striking “owned and”; and

3 (ii) by inserting “(including when
4 such services are provided by the entity
5 under an arrangement with the hospital)”
6 after “hospital”; and

7 (B) by striking the comma at the end of
8 subparagraph (B) and all that follows and in-
9 serting a period.

10 (2) EFFECTIVE DATE.—The amendments made
11 by this subsection shall apply to services furnished
12 on or after January 1, 2007.

13 **SEC. 104. REBASING FOR SOLE COMMUNITY HOSPITALS.**

14 (a) REBASING PERMITTED.—Section 1886(b)(3) of
15 the Social Security Act (42 U.S.C. 1395ww(b)(3)) is
16 amended by adding at the end the following new subpara-
17 graph:

18 “(K)(i) For cost reporting periods beginning on or
19 after October 1, 2006, in the case of a sole community
20 hospital there shall be substituted for the amount other-
21 wise determined under subsection (d)(5)(D)(i) of this sec-
22 tion, if such substitution results in a greater amount of
23 payment under this section for the hospital—

24 “(I) with respect to discharges occurring in fis-
25 cal year 2007, 75 percent of the subsection

1 (d)(5)(D)(i) amount (as described in subparagraph
2 (I)(i)(I)) and 25 percent of the subparagraph (K)
3 rebased target amount (as defined in clause (ii));

4 “(II) with respect to discharges occurring in fis-
5 cal year 2008, 50 percent of the subsection
6 (d)(5)(D)(i) amount and 50 percent of the subpara-
7 graph (K) rebased target amount;

8 “(III) with respect to discharges occurring in
9 fiscal year 2009, 25 percent of the subsection
10 (d)(5)(D)(i) amount and 75 percent of the subpara-
11 graph (K) rebased target amount; and

12 “(IV) with respect to discharges occurring after
13 fiscal year 2009, 100 percent of the subparagraph
14 (K) rebased target amount.

15 “(ii) For purposes of this subparagraph, the ‘sub-
16 paragraph (K) rebased target amount’ has the meaning
17 given the term ‘target amount’ in subparagraph (C), ex-
18 cept that—

19 “(I) there shall be substituted for the base cost
20 reporting period the 12-month cost reporting period
21 beginning during fiscal year 2000 or 2001, which-
22 ever results in the greater amount of payment under
23 this section for the hospital;

24 “(II) any reference in subparagraph (C)(i) to
25 the ‘first cost reporting period’ described in such

1 subparagraph is deemed a reference to the first cost
2 reporting period beginning on or after October 1,
3 2006; and

4 “(III) the applicable percentage increase shall
5 only be applied under subparagraph (C)(iv) for dis-
6 charges occurring in fiscal years beginning with fis-
7 cal year 2008.”.

8 (b) CONFORMING AMENDMENTS.—Section
9 1886(b)(3) of such Act (42 U.S.C. 1395ww(b)(3)) is
10 amended—

11 (1) in subparagraph (C), by inserting “and sub-
12 paragraph (K)” after “subject to subparagraph (I)”
13 in the matter preceding clause (i); and

14 (2) in subparagraph (I)(i)—

15 (A) by striking “For” in the matter pre-
16 ceding subclause (I) and inserting “Subject to
17 subparagraph (K), for”; and

18 (B) in subclause (I), by inserting “and
19 subparagraph (K)” after “referred to in this
20 clause”.

21 **SEC. 105. ESTABLISHMENT OF RURAL COMMUNITY HOS-**
22 **PITAL (RCH) PROGRAM.**

23 (a) IN GENERAL.—Section 1861 of the Social Secu-
24 rity Act (42 U.S.C. 1395x), as amended by section 201,

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

3 “Rural Community Hospital; Rural Community Hospital
4 Services

5 “(ddd)(1) The term ‘rural community hospital’
6 means a hospital (as defined in subsection (e)) that—

7 “(A) is located in a rural area (as defined in
8 section 1886(d)(2)(D)) or treated as being so lo-
9 cated pursuant to section 1886(d)(8)(E);

10 “(B) subject to paragraph (2), has less than 51
11 acute care inpatient beds, as reported in its most re-
12 cent cost report;

13 “(C) makes available 24-hour emergency care
14 services;

15 “(D) subject to paragraph (3), has a provider
16 agreement in effect with the Secretary and is open
17 to the public as of January 1, 2006; and

18 “(E) applies to the Secretary for such designa-
19 tion.

20 “(2) For purposes of paragraph (1)(B), beds in a
21 psychiatric or rehabilitation unit of the hospital which is
22 a distinct part of the hospital shall not be counted.

23 “(3) Subparagraph (1)(D) shall not be construed to
24 prohibit any of the following from qualifying as a rural
25 community hospital:

1 “(A) A replacement facility (as defined by the
2 Secretary in regulations in effect on January 1,
3 2006) with the same service area (as defined by the
4 Secretary in regulations in effect on such date).

5 “(B) A facility obtaining a new provider num-
6 ber pursuant to a change of ownership.

7 “(C) A facility which has a binding written
8 agreement with an outside, unrelated party for the
9 construction, reconstruction, lease, rental, or financ-
10 ing of a building as of January 1, 2006.

11 “(4) Nothing in this subsection shall be construed as
12 prohibiting a critical access hospital from qualifying as a
13 rural community hospital if the critical access hospital
14 meets the conditions otherwise applicable to hospitals
15 under subsection (e) and section 1866.

16 “(5) Nothing in this subsection shall be construed as
17 prohibiting a rural community hospital participating in
18 the demonstration program under Section 410A of the
19 Medicare Prescription Drug, Improvement, and Mod-
20 ernization Act of 2003 (Public Law 108–173; 117 Stat.
21 2313) from qualifying as a rural community hospital if
22 the rural community hospital meets the conditions other-
23 wise applicable to hospitals under subsection (e) and sec-
24 tion 1866.”.

25 (b) PAYMENT.—

1 of the hospital in the application referred to in section
 2 1861(ddd)(1)(E)—

3 “(1) 101 percent of the reasonable costs of pro-
 4 viding such services, without regard to the amount
 5 of the customary or other charge and any limitation
 6 under section 1861(v)(1)(U), or

7 “(2) the amount of payment provided for under
 8 the prospective payment system for covered OPD
 9 services under section 1833(t).”.

10 (3) EXEMPTION FROM 30-PERCENT REDUCTION
 11 IN REIMBURSEMENT FOR BAD DEBT.—Section
 12 1861(v)(1)(T) of such Act (42 U.S.C.
 13 1395x(v)(1)(T)) is amended by inserting “(other
 14 than for a rural community hospital)” after “In de-
 15 termining such reasonable costs for hospitals”.

16 (c) BENEFICIARY COST-SHARING FOR OUTPATIENT
 17 SERVICES.—Section 1834(n) of such Act (as added by
 18 subsection (b)(2)) is amended—

19 (1) by redesignating paragraphs (1) and (2) as
 20 subparagraphs (A) and (B), respectively;

21 (2) by inserting “(1)” after “(n)”; and

22 (3) by adding at the end the following:

23 “(2) The amounts of beneficiary cost-sharing for out-
 24 patient services furnished in a rural community hospital
 25 under this part shall be as follows:

1 “(A) For items and services that would have
2 been paid under section 1833(t) if provided by a
3 hospital, the amount of cost-sharing determined
4 under paragraph (8) of such section.

5 “(B) For items and services that would have
6 been paid under section 1833(h) if furnished by a
7 provider or supplier, no cost-sharing shall apply.

8 “(C) For all other items and services, the
9 amount of cost-sharing that would apply to the item
10 or service under the methodology that would be used
11 to determine payment for such item or service if pro-
12 vided by a physician, provider, or supplier, as the
13 case may be.”.

14 (d) CONFORMING AMENDMENTS.—

15 (1) PART A PAYMENT.—Section 1814(b) of
16 such Act (42 U.S.C. 1395f(b)) is amended in the
17 matter preceding paragraph (1) by inserting “other
18 than inpatient hospital services furnished by a rural
19 community hospital,” after “critical access hospital
20 services,”.

21 (2) PART B PAYMENT.—Section 1833(a) of
22 such Act (42 U.S.C. 1395l(a)) is amended—

23 (A) in paragraph (2), in the matter before
24 subparagraph (A), by striking “and (I)” and in-
25 serting “(I), and (K)”;

1 (B) by striking “and” at the end of para-
2 graph (8);

3 (C) by striking the period at the end of
4 paragraph (9) and inserting “; and”; and

5 (D) by adding at the end the following:

6 “(10) in the case of outpatient services fur-
7 nished by a rural community hospital, the amounts
8 described in section 1834(n).”.

9 (3) TECHNICAL AMENDMENTS.—

10 (A) CONSULTATION WITH STATE AGEN-
11 CIES.—Section 1863 of such Act (42 U.S.C.
12 1395z) is amended by striking “and (dd)(2)”
13 and inserting “(dd)(2), (mm)(1), and
14 (ddd)(1)”.

15 (B) PROVIDER AGREEMENTS.—Section
16 1866(a)(2)(A) of such Act (42 U.S.C.
17 1395cc(a)(2)(A)) is amended by inserting “sec-
18 tion 1834(n)(2),” after “section 1833(b),”.

19 (e) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to items and services furnished on
21 or after October 1, 2006.

1 **SEC. 106. EXTENSION OF MEDICARE RURAL HOSPITAL**
 2 **HOLD HARMLESS PROVISION UNDER THE**
 3 **PROSPECTIVE PAYMENT SYSTEM FOR HOS-**
 4 **PITAL OUTPATIENT DEPARTMENT (HOPD)**
 5 **SERVICES.**

6 (a) **IN GENERAL.**—Section 1833(t)(7)(D)(i) of the
 7 Social Security Act (42 U.S.C. 1395l(t)(7)(D)(i)), as
 8 amended by section 5105 of the Deficit Reduction Act of
 9 2005, is amended—

10 (1) in subclause (I)—

11 (A) by striking “(I)”; and

12 (B) by striking “2006” and inserting
 13 “2010”; and

14 (2) by striking subclause (II).

15 (b) **EFFECTIVE DATE.**—The amendments made by
 16 subsection (a) shall apply to covered OPD services fur-
 17 nished on or after January 1, 2006.

18 **TITLE II—MEDICARE**
 19 **PRACTITIONER SERVICES**

20 **SEC. 201. COVERAGE OF MARRIAGE AND FAMILY THERA-**
 21 **PIST SERVICES AND MENTAL HEALTH COUN-**
 22 **SELOR SERVICES UNDER PART B OF THE**
 23 **MEDICARE PROGRAM.**

24 (a) **COVERAGE OF SERVICES.**—

25 (1) **IN GENERAL.**—Section 1861(s)(2) of the
 26 Social Security Act (42 U.S.C. 1395x(s)(2)), as

1 amended by section 5112 of the Deficit Reduction
2 Act of 2005 (Public Law 109–171), is amended—

3 (A) in subparagraph (Z), by striking
4 “and” at the end;

5 (B) in subparagraph (AA), by inserting
6 “and” at the end; and

7 (C) by adding at the end the following new
8 subparagraph:

9 “(BB) marriage and family therapist services
10 (as defined in subsection (ccc)(1)) and mental health
11 counselor services (as defined in subsection
12 (ccc)(3));”.

13 (2) DEFINITIONS.—Section 1861 of such Act
14 (42 U.S.C. 1395x), as amended by section 5112 of
15 the Deficit Reduction Act of 2005 (Public Law 109–
16 171), is amended by adding at the end the following
17 new subsection:

18 “Marriage and Family Therapist Services; Marriage and
19 Family Therapist; Mental Health Counselor Serv-
20 ices; Mental Health Counselor

21 “(ccc)(1) The term ‘marriage and family therapist
22 services’ means services performed by a marriage and
23 family therapist (as defined in paragraph (2)) for the diag-
24 nosis and treatment of mental illnesses, which the mar-
25 riage and family therapist is legally authorized to perform

1 under State law (or the State regulatory mechanism pro-
2 vided by State law) of the State in which such services
3 are performed, as would otherwise be covered if furnished
4 by a physician or as an incident to a physician’s profes-
5 sional service, but only if no facility or other provider
6 charges or is paid any amounts with respect to the fur-
7 nishing of such services.

8 “(2) The term ‘marriage and family therapist’ means
9 an individual who—

10 “(A) possesses a master’s or doctoral degree
11 which qualifies for licensure or certification as a
12 marriage and family therapist pursuant to State
13 law;

14 “(B) after obtaining such degree has performed
15 at least 2 years of clinical supervised experience in
16 marriage and family therapy; and

17 “(C) in the case of an individual performing
18 services in a State that provides for licensure or cer-
19 tification of marriage and family therapists, is li-
20 censed or certified as a marriage and family thera-
21 pist in such State.

22 “(3) The term ‘mental health counselor services’
23 means services performed by a mental health counselor (as
24 defined in paragraph (4)) for the diagnosis and treatment
25 of mental illnesses which the mental health counselor is

1 legally authorized to perform under State law (or the
2 State regulatory mechanism provided by the State law) of
3 the State in which such services are performed, as would
4 otherwise be covered if furnished by a physician or as inci-
5 dent to a physician’s professional service, but only if no
6 facility or other provider charges or is paid any amounts
7 with respect to the furnishing of such services.

8 “(4) The term ‘mental health counselor’ means an
9 individual who—

10 “(A) possesses a master’s or doctor’s degree in
11 mental health counseling or a related field;

12 “(B) after obtaining such a degree has per-
13 formed at least 2 years of supervised mental health
14 counselor practice; and

15 “(C) in the case of an individual performing
16 services in a State that provides for licensure or cer-
17 tification of mental health counselors or professional
18 counselors, is licensed or certified as a mental health
19 counselor or professional counselor in such State.”.

20 (3) PROVISION FOR PAYMENT UNDER PART
21 B.—Section 1832(a)(2)(B) of such Act (42 U.S.C.
22 1395k(a)(2)(B)) is amended by adding at the end
23 the following new clause:

1 “(v) marriage and family therapist
2 services and mental health counselor serv-
3 ices;”.

4 (4) AMOUNT OF PAYMENT.—Section 1833(a)(1)
5 of such Act (42 U.S.C. 1395l(a)(1)) is amended—

6 (A) by striking “and (V)” and inserting
7 “(V)”; and

8 (B) by inserting before the semicolon at
9 the end the following: “, and (W) with respect
10 to marriage and family therapist services and
11 mental health counselor services under section
12 1861(s)(2)(BB), the amounts paid shall be 80
13 percent of the lesser of the actual charge for
14 the services or 75 percent of the amount deter-
15 mined for payment of a psychologist under sub-
16 paragraph (L)”.

17 (5) EXCLUSION OF MARRIAGE AND FAMILY
18 THERAPIST SERVICES AND MENTAL HEALTH COUN-
19 SELOR SERVICES FROM SKILLED NURSING FACILITY
20 PROSPECTIVE PAYMENT SYSTEM.—Section
21 1888(e)(2)(A)(ii) of such Act (42 U.S.C.
22 1395yy(e)(2)(A)(ii)) is amended by inserting “mar-
23 riage and family therapist services (as defined in
24 section 1861(ccc)(1)), mental health counselor serv-

1 ices (as defined in section 1861(ccc)(3)),” after
2 “qualified psychologist services,”.

3 (6) INCLUSION OF MARRIAGE AND FAMILY
4 THERAPISTS AND MENTAL HEALTH COUNSELORS AS
5 PRACTITIONERS FOR ASSIGNMENT OF CLAIMS.—Sec-
6 tion 1842(b)(18)(C) of such Act (42 U.S.C.
7 1395u(b)(18)(C)) is amended by adding at the end
8 the following new clauses:

9 “(vii) A marriage and family therapist (as de-
10 fined in section 1861(ccc)(2)).

11 “(viii) A mental health counselor (as defined in
12 section 1861(ccc)(4)).”.

13 (b) COVERAGE OF CERTAIN MENTAL HEALTH SERV-
14 ICES PROVIDED IN CERTAIN SETTINGS.—

15 (1) RURAL HEALTH CLINICS AND FEDERALLY
16 QUALIFIED HEALTH CENTERS.—Section
17 1861(aa)(1)(B) of the Social Security Act (42
18 U.S.C. 1395x(aa)(1)(B)) is amended by striking “or
19 by a clinical social worker (as defined in subsection
20 (hh)(1)),” and inserting “, by a clinical social worker
21 (as defined in subsection (hh)(1)), by a marriage
22 and family therapist (as defined in subsection
23 (ccc)(2)), or by a mental health counselor (as de-
24 fined in subsection (ccc)(4)),”.

1 (2) HOSPICE PROGRAMS.—Section
2 1861(dd)(2)(B)(i)(III) of such Act (42 U.S.C.
3 1395x(dd)(2)(B)(i)(III)) is amended by inserting “or
4 one marriage and family therapist (as defined in
5 subsection (ccc)(2))” after “social worker”.

6 (c) AUTHORIZATION OF MARRIAGE AND FAMILY
7 THERAPISTS TO DEVELOP DISCHARGE PLANS FOR POST-
8 HOSPITAL SERVICES.—Section 1861(ee)(2)(G) of the So-
9 cial Security Act (42 U.S.C. 1395x(ee)(2)(G)) is amended
10 by inserting “marriage and family therapist (as defined
11 in subsection (ccc)(2)),” after “social worker,”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply with respect to services furnished
14 on or after January 1, 2007.

15 **SEC. 202. PERMANENT TREATMENT OF CERTAIN PHYSI-**
16 **CIAN PATHOLOGY SERVICES UNDER MEDI-**
17 **CARE.**

18 Section 1848(i) of the Social Security Act (42 U.S.C.
19 1395w-4(i)) is amended by adding at the end the fol-
20 lowing new paragraph:

21 “(4) TREATMENT OF CERTAIN PHYSICIAN PA-
22 THOLOGY SERVICES.—

23 “(A) IN GENERAL.—With respect to serv-
24 ices furnished on or after January 1, 2007, if
25 an independent laboratory furnishes the tech-

1 nical component of a physician pathology serv-
2 ice to a fee-for-service medicare beneficiary who
3 is an inpatient or outpatient of a covered hos-
4 pital, the Secretary shall treat such component
5 as a service for which payment shall be made
6 to the laboratory under this section and not as
7 an inpatient hospital service for which payment
8 is made to the hospital under section 1886(d)
9 or as a hospital outpatient service for which
10 payment is made to the hospital under section
11 1833(t).

12 “(B) DEFINITIONS.—In this paragraph:

13 “(i) COVERED HOSPITAL.—

14 “(I) IN GENERAL.—The term
15 ‘covered hospital’ means, with respect
16 to an inpatient or outpatient, a hos-
17 pital that had an arrangement with
18 an independent laboratory that was in
19 effect as of July 22, 1999, under
20 which a laboratory furnished the tech-
21 nical component of physician pathol-
22 ogy services to fee-for-service medi-
23 care beneficiaries who were hospital
24 inpatients or outpatients, respectively,
25 and submitted claims for payment for

1 such component to a carrier with a
2 contract under section 1842 and not
3 to the hospital.

4 “(II) CHANGE IN OWNERSHIP
5 DOES NOT AFFECT DETERMINA-
6 TION.—A change in ownership with
7 respect to a hospital on or after the
8 date referred to in subclause (I) shall
9 not affect the determination of wheth-
10 er such hospital is a covered hospital
11 for purposes of such subclause.

12 “(ii) FEE-FOR-SERVICE MEDICARE
13 BENEFICIARY.—The term ‘fee-for-service
14 medicare beneficiary’ means an individual
15 who is entitled to (or enrolled for) benefits
16 under part A, or enrolled under this part,
17 or both, but who is not enrolled in any of
18 the following:

19 “(I) A Medicare Advantage plan
20 under part C.

21 “(II) A plan offered by an eligi-
22 ble organization under section 1876.

23 “(III) A program of all-inclusive
24 care for the elderly (PACE) under
25 section 1894.

1 “(IV) A social health mainte-
2 nance organization (SHMO) dem-
3 onstration project established under
4 section 4018(b) of the Omnibus
5 Budget Reconciliation Act of 1987
6 (Public Law 100–203).

7 “(C) REFERENCE.—For the provision re-
8 lated to the treatment of certain services fur-
9 nished prior to January 1, 2007, see section
10 542 of the Medicare, Medicaid, and SCHIP
11 Benefits Improvement and Protection Act of
12 2000, as amended by section 732 of the Medi-
13 care Prescription Drug, Improvement, and
14 Modernization Act of 2003.”.

15 **SEC. 203. EXTENSION OF MEDICARE INCENTIVE PAYMENT**
16 **PROGRAM FOR PHYSICIAN SCARCITY AREAS.**

17 Section 1833(u)(1) of the Social Security Act (42
18 U.S.C. 1395l(u)(1)) is amended by striking “2008” and
19 inserting “2011”.

20 **SEC. 204. EXTENSION OF MEDICARE INCREASE PAYMENTS**
21 **FOR GROUND AMBULANCE SERVICES IN**
22 **RURAL AREAS.**

23 Section 1834(l)(13) of the Social Security Act (42
24 U.S.C. 1395m(l)(13)) is amended—

25 (1) in subparagraph (A)—

1 (A) in the matter before clause (i), by
2 striking “furnished on or after July 1, 2004,
3 and before January 1, 2007,”;

4 (B) in clause (i), by inserting “for services
5 furnished on or after July 1, 2004, and before
6 January 1, 2011,” after “in such paragraph,”;
7 and

8 (C) in clause (ii), by inserting “for services
9 furnished on or after July 1, 2004, and before
10 January 1, 2007,” after “in clause (i),”; and
11 (2) in subparagraph (B)—

12 (A) in the heading, by striking “AFTER
13 2006” and inserting “FOR SUBSEQUENT PERI-
14 ODS”;

15 (B) by inserting “clauses (i) and (ii) of”
16 before “subparagraph (A)”; and

17 (C) by striking “in such subparagraph”
18 and inserting “in the respective clause”.

19 **SEC. 205. EXTENSION OF FLOOR ON MEDICARE WORK GEO-**
20 **GRAPHIC ADJUSTMENT.**

21 Section 1848(e)(1)(E) of the Social Security Act (42
22 U.S.C. 1395w-4(e)(1)(E)) is amended by striking “2007”
23 and inserting “2011”.

1 **TITLE III—OTHER MEDICARE**
2 **PROVISIONS**

3 **SEC. 301. ENSURING PROPORTIONAL REPRESENTATION OF**
4 **INTERESTS OF RURAL AREAS ON MEDPAC.**

5 (a) IN GENERAL.—Section 1805(c)(2) of the Social
6 Security Act (42 U.S.C. 1395b–6(c)(2)) is amended—

7 (1) in subparagraph (A), by inserting “con-
8 sistent with subparagraph (E)” after “rural rep-
9 resentatives”; and

10 (2) by adding at the end the following new sub-
11 paragraph:

12 “(E) PROPORTIONAL REPRESENTATION OF
13 INTERESTS OF RURAL AREAS.—In order to pro-
14 vide a balance between urban and rural rep-
15 resentatives under subparagraph (A), the pro-
16 portion of members who represent the interests
17 of health care providers and Medicare bene-
18 ficiaries located in rural areas shall be no less
19 than the proportion, of the total number of
20 Medicare beneficiaries, who reside in rural
21 areas.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 subsection (a) shall apply with respect to appointments
24 made to the Medicare Payment Advisory Commission after
25 the date of the enactment of this Act.

1 **SEC. 302. RURAL HEALTH CLINIC IMPROVEMENTS.**

2 Section 1833(f) of the Social Security Act (42 U.S.C.
3 1395l(f)) is amended—

4 (1) in paragraph (1), by striking “, and” at the
5 end and inserting a semicolon;

6 (2) in paragraph (2)—

7 (A) by inserting “(before 2007)” after “in
8 a subsequent year”; and

9 (B) by striking the period at the end and
10 inserting a semicolon; and

11 (3) by adding at the end the following new
12 paragraphs:

13 “(3) in 2007, at \$82 per visit; and

14 “(4) in a subsequent year, at the limit estab-
15 lished under this subsection for the previous year in-
16 creased by the percentage increase in the MEI (as
17 so defined) applicable to primary care services (as so
18 defined) furnished as of the first day of that year.”.

19 **SEC. 303. USE OF MEDICAL CONDITIONS FOR CODING AM-
20 BULANCE SERVICES.**

21 Section 1834(l)(7) of the Social Security Act (42
22 U.S.C. 1395m(l)(7)) is amended to read as follows:

23 “(7) CODING SYSTEM.—

24 “(A) IN GENERAL.—The Secretary shall,
25 in accordance with section 1173(c)(1)(B) and
26 not later than January 1, 2007, establish a

1 mandatory system or systems for the coding of
2 claims for ambulance services for which pay-
3 ment is made under this subsection, including a
4 code set specifying the medical condition of the
5 individual who is transported and the level of
6 service that is appropriate for the transpor-
7 tation of an individual with that medical condi-
8 tion.

9 “(B) MEDICAL CONDITIONS.—The code set
10 established under subparagraph (A) shall take
11 into account the list of medical conditions devel-
12 oped in the course of the negotiated rulemaking
13 process conducted under paragraph (1).”.

14 **SEC. 304. IMPROVEMENT IN PAYMENTS TO RETAIN EMER-**
15 **GENCY AND OTHER CAPACITY FOR AMBU-**
16 **LANCES IN RURAL AREAS.**

17 (a) IN GENERAL.—Section 1834(l) of the Social Se-
18 curity Act (42 U.S.C. 1395m(l)) is amended by adding
19 at the end the following new paragraph:

20 “(15) ADDITIONAL PAYMENTS FOR PROVIDERS
21 FURNISHING AMBULANCE SERVICES IN RURAL
22 AREAS.—

23 “(A) IN GENERAL.—In the case of ground
24 ambulance services furnished on or after Janu-
25 ary 1, 2007, for which the transportation origi-

1 nates in a rural area (as determined under sub-
2 paragraph (B)), the Secretary shall provide for
3 a percent increase in the base rate of the fee
4 schedule for a trip identified under this sub-
5 section.

6 “(B) IDENTIFICATION OF RURAL AREAS.—
7 The Secretary, in consultation with the Office
8 of Rural Health Policy, shall use the Rural-
9 Urban Commuting Areas (RUCA) coding sys-
10 tem, adopted by that Office, to designate rural
11 areas for the purposes of this paragraph. A
12 rural area is any area in RUCA levels 2
13 through 10 and any unclassified area.

14 “(C) TIERING OF RURAL AREAS.—The
15 Secretary shall designate 4 tiers of rural areas,
16 using a ZIP Code population-based method-
17 ology generated by the RUCA coding system, as
18 follows:

19 “(i) TIER 1.—A rural area that is a
20 high metropolitan commuting area, in
21 which 30 percent or more of the com-
22 muting flow is to an urban area, as des-
23 ignated by the Bureau of the Census
24 (RUCA level 2).

1 “(ii) TIER 2.—A rural area that is a
2 low metropolitan commuting area, in which
3 less than 30 percent of the commuting flow
4 is to an urban area or to a large town, as
5 designated by the Bureau of the Census
6 (RUCA levels 3–6).

7 “(iii) TIER 3.—A rural area that is a
8 small town core, as designated by the Bu-
9 reau of the Census, in which no significant
10 portion of the commuting flow is to an
11 area of population greater than 10,000
12 people (RUCA levels 7–9).

13 “(iv) TIER 4.—A rural area in which
14 there is no dominant commuting flow
15 (RUCA level 10) and any unclassified area.

16 The Secretary shall consult with the Office of
17 Rural Health Policy not less often than every 2
18 years to update the designation of rural areas
19 in accordance with any changes that are made
20 to the RUCA system.

21 “(D) PAYMENT ADJUSTMENTS FOR TRIPS
22 IN RURAL AREAS.—The Secretary shall adjust
23 the payment rate under this section for ambu-
24 lance trips that originate in each of the tiers es-
25 tablished in subparagraph (C) according to the

1 national average cost of full-cost providers for
2 providing ambulance services in each such
3 tier.”.

4 (b) REVIEW OF PAYMENTS FOR RURAL AMBULANCE
5 SERVICES AND REPORT TO CONGRESS.—

6 (1) REVIEW.—Not later than July 1, 2009, the
7 Secretary of Health and Human Services shall re-
8 view the system for adjusting payments for rural
9 ambulance services under section 1834(l)(15) of the
10 Social Security Act, as added by subsection (a), to
11 determine the adequacy and appropriateness of such
12 adjustments. In conducting such review, the Sec-
13 retary shall consult with providers and suppliers af-
14 fected by such adjustments and with representatives
15 of the ambulance industry generally to determine—

16 (A) whether such adjustments adequately
17 cover the additional costs incurred in serving
18 areas of low population density; and

19 (B) whether the tiered structure for mak-
20 ing such adjustments appropriately reflects the
21 difference in costs of providing services in dif-
22 ferent types of rural areas.

23 (2) REPORT.—Not later than January 1, 2010,
24 the Secretary shall submit to Congress a report on
25 the review conducted under paragraph (1) together

1 with any recommendations for revision to the sys-
2 tems for adjusting payments for ambulance services
3 in rural areas that the Secretary of Health and
4 Human Services determines appropriate.

5 (c) CONFORMING AMENDMENTS.—(1) Section
6 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)),
7 as amended by subsection (a), is amended by adding at
8 the end the following new paragraph:

9 “(16) DESIGNATION OF RURAL AREAS FOR
10 MILEAGE PAYMENT PURPOSES.—In establishing any
11 differential in the amount of payment for mileage
12 between rural and urban areas in the fee schedule
13 established under paragraph (1), the Secretary shall,
14 in the case of ambulance services furnished on or
15 after January 1, 2007, identify rural areas in the
16 same manner as provided in paragraph (15)(B).”

17 (2) Section 1834(l)(12)(A) of such Act (42 U.S.C.
18 1395m(l)(12)(A)) is amended by striking “January 1,
19 2010” and inserting “January 1, 2007”.

20 (3) Section 1834(l)(13)(A)(i) of such Act (42 U.S.C.
21 1395m(l)(13)(A)(i)) is amended—

22 (A) by inserting “(or in the case of such serv-
23 ices furnished in 2007, in a rural area identified by
24 the Secretary under paragraph (15)(B))” after
25 “such paragraph”; and

1 (B) by striking “paragraphs (11) and (12)”
2 and inserting “paragraphs (11), (12), and (15)”.

3 **SEC. 305. MEDICARE REMOTE MONITORING PILOT**
4 **PROJECTS.**

5 (a) PILOT PROJECTS.—

6 (1) IN GENERAL.—Not later than 9 months
7 after the date of enactment of this Act, the Sec-
8 retary of Health and Human Services (in this sec-
9 tion referred to as the “Secretary”) shall conduct
10 pilot projects under title XVIII of the Social Secu-
11 rity Act for the purpose of providing incentives to
12 home health agencies to utilize home monitoring and
13 communications technologies that—

14 (A) enhance health outcomes for Medicare
15 beneficiaries; and

16 (B) reduce expenditures under such title.

17 (2) SITE REQUIREMENTS.—

18 (A) URBAN AND RURAL.—The Secretary
19 shall conduct the pilot projects under this sec-
20 tion in both urban and rural areas.

21 (B) SITE IN A SMALL STATE.—The Sec-
22 retary shall conduct at least 3 of the pilot
23 projects in a State with a population of less
24 than 1,000,000.

1 (3) DEFINITION OF HOME HEALTH AGENCY.—

2 In this section, the term “home health agency” has
3 the meaning given that term in section 1861(o) of
4 the Social Security Act (42 U.S.C. 1395x(o)).

5 (b) MEDICARE BENEFICIARIES WITHIN THE SCOPE
6 OF PROJECTS.—The Secretary shall specify the criteria
7 for identifying those Medicare beneficiaries who shall be
8 considered within the scope of the pilot projects under this
9 section for purposes of the application of subsection (c)
10 and for the assessment of the effectiveness of the home
11 health agency in achieving the objectives of this section.
12 Such criteria may provide for the inclusion in the projects
13 of Medicare beneficiaries who begin receiving home health
14 services under title XVIII of the Social Security Act after
15 the date of the implementation of the projects.

16 (c) INCENTIVES.—

17 (1) PERFORMANCE TARGETS.—The Secretary
18 shall establish for each home health agency partici-
19 pating in a pilot project under this section a per-
20 formance target using one of the following meth-
21 odologies, as determined appropriate by the Sec-
22 retary:

23 (A) ADJUSTED HISTORICAL PERFORMANCE
24 TARGET.—The Secretary shall establish for the
25 agency—

1 (i) a base expenditure amount equal
2 to the average total payments made to the
3 agency under parts A and B of title XVIII
4 of the Social Security Act for Medicare
5 beneficiaries determined to be within the
6 scope of the pilot project in a base period
7 determined by the Secretary; and

8 (ii) an annual per capita expenditure
9 target for such beneficiaries, reflecting the
10 base expenditure amount adjusted for risk
11 and adjusted growth rates.

12 (B) COMPARATIVE PERFORMANCE TAR-
13 GET.—The Secretary shall establish for the
14 agency a comparative performance target equal
15 to the average total payments under such parts
16 A and B during the pilot project for comparable
17 individuals in the same geographic area that
18 are not determined to be within the scope of the
19 pilot project.

20 (2) INCENTIVE.—Subject to paragraph (3), the
21 Secretary shall pay to each participating home care
22 agency an incentive payment for each year under the
23 pilot project equal to a portion of the Medicare sav-
24 ings realized for such year relative to the perform-
25 ance target under paragraph (1).

1 (3) LIMITATION ON EXPENDITURES.—The Sec-
2 retary shall limit incentive payments under this sec-
3 tion in order to ensure that the aggregate expendi-
4 tures under title XVIII of the Social Security Act
5 (including incentive payments under this subsection)
6 do not exceed the amount that the Secretary esti-
7 mates would have been expended if the pilot projects
8 under this section had not been implemented.

9 (d) WAIVER AUTHORITY.—The Secretary may waive
10 such provisions of titles XI and XVIII of the Social Secu-
11 rity Act as the Secretary determines to be appropriate for
12 the conduct of the pilot projects under this section.

13 (e) REPORT TO CONGRESS.—Not later than 5 years
14 after the date that the first pilot project under this section
15 is implemented, the Secretary shall submit to Congress a
16 report on the pilot projects. Such report shall contain a
17 detailed description of issues related to the expansion of
18 the projects under subsection (f) and recommendations for
19 such legislation and administrative actions as the Sec-
20 retary considers appropriate.

21 (f) EXPANSION.—If the Secretary determines that
22 any of the pilot projects under this section enhance health
23 outcomes for Medicare beneficiaries and reduce expendi-
24 tures under title XVIII of the Social Security Act, the Sec-

1 retary may initiate comparable projects in additional
2 areas.

3 (g) INCENTIVE PAYMENTS HAVE NO EFFECT ON
4 OTHER MEDICARE PAYMENTS TO AGENCIES.—An incen-
5 tive payment under this section—

6 (1) shall be in addition to the payments that a
7 home health agency would otherwise receive under
8 title XVIII of the Social Security Act for the provi-
9 sion of home health services; and

10 (2) shall have no effect on the amount of such
11 payments.

12 **SEC. 306. MINIMUM PAYMENT RATE BY MEDICARE ADVAN-**
13 **TAGE ORGANIZATIONS FOR CRITICAL AC-**
14 **CESS HOSPITAL SERVICES AND RURAL**
15 **HEALTH CLINIC SERVICES.**

16 (a) IN GENERAL.—Section 1857(e) of the Social Se-
17 curity Act (42 U.S.C. 1395w–27(e)) is amended by adding
18 at the end the following:

19 “(4) PAYMENTS FOR INPATIENT AND OUT-
20 PATIENT CRITICAL ACCESS HOSPITAL SERVICES AND
21 RURAL HEALTH CLINIC SERVICES.—A contract
22 under this section with an MA organization for the
23 offering of an MA plan shall require the organiza-
24 tion to provide for a payment rate under the plan
25 for inpatient and outpatient critical access hospital

1 services and for rural health clinic services furnished
2 to enrollees of the plan (whether or not the services
3 are furnished pursuant to an agreement between
4 such organization and a critical access hospital or a
5 rural health clinic) that is not less than 101 percent
6 of the applicable payment rate established for such
7 services under part A or part B.”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to Medicare Advantage contract
10 years beginning on or after January 1, 2007.

11 **SEC. 307. PROMPT PAYMENT BY MEDICARE PRESCRIPTION**
12 **DRUG PLANS AND MA-PD PLANS UNDER**
13 **PART D.**

14 (a) APPLICATION TO PRESCRIPTION DRUG PLANS.—
15 Section 1860D–12(b) of the Social Security Act (42
16 U.S.C. 1395w–112 (b)) is amended by adding at the end
17 the following new paragraph:

18 “(4) PROMPT PAYMENT OF CLEAN CLAIMS.—
19 “(A) PROMPT PAYMENT.—Each contract
20 entered into with a PDP sponsor under this
21 subsection with respect to a prescription drug
22 plan offered by such sponsor shall provide that
23 payment shall be issued, mailed, or otherwise
24 transmitted with respect to all clean claims sub-
25 mitted under this part within the applicable

1 number of calendar days after the date on
2 which the claim is received.

3 “(B) DEFINITIONS.—In this paragraph:

4 “(i) CLEAN CLAIM.—The term ‘clean
5 claim’ means a claim, with respect to a
6 covered part D drug, that has no apparent
7 defect or impropriety (including any lack
8 of any required substantiating documenta-
9 tion) or particular circumstance requiring
10 special treatment that prevents timely pay-
11 ment from being made on the claim under
12 this part.

13 “(ii) APPLICABLE NUMBER OF CAL-
14 ENDAR DAYS.—The term ‘applicable num-
15 ber of calendar days’ means—

16 “(I) with respect to claims sub-
17 mitted electronically, 14 calendar
18 days; and

19 “(II) with respect to claims sub-
20 mitted otherwise, 30 calendar days.

21 “(C) INTEREST PAYMENT.—If payment is
22 not issued, mailed, or otherwise transmitted
23 within the applicable number of calendar days
24 (as defined in subparagraph (B)) after a clean
25 claim is received, interest shall be paid at a rate

1 used for purposes of section 3902(a) of title 31,
2 United States Code (relating to interest pen-
3 alties for failure to make prompt payments), for
4 the period beginning on the day after the re-
5 quired payment date and ending on the date on
6 which payment is made.

7 “(D) PROCEDURES INVOLVING CLAIMS.—

8 “(i) CLAIMS DEEMED TO BE CLEAN
9 CLAIMS.—

10 “(I) IN GENERAL.—A claim for a
11 covered part D drug shall be deemed
12 to be a clean claim for purposes of
13 this paragraph if the PDP sponsor in-
14 volved does not provide a notification
15 of deficiency to the claimant by the
16 10th day that begins after the date on
17 which the claim is submitted.

18 “(II) NOTIFICATION OF DEFICI-
19 CIENCY.—For purposes of subclause
20 (II), the term ‘notification of defi-
21 ciency’ means a notification that
22 specifies all defects or improprieties in
23 the claim involved and that lists all
24 additional information or documents

1 necessary for the proper processing
2 and payment of the claim.

3 “(ii) PAYMENT OF CLEAN PORTIONS
4 OF CLAIMS.—A PDP sponsor shall, as ap-
5 propriate, pay any portion of a claim for a
6 covered part D drug that would be a clean
7 claim but for a defect or impropriety in a
8 separate portion of the claim in accordance
9 with subparagraph (A).

10 “(iii) OBLIGATION TO PAY.—A claim
11 for a covered part D drug submitted to a
12 PDP sponsor that is not paid or contested
13 by the provider within the applicable num-
14 ber of calendar days (as defined in sub-
15 paragraph (B)) shall be deemed to be a
16 clean claim and shall be paid by the PDP
17 sponsor in accordance with subparagraph
18 (A).

19 “(iv) DATE OF PAYMENT OF CLAIM.—
20 Payment of a clean claim under subpara-
21 graph (A) is considered to have been made
22 on the date on which full payment is re-
23 ceived by the provider.

24 “(E) ELECTRONIC TRANSFER OF
25 FUNDS.—A PDP sponsor shall pay all clean

1 claims submitted electronically by an electronic
2 funds transfer mechanism.”.

3 (b) APPLICATION TO MA–PD PLANS.—Section
4 1857(f) of such Act (42 U.S.C. 1395w–27) is amended
5 by adding at the end the following new paragraph:

6 “(3) INCORPORATION OF CERTAIN PRESCRIP-
7 TION DRUG PLAN CONTRACT REQUIREMENTS.—The
8 provisions of section 1860D–12(b)(4) shall apply to
9 contracts with a Medicare Advantage organization in
10 the same manner as they apply to contracts with a
11 PDP sponsor offering a prescription drug plan
12 under part D.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to contracts entered into or re-
15 newed on or after the date of the enactment of this Act.

16 **SEC. 308. EXTENSION OF MEDICARE REASONABLE COSTS**
17 **PAYMENTS FOR CERTAIN CLINICAL DIAG-**
18 **NOSTIC LABORATORY TESTS FURNISHED TO**
19 **HOSPITAL PATIENTS IN CERTAIN RURAL**
20 **AREAS.**

21 Section 416(b) of the Medicare Prescription Drug,
22 Improvement, and Modernization Act of 2003 (Public Law
23 108–173; 117 Stat. 2282; 42 U.S.C. 1395l–4(b)) is
24 amended by striking “2-year” and inserting “7-year”.

1 **SEC. 309. EXTENSION OF TEMPORARY MEDICARE PAYMENT**
2 **INCREASE FOR HOME HEALTH SERVICES**
3 **FURNISHED IN A RURAL AREA.**

4 (a) IN GENERAL.—Section 421 of the Medicare Pre-
5 scription Drug, Improvement, and Modernization Act of
6 2003 (Public Law 108–173; 117 Stat. 2283; 42 U.S.C.
7 1395fff note), as amended by section 5201(b) of the Def-
8 icit Reduction Act of 2005, is amended—

9 (1) in the heading, by striking “**ONE-YEAR**”
10 and inserting “**TEMPORARY**”; and

11 (2) in subsection (a) by striking “before April
12 1, 2005, and episodes and visits beginning on or
13 after January 1, 2006, and before January 1, 2007”
14 and inserting “before December 31, 2011”.

15 (b) APPLICATION TO CERTAIN HOME HEALTH SERV-
16 ICES FURNISHED PRIOR TO DATE OF ENACTMENT.—For
17 episodes and visits for home health services furnished on
18 or after April 1, 2005, and before the date of the enact-
19 ment of this Act, the Secretary of Health and Human
20 Services shall provide for a lump sum payment, not later
21 than 60 days after such enactment, of amounts due under
22 the amendment made by subsection (a)(2).

23 (c) EFFECTIVE DATE.—The amendments made by
24 subsection (a) shall apply to episodes and visits on or after
25 April 1, 2005.

1 **TITLE IV—OTHER PROVISIONS**

2 **SEC. 401. HEALTH INFORMATION TECHNOLOGY GRANTS**
3 **FOR RURAL HEALTH CARE PROVIDERS.**

4 Title II of the Public Health Service Act is amended
5 by adding at the end the following new part:

6 **“PART D—HEALTH INFORMATION TECHNOLOGY**
7 **GRANTS**

8 **“SEC. 271. GRANTS TO FACILITATE THE WIDESPREAD**
9 **ADOPTION OF INTEROPERABLE HEALTH IN-**
10 **FORMATION TECHNOLOGY IN RURAL AREAS.**

11 “(a) **COMPETITIVE GRANTS TO ELIGIBLE ENTITIES**
12 **IN RURAL AREAS.—**

13 “(1) **IN GENERAL.—**The Secretary may award
14 competitive grants to eligible entities in rural areas
15 to facilitate the purchase and enhance the utilization
16 of qualified health information technology systems to
17 improve the quality and efficiency of health care.

18 “(2) **ELIGIBILITY.—**To be eligible to receive a
19 grant under paragraph (1) an entity shall—

20 “(A) submit to the Secretary an applica-
21 tion at such time, in such manner, and con-
22 taining such information as the Secretary may
23 require;

1 “(B) submit to the Secretary a strategic
2 plan for the implementation of data sharing
3 and interoperability measures;

4 “(C) be a rural health care provider;

5 “(D) adopt any applicable core interoper-
6 ability guidelines (endorsed under other provi-
7 sions of law);

8 “(E) agree to notify patients if their indi-
9 vidually identifiable health information is
10 wrongfully disclosed;

11 “(F) demonstrate significant financial
12 need; and

13 “(G) provide matching funds in accordance
14 with paragraph (4).

15 “(3) USE OF FUNDS.—Amounts received under
16 a grant under this subsection shall be used to facili-
17 tate the purchase and enhance the utilization of
18 qualified health information technology systems and
19 training personnel in the use of such technology.

20 “(4) MATCHING REQUIREMENT.—To be eligible
21 for a grant under this subsection an entity shall con-
22 tribute non-Federal contributions to the costs of car-
23 rying out the activities for which the grant is award-
24 ed in an amount equal to \$1 for each \$3 of Federal
25 funds provided under the grant.

1 “(5) LIMIT ON GRANT AMOUNT.—In no case
2 shall the payment amount under this subsection with
3 respect to the purchase or enhanced utilization of
4 qualified health information technology for a rural
5 health care provider, in addition to the amount of
6 any loan made to the provider from a grant to a
7 State under subsection (b) for such purpose, exceed
8 100 percent of the provider’s costs for such purchase
9 or enhanced utilization (taking into account costs for
10 training, implementation, and maintenance).

11 “(6) PREFERENCE IN AWARDING GRANTS.—In
12 awarding grants to eligible entities under this sub-
13 section, the Secretary shall give preference to each
14 of the following types of applicants:

15 “(A) An entity that is located in a frontier
16 or other rural underserved area as determined
17 by the Secretary.

18 “(B) An entity that will link, to the extent
19 practicable, the qualified health information
20 system to a local or regional health information
21 plan or plans.

22 “(C) A rural health care provider that is a
23 nonprofit hospital or a Federally qualified
24 health center.

1 “(D) A rural health care provider that is
2 an individual practice or group practice.

3 “(b) AUTHORIZATION OF APPROPRIATIONS.—

4 “(1) IN GENERAL.—For the purpose of car-
5 rying out this section, there is authorized to be ap-
6 propriated \$20,000,000 for fiscal year 2007,
7 \$30,000,000 for fiscal year 2008, and such sums as
8 may be necessary, but not to exceed \$30,000,000 for
9 each of fiscal years 2009 through 2011.

10 “(2) AVAILABILITY.—Amounts appropriated
11 under paragraph (1) shall remain available through
12 fiscal year 2011.

13 “(c) DEFINITIONS.—In this section:

14 “(1) FEDERALLY QUALIFIED HEALTH CEN-
15 TER.—The term ‘Federally qualified health center’
16 has the meaning given that term in section
17 1861(aa)(4) of the Social Security Act (42 U.S.C.
18 1395x(aa)(4)).

19 “(2) GROUP PRACTICE.—The term ‘group prac-
20 tice’ has the meaning given that term in section
21 1877(h)(4) of the Social Security Act (42 U.S.C.
22 1395nn(h)(4)).

23 “(3) HEALTH CARE PROVIDER.—The term
24 ‘health care provider’ means a hospital, skilled nurs-
25 ing facility, home health agency (as defined in sub-

1 section (o) of section 1861 of the Social Security
2 Act, 42 U.S.C. 1395x), health care clinic, rural
3 health clinic, Federally qualified health center, group
4 practice, a pharmacist, a pharmacy, a laboratory, a
5 physician (as defined in subsection (r) of such sec-
6 tion), a practitioner (as defined in section
7 1842(b)(18)(CC) of such Act, 42 U.S.C.
8 1395u(b)(18)(CC)), a health facility operated by or
9 pursuant to a contract with the Indian Health Serv-
10 ice, and any other category of facility or clinician de-
11 termined appropriate by the Secretary.

12 “(4) HEALTH INFORMATION; INDIVIDUALLY
13 IDENTIFIABLE HEALTH INFORMATION.—The terms
14 ‘health information’ and ‘individually identifiable
15 health information’ have the meanings given those
16 terms in paragraphs (4) and (6), respectively, of sec-
17 tion 1171 of the Social Security Act (42 U.S.C.
18 1320d).

19 “(5) LABORATORY.—The term ‘laboratory’ has
20 the meaning given that term in section 353.

21 “(6) PHARMACIST.—The term ‘pharmacist’ has
22 the meaning given that term in section 804(a)(2) of
23 the Federal Food, Drug, and Cosmetic Act (21
24 U.S.C. 384(a)(2)).

1 “(7) QUALIFIED HEALTH INFORMATION TECH-
2 NOLOGY.—The term ‘qualified health information
3 technology’ means a system or components of health
4 information technology that meet any applicable core
5 interoperability guidelines (endorsed under applica-
6 ble provisions of law) when in use or that use inter-
7 face software that allows for interoperability in ac-
8 cordance with such guidelines.

9 “(8) RURAL AREA.—The term ‘rural area’ has
10 the meaning given such term for purposes of section
11 1886(d)(2)(D) of the Social Security Act (42 U.S.C.
12 1395ww(d)(2)(D)).

13 “(9) RURAL HEALTH CARE PROVIDER.—The
14 term ‘rural health care provider’ means a health
15 care provider that is located in a rural area.

16 “(10) STATE.—The term ‘State’ means each of
17 the several States, the District of Columbia, Puerto
18 Rico, the Virgin Islands, Guam, American Samoa,
19 and the Northern Mariana Islands.”.

20 **SEC. 402. CAPITAL INFRASTRUCTURE REVOLVING LOAN**
21 **PROGRAM.**

22 (a) IN GENERAL.—Part A of title XVI of the Public
23 Health Service Act (42 U.S.C. 300q et seq.) is amended
24 by adding at the end the following new section:

1 “CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM
2 “SEC. 1603. (a) AUTHORITY TO MAKE AND GUAR-
3 ANTEE LOANS.—

4 “(1) AUTHORITY TO MAKE LOANS.—The Sec-
5 retary may make loans from the fund established
6 under section 1602(d) to any rural entity for
7 projects for capital improvements, including—

8 “(A) the acquisition of land necessary for
9 the capital improvements;

10 “(B) the renovation or modernization of
11 any building;

12 “(C) the acquisition or repair of fixed or
13 major movable equipment; and

14 “(D) such other project expenses as the
15 Secretary determines appropriate.

16 “(2) AUTHORITY TO GUARANTEE LOANS.—

17 “(A) IN GENERAL.—The Secretary may
18 guarantee the payment of principal and interest
19 for loans made to rural entities for projects for
20 any capital improvement described in paragraph
21 (1) to any non-Federal lender.

22 “(B) INTEREST SUBSIDIES.—In the case
23 of a guarantee of any loan made to a rural enti-
24 ty under subparagraph (A), the Secretary may
25 pay to the holder of such loan, for and on be-

1 half of the project for which the loan was made,
2 amounts sufficient to reduce (by not more than
3 3 percent) the net effective interest rate other-
4 wise payable on such loan.

5 “(b) AMOUNT OF LOAN.—The principal amount of
6 a loan directly made or guaranteed under subsection (a)
7 for a project for capital improvement may not exceed
8 \$5,000,000.

9 “(c) FUNDING LIMITATIONS.—

10 “(1) GOVERNMENT CREDIT SUBSIDY EXPO-
11 SURE.—The total of the Government credit subsidy
12 exposure under the Credit Reform Act of 1990 scor-
13 ing protocol with respect to the loans outstanding at
14 any time with respect to which guarantees have been
15 issued, or which have been directly made, under sub-
16 section (a) may not exceed \$50,000,000 per year.

17 “(2) TOTAL AMOUNTS.—Subject to paragraph
18 (1), the total of the principal amount of all loans di-
19 rectly made or guaranteed under subsection (a) may
20 not exceed \$250,000,000 per year.

21 “(d) CAPITAL ASSESSMENT AND PLANNING
22 GRANTS.—

23 “(1) NONREPAYABLE GRANTS.—Subject to
24 paragraph (2), the Secretary may make a grant to
25 a rural entity, in an amount not to exceed \$50,000,

1 for purposes of capital assessment and business
2 planning.

3 “(2) LIMITATION.—The cumulative total of
4 grants awarded under this subsection may not ex-
5 ceed \$2,500,000 per year.

6 “(e) TERMINATION OF AUTHORITY.—The Secretary
7 may not directly make or guarantee any loan under sub-
8 section (a) or make a grant under subsection (d) after
9 September 30, 2010.”.

10 (b) RURAL ENTITY DEFINED.—Section 1624 of the
11 Public Health Service Act (42 U.S.C. 300s–3) is amended
12 by adding at the end the following new paragraph:

13 “(15)(A) The term ‘rural entity’ includes—

14 “(i) a rural health clinic, as defined in sec-
15 tion 1861(aa)(2) of the Social Security Act;

16 “(ii) any medical facility with at least 1
17 bed, but with less than 50 beds, that is located
18 in—

19 “(I) a county that is not part of a
20 metropolitan statistical area; or

21 “(II) a rural census tract of a metro-
22 politan statistical area (as determined
23 under the most recent modification of the
24 Goldsmith Modification, originally pub-

1 lished in the Federal Register on February
2 27, 1992 (57 Fed. Reg. 6725));

3 “(iii) a hospital that is classified as a
4 rural, regional, or national referral center under
5 section 1886(d)(5)(C) of the Social Security
6 Act; and

7 “(iv) a hospital that is a sole community
8 hospital (as defined in section
9 1886(d)(5)(D)(iii) of the Social Security Act).

10 “(B) For purposes of subparagraph (A), the
11 fact that a clinic, facility, or hospital has been geo-
12 graphically reclassified under the Medicare program
13 under title XVIII of the Social Security Act shall not
14 preclude a hospital from being considered a rural en-
15 tity under clause (i) or (ii) of subparagraph (A).”.

16 (c) CONFORMING AMENDMENTS.—Section 1602 of
17 the Public Health Service Act (42 U.S.C. 300q–2) is
18 amended—

19 (1) in subsection (b)(2)(D), by inserting “or
20 1603(a)(2)(B)” after “1601(a)(2)(B)”; and

21 (2) in subsection (d)—

22 (A) in paragraph (1)(C), by striking “sec-
23 tion 1601(a)(2)(B)” and inserting “sections
24 1601(a)(2)(B) and 1603(a)(2)(B)”; and

1 (B) in paragraph (2)(A), by inserting “or
2 1603(a)(2)(B)” after “1601(a)(2)(B)”.

3 **SEC. 403. RURAL HEALTH QUALITY ADVISORY COMMISSION**
4 **AND DEMONSTRATION PROJECTS.**

5 (a) RURAL HEALTH QUALITY ADVISORY COMMIS-
6 SION.—

7 (1) ESTABLISHMENT.—Not later than 6
8 months after the date of the enactment of this Act,
9 the Secretary of Health and Human Services (in this
10 section referred to as the “Secretary”) shall estab-
11 lish a commission to be known as the Rural Health
12 Quality Advisory Commission (in this section re-
13 ferred to as the “Commission”).

14 (2) DUTIES OF COMMISSION.—

15 (A) NATIONAL PLAN.—The Commission
16 shall develop, coordinate, and facilitate imple-
17 mentation of a national plan for rural health
18 quality improvement. The national plan shall—

19 (i) identify objectives for rural health
20 quality improvement;

21 (ii) identify strategies to eliminate
22 known gaps in rural health system capacity
23 and improve rural health quality; and

24 (iii) provide for Federal programs to
25 identify opportunities for strengthening

1 and aligning policies and programs to im-
2 prove rural health quality.

3 (B) DEMONSTRATION PROJECTS.—The
4 Commission shall design demonstration projects
5 to test alternative models for rural health qual-
6 ity improvement, including with respect to both
7 personal and population health.

8 (C) MONITORING.—The Commission shall
9 monitor progress toward the objectives identi-
10 fied pursuant to paragraph (1)(A).

11 (3) MEMBERSHIP.—

12 (A) NUMBER.—The Commission shall be
13 composed of 11 members appointed by the Sec-
14 retary.

15 (B) SELECTION.—The Secretary shall se-
16 lect the members of the Commission from
17 among individuals with significant rural health
18 care and health care quality expertise, including
19 expertise in clinical health care, health care
20 quality research, population or public health, or
21 purchaser organizations.

22 (4) CONTRACTING AUTHORITY.—Subject to the
23 availability of funds, the Commission may enter into
24 contracts and make other arrangements, as may be

1 necessary to carry out the duties described in para-
2 graph (2).

3 (5) STAFF.—Upon the request of the Commis-
4 sion, the Secretary may detail, on a reimbursable
5 basis, any of the personnel of the Office of Rural
6 Health Policy of the Health Resources and Services
7 Administration, the Agency for Health Care Quality
8 and Research, or the Centers for Medicare & Med-
9 icaid Services to the Commission to assist in car-
10 rying out this subsection.

11 (6) REPORTS TO CONGRESS.—Not later than 1
12 year after the establishment of the Commission, and
13 annually thereafter, the Commission shall submit a
14 report to the Congress on rural health quality. Each
15 such report shall include the following:

16 (A) An inventory of relevant programs and
17 recommendations for improved coordination and
18 integration of policy and programs.

19 (B) An assessment of achievement of the
20 objectives identified in the national plan devel-
21 oped under paragraph (2) and recommenda-
22 tions for realizing such objectives.

23 (C) Recommendations on Federal legisla-
24 tion, regulations, or administrative policies to
25 enhance rural health quality and outcomes.

1 (b) RURAL HEALTH QUALITY DEMONSTRATION
2 PROJECTS.—

3 (1) IN GENERAL.—Not later than 270 days
4 after the date of the enactment of this Act, the Sec-
5 retary, in consultation with the Rural Health Qual-
6 ity Advisory Commission, the Office of Rural Health
7 Policy of the Health Resources and Services Admin-
8 istration, the Agency for Healthcare Research and
9 Quality, and the Centers for Medicare & Medicaid
10 Services, shall make grants to eligible entities for 5
11 demonstration projects to implement and evaluate
12 methods for improving the quality of health care in
13 rural communities. Each such demonstration project
14 shall include—

15 (A) alternative community models that—

16 (i) will achieve greater integration of
17 personal and population health services;
18 and

19 (ii) address safety, effectiveness,
20 patient- or community-centeredness, timeli-
21 ness, efficiency, and equity (the six aims
22 identified by the Institute of Medicine of
23 the National Academies in its report enti-
24 tled “Crossing the Quality Chasm: A New

1 Health System for the 21st Century” re-
2 leased on March 1, 2001);

3 (B) innovative approaches to the financing
4 and delivery of health services to achieve rural
5 health quality goals; and

6 (C) development of quality improvement
7 support structures to assist rural health sys-
8 tems and professionals (such as workforce sup-
9 port structures, quality monitoring and report-
10 ing, clinical care protocols, and information
11 technology applications).

12 (2) ELIGIBLE ENTITIES.—In this subsection,
13 the term “eligible entity” means a consortium
14 that—

15 (A) shall include—

16 (i) at least one health care provider or
17 health care delivery system located in a
18 rural area; and

19 (ii) at least one organization rep-
20 resenting multiple community stakeholders;
21 and

22 (B) may include other partners such as
23 rural research centers.

24 (3) CONSULTATION.—In developing the pro-
25 gram for awarding grants under this subsection, the

1 Secretary shall consult with the Administrator of the
2 Agency for Healthcare Research and Quality, rural
3 health care providers, rural health care researchers,
4 and private and non-profit groups (including na-
5 tional associations) which are undertaking similar
6 efforts.

7 (4) EXPEDITED WAIVERS.—The Secretary shall
8 expedite the processing of any waiver that—

9 (A) is authorized under title XVIII or XIX
10 of the Social Security Act (42 U.S.C. 1395 et
11 seq.); and

12 (B) is necessary to carry out a demonstra-
13 tion project under this subsection.

14 (5) DEMONSTRATION PROJECT SITES.—The
15 Secretary shall ensure that the 5 demonstration
16 projects funded under this subsection are conducted
17 at a variety of sites representing the diversity of
18 rural communities in the Nation.

19 (6) DURATION.—Each demonstration project
20 under this subsection shall be for a period of 4
21 years.

22 (7) INDEPENDENT EVALUATION.—The Sec-
23 retary shall enter into an arrangement with an enti-
24 ty that has experience working directly with rural
25 health systems for the conduct of an independent

1 evaluation of the program carried out under this
2 subsection.

3 (8) REPORT.—Not later than one year after the
4 conclusion of all of the demonstration projects fund-
5 ed under this subsection, the Secretary shall submit
6 a report to the Congress on the results of such
7 projects. The report shall include—

8 (A) an evaluation of patient access to care,
9 patient outcomes, and an analysis of the cost
10 effectiveness of each such project; and

11 (B) recommendations on Federal legisla-
12 tion, regulations, or administrative policies to
13 enhance rural health quality and outcomes.

14 (c) APPROPRIATION.—

15 (1) IN GENERAL.—Out of funds in the Treas-
16 ury not otherwise appropriated, there are appro-
17 priated to the Secretary to carry out this Act
18 \$30,000,000 for the period of fiscal years 2007
19 through 2011.

20 (2) AVAILABILITY.—

21 (A) IN GENERAL.—Funds appropriated
22 under paragraph (1) shall remain available for
23 expenditure through fiscal year 2011.

24 (B) REPORT.—For purposes of carrying
25 out subsection (b)(8), funds appropriated under

1 paragraph (1) shall remain available for ex-
2 penditure through fiscal year 2012.

3 (3) RESERVATION.—Of the amount appro-
4 priated under paragraph (1), the Secretary shall re-
5 serve—

6 (A) \$5,000,000 to carry out subsection (a);

7 and

8 (B) \$25,000,000 to carry out subsection
9 (b), of which—

10 (i) 2 percent shall be for the provision
11 of technical assistance to grant recipients;

12 and

13 (ii) 5 percent shall be for independent
14 evaluation under subsection (b)(7).

15 **SEC. 404. RURAL HEALTH CARE SERVICES.**

16 Section 330A of the Public Health Service Act (42
17 U.S.C. 254c) is amended to read as follows:

18 **“SEC. 330A. RURAL HEALTH CARE SERVICES OUTREACH,
19 RURAL HEALTH NETWORK DEVELOPMENT,
20 DELTA RURAL DISPARITIES AND HEALTH
21 SYSTEMS DEVELOPMENT, AND SMALL RURAL
22 HEALTH CARE PROVIDER QUALITY IMPROVE-
23 MENT GRANT PROGRAMS.**

24 **“(a) PURPOSE.—**The purpose of this section is to
25 provide for grants—

1 “(1) under subsection (b), to promote rural
2 health care services outreach;

3 “(2) under subsection (c), to provide for the
4 planning and implementation of integrated health
5 care networks in rural areas;

6 “(3) under subsection (d), to assist rural com-
7 munities in the Delta Region to reduce health dis-
8 parities and to promote and enhance health system
9 development; and

10 “(4) under subsection (e), to provide for the
11 planning and implementation of small rural health
12 care provider quality improvement activities.

13 “(b) RURAL HEALTH CARE SERVICES OUTREACH
14 GRANTS.—

15 “(1) GRANTS.—The Director of the Office of
16 Rural Health Policy of the Health Resources and
17 Services Administration may award grants to eligible
18 entities to promote rural health care services out-
19 reach by expanding the delivery of health care serv-
20 ices to include new and enhanced services in rural
21 areas. The Director may award the grants for peri-
22 ods of not more than 3 years.

23 “(2) ELIGIBILITY.—To be eligible to receive a
24 grant under this subsection for a project, an enti-
25 ty—

1 “(A) shall be a rural public or rural non-
2 profit private entity, a facility that qualifies as
3 a rural health clinic under title XVIII of the
4 Social Security Act, a public or nonprofit entity
5 existing exclusively to provide services to mi-
6 grant and seasonal farm workers in rural areas,
7 or a tribal government whose grant-funded ac-
8 tivities will be conducted within federally recog-
9 nized tribal areas;

10 “(B) shall represent a consortium com-
11 posed of members—

12 “(i) that include 3 or more independ-
13 ently-owned health care entities; and

14 “(ii) that may be nonprofit or for-
15 profit entities; and

16 “(C) shall not previously have received a
17 grant under this subsection for the same or a
18 similar project, unless the entity is proposing to
19 expand the scope of the project or the area that
20 will be served through the project.

21 “(3) APPLICATIONS.—To be eligible to receive a
22 grant under this subsection, an eligible entity shall
23 prepare and submit to the Director an application at
24 such time, in such manner, and containing such in-
25 formation as the Director may require, including—

1 “(A) a description of the project that the
2 eligible entity will carry out using the funds
3 provided under the grant;

4 “(B) a description of the manner in which
5 the project funded under the grant will meet
6 the health care needs of rural populations in
7 the local community or region to be served;

8 “(C) a plan for quantifying how health
9 care needs will be met through identification of
10 the target population and benchmarks of service
11 delivery or health status, such as—

12 “(i) quantifiable measurements of
13 health status improvement for projects fo-
14 cusing on health promotion; or

15 “(ii) benchmarks of increased access
16 to primary care, including tracking factors
17 such as the number and type of primary
18 care visits, identification of a medical
19 home, or other general measures of such
20 access;

21 “(D) a description of how the local com-
22 munity or region to be served will be involved
23 in the development and ongoing operations of
24 the project;

1 “(E) a plan for sustaining the project after
2 Federal support for the project has ended;

3 “(F) a description of how the project will
4 be evaluated;

5 “(G) the administrative capacity to submit
6 annual performance data electronically as speci-
7 fied by the Director; and

8 “(H) other such information as the Direc-
9 tor determines to be appropriate.

10 “(c) RURAL HEALTH NETWORK DEVELOPMENT
11 GRANTS.—

12 “(1) GRANTS.—

13 “(A) IN GENERAL.—The Director may
14 award rural health network development grants
15 to eligible entities to promote, through planning
16 and implementation, the development of inte-
17 grated health care networks that have combined
18 the functions of the entities participating in the
19 networks in order to—

20 “(i) achieve efficiencies and economies
21 of scale;

22 “(ii) expand access to, coordinate, and
23 improve the quality of the health care de-
24 livery system through development of orga-
25 nizational efficiencies;

1 “(iii) implement health information
2 technology to achieve efficiencies, reduce
3 medical errors, and improve quality;

4 “(iv) coordinate care and manage
5 chronic illness; and

6 “(v) strengthen the rural health care
7 system as a whole in such a manner as to
8 show a quantifiable return on investment
9 to the participants in the network.

10 “(B) GRANT PERIODS.—The Director may
11 award such a rural health network development
12 grant—

13 “(i) for a period of 3 years for imple-
14 mentation activities; or

15 “(ii) for a period of 1 year for plan-
16 ning activities to assist in the initial devel-
17 opment of an integrated health care net-
18 work, if the proposed participants in the
19 network do not have a history of collabo-
20 rative efforts and a 3-year grant would be
21 inappropriate.

22 “(2) ELIGIBILITY.—To be eligible to receive a
23 grant under this subsection, an entity—

24 “(A) shall be a rural public or rural non-
25 profit private entity, a facility that qualifies as

1 a rural health clinic under title XVIII of the
2 Social Security Act, a public or nonprofit entity
3 existing exclusively to provide services to mi-
4 grant and seasonal farm workers in rural areas,
5 or a tribal government whose grant-funded ac-
6 tivities will be conducted within federally recog-
7 nized tribal areas

8 “(B) shall represent a network composed
9 of participants—

10 “(i) that include 3 or more independ-
11 ently-owned health care entities; and

12 “(ii) that may be nonprofit or for-
13 profit entities; and

14 “(C) shall not previously have received a
15 grant under this subsection (other than a 1-
16 year grant for planning activities) for the same
17 or a similar project.

18 “(3) APPLICATIONS.—To be eligible to receive a
19 grant under this subsection, an eligible entity, in
20 consultation with the appropriate State office of
21 rural health or another appropriate State entity,
22 shall prepare and submit to the Director an applica-
23 tion at such time, in such manner, and containing
24 such information as the Director may require, in-
25 cluding—

1 “(A) a description of the project that the
2 eligible entity will carry out using the funds
3 provided under the grant;

4 “(B) an explanation of the reasons why
5 Federal assistance is required to carry out the
6 project;

7 “(C) a description of—

8 “(i) the history of collaborative activi-
9 ties carried out by the participants in the
10 network;

11 “(ii) the degree to which the partici-
12 pants are ready to integrate their func-
13 tions; and

14 “(iii) how the local community or re-
15 gion to be served will benefit from and be
16 involved in the activities carried out by the
17 network;

18 “(D) a description of how the local com-
19 munity or region to be served will experience in-
20 creased access to quality health care services
21 across the continuum of care as a result of the
22 integration activities carried out by the net-
23 work, including a description of—

24 “(i) return on investment for the com-
25 munity and the network members; and

1 “(ii) other quantifiable performance
2 measures that show the benefit of the net-
3 work activities;

4 “(E) a plan for sustaining the project after
5 Federal support for the project has ended;

6 “(F) a description of how the project will
7 be evaluated;

8 “(G) the administrative capacity to submit
9 annual performance data electronically as speci-
10 fied by the Director; and

11 “(H) other such information as the Direc-
12 tor determines to be appropriate.

13 “(d) DELTA RURAL DISPARITIES AND HEALTH SYS-
14 TEMS DEVELOPMENT GRANTS.—

15 “(1) GRANTS.—The Director may award grants
16 to eligible entities to support reduction of health dis-
17 parities, improve access to health care, and enhance
18 rural health system development in the Delta Re-
19 gion.

20 “(2) ELIGIBILITY.—To be eligible to receive a
21 grant under this subsection, an entity shall be a
22 rural public or rural nonprofit private entity, a facil-
23 ity that qualifies as a rural health clinic under title
24 XVIII of the Social Security Act, a public or non-
25 profit entity existing exclusively to provide services

1 to migrant and seasonal farm workers in rural
2 areas, or a tribal government whose grant-funded
3 activities will be conducted within federally recog-
4 nized tribal areas.

5 “(3) APPLICATIONS.—To be eligible to receive a
6 grant under this subsection, an eligible entity shall
7 prepare and submit to the Director an application at
8 such time, in such manner, and containing such in-
9 formation as the Director may require, including—

10 “(A) a description of the project that the
11 eligible entity will carry out using the funds
12 provided under the grant;

13 “(B) an explanation of the reasons why
14 Federal assistance is required to carry out the
15 project;

16 “(C) a description of the manner in which
17 the project funded under the grant will meet
18 the health care needs of the Delta Region;

19 “(D) a description of how the local com-
20 munity or region to be served will experience in-
21 creased access to quality health care services as
22 a result of the activities carried out by the enti-
23 ty;

1 “(E) a description of how health dispari-
2 ties will be reduced or the health system will be
3 improved;

4 “(F) a plan for sustaining the project after
5 Federal support for the project has ended;

6 “(G) a description of how the project will
7 be evaluated including process and outcome
8 measures related to the quality of care provided
9 or how the health care system improves its per-
10 formance;

11 “(H) a description of how the grantee will
12 develop an advisory group made up of rep-
13 resentatives of the communities to be served to
14 provide guidance to the grantee to best meet
15 community need; and

16 “(I) other such information as the Director
17 determines to be appropriate.

18 “(e) SMALL RURAL HEALTH CARE PROVIDER QUAL-
19 ITY IMPROVEMENT GRANTS.—

20 “(1) GRANTS.—The Director may award grants
21 to provide for the planning and implementation of
22 small rural health care provider quality improvement
23 activities. The Director may award the grants for
24 periods of 1 to 3 years.

1 “(2) ELIGIBILITY.—To be eligible for a grant
2 under this subsection, an entity—

3 “(A) shall be—

4 “(i) a rural public or rural nonprofit
5 private health care provider or provider of
6 health care services, such as a rural health
7 clinic; or

8 “(ii) another rural provider or net-
9 work of small rural providers identified by
10 the Director as a key source of local care;
11 and

12 “(B) shall not previously have received a
13 grant under this subsection for the same or a
14 similar project.

15 “(3) PREFERENCE.—In awarding grants under
16 this subsection, the Director shall give preference to
17 facilities that qualify as rural health clinics under
18 title XVIII of the Social Security Act.

19 “(4) APPLICATIONS.—To be eligible to receive a
20 grant under this subsection, an eligible entity shall
21 prepare and submit to the Director an application at
22 such time, in such manner, and containing such in-
23 formation as the Director may require, including—

1 “(A) a description of the project that the
2 eligible entity will carry out using the funds
3 provided under the grant;

4 “(B) an explanation of the reasons why
5 Federal assistance is required to carry out the
6 project;

7 “(C) a description of the manner in which
8 the project funded under the grant will assure
9 continuous quality improvement in the provision
10 of services by the entity;

11 “(D) a description of how the local com-
12 munity or region to be served will experience in-
13 creased access to quality health care services as
14 a result of the activities carried out by the enti-
15 ty;

16 “(E) a plan for sustaining the project after
17 Federal support for the project has ended;

18 “(F) a description of how the project will
19 be evaluated including process and outcome
20 measures related to the quality of care pro-
21 vided; and

22 “(G) other such information as the Direc-
23 tor determines to be appropriate.

24 “(f) GENERAL REQUIREMENTS.—

1 “(1) PROHIBITED USES OF FUNDS.—An entity
2 that receives a grant under this section may not use
3 funds provided through the grant—

4 “(A) to build or acquire real property; or
5 “(B) for construction.

6 “(2) COORDINATION WITH OTHER AGENCIES.—
7 The Director shall coordinate activities carried out
8 under grant programs described in this section, to
9 the extent practicable, with Federal and State agen-
10 cies and nonprofit organizations that are operating
11 similar grant programs, to maximize the effect of
12 public dollars in funding meritorious proposals.

13 “(g) REPORT.—Not later than September 30, 2009,
14 the Secretary shall prepare and submit to the appropriate
15 committees of Congress a report on the progress and ac-
16 complishments of the grant programs described in sub-
17 sections (b), (c), (d), and (e).

18 “(h) DEFINITIONS.—In this section:

19 “(1) The term ‘Delta Region’ has the meaning
20 given to the term ‘region’ in section 382A of the
21 Consolidated Farm and Rural Development Act (7
22 U.S.C. 2009aa).

23 “(2) The term ‘Director’ means the Director of
24 the Office of Rural Health Policy of the Health Re-
25 sources and Services Administration.

1 “(i) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to carry out this section
3 \$40,000,000 for fiscal year 2007, and such sums as may
4 be necessary for each of fiscal years 2008 through 2011.”.

5 **SEC. 405. COMMUNITY HEALTH CENTER COLLABORATIVE**
6 **ACCESS EXPANSION.**

7 Section 330 of the Public Health Service Act (42
8 U.S.C. 254b) is amended by adding at the end the fol-
9 lowing:

10 “(s) MISCELLANEOUS PROVISIONS.—

11 “(1) RULE OF CONSTRUCTION WITH RESPECT
12 TO RURAL HEALTH CLINICS.—

13 “(A) IN GENERAL.—Nothing in this sec-
14 tion shall be construed to prevent a community
15 health center from contracting with a federally
16 certified rural health clinic (as defined by sec-
17 tion 1861(aa)(2) of the Social Security Act) for
18 the delivery of primary health care services that
19 are available at the rural health clinic to indi-
20 viduals who would otherwise be eligible for free
21 or reduced cost care if that individual were able
22 to obtain that care at the community health
23 center. Such services may be limited in scope to
24 those primary health care services available in
25 that rural health clinic.

1 “(B) ASSURANCES.—In order for a rural
2 health clinic to receive funds under this section
3 through a contract with a community health
4 center under paragraph (1), such rural health
5 clinic shall establish policies to ensure—

6 “(i) nondiscrimination based upon the
7 ability of a patient to pay; and

8 “(ii) the establishment of a sliding fee
9 scale for low-income patients.”.

10 **SEC. 406. FACILITATING THE PROVISION OF TELEHEALTH**
11 **SERVICES ACROSS STATE LINES.**

12 (a) IN GENERAL.—For purposes of expediting the
13 provision of telehealth services, for which payment is made
14 under the Medicare program, across State lines, the Sec-
15 retary of Health and Human Services shall, in consulta-
16 tion with representatives of States, physicians, health care
17 practitioners, and patient advocates, encourage and facili-
18 tate the adoption of provisions allowing for multistate
19 practitioner practice across State lines.

20 (b) DEFINITIONS.—In subsection (a):

21 (1) TELEHEALTH SERVICE.—The term “tele-
22 health service” has the meaning given that term in
23 subparagraph (F) of section 1834(m)(4) of the So-
24 cial Security Act (42 U.S.C. 1395m(m)(4)).

1 (2) PHYSICIAN, PRACTITIONER.—The terms
2 “physician” and “practitioner” have the meaning
3 given those terms in subparagraphs (D) and (E), re-
4 spectively, of such section.

5 (3) MEDICARE PROGRAM.—The term “Medicare
6 program” means the program of health insurance
7 administered by the Secretary of Health and Human
8 Services under title XVIII of the Social Security Act
9 (42 U.S.C. 1395 et seq.).

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