

103^D CONGRESS
1ST SESSION

H. R. 192

To provide for improvements to the health of farm families, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. GUNDERSON introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To provide for improvements to the health of farm families, 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 “Farm and Rural Medi-
5 cal Equity Reform Act of 1993”.

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1 **TITLE I—DEDUCTIBILITY OF**
 2 **HEALTH INSURANCE EX-**
 3 **PENSES FOR THE SELF-EM-**
 4 **PLOYED**

5 **SEC. 101. INCREASE IN AMOUNT OF DEDUCTION FOR**
 6 **HEALTH INSURANCE COSTS OF SELF-EM-**
 7 **PLOYED INDIVIDUALS.**

8 (a) INCREASE IN DEDUCTION.—Paragraph (1) of
 9 section 162(l) of the Internal Revenue Code of 1986 (re-

1 lating to special rules for health insurance costs of self-
2 employed individuals) is amended by striking “25 percent”
3 and inserting “100 percent”.

4 (b) DEDUCTION MADE PERMANENT.—Subsection (l)
5 of section 162 of such Code is amended by striking para-
6 graph (6).

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 June 30, 1992.

10 **TITLE II—MEDICAL SAVINGS** 11 **ACCOUNTS**

12 **SEC. 201. MEDICAL SAVINGS ACCOUNTS.**

13 (a) IN GENERAL.—Part VII of subchapter B of chap-
14 ter 1 of the Internal Revenue Code of 1986 (relating to
15 additional itemized deductions for individuals) is amended
16 by redesignating section 220 as section 221 and by insert-
17 ing after section 219 the following new section:

18 **“SEC. 220. MEDICAL SAVINGS ACCOUNTS.**

19 “(a) DEDUCTION ALLOWED.—In the case of an eligi-
20 ble individual, there shall be allowed as a deduction
21 amounts paid in cash during the taxable year by or on
22 behalf of such individual to a medical savings account.

23 “(b) LIMITATION.—

24 “(1) IN GENERAL.—The amount allowable as a
25 deduction under subsection (a) to an individual for

1 the taxable year shall not exceed the excess (if any)
2 of—

3 “(A) the lesser of—

4 “(i) the applicable limit, or

5 “(ii) the compensation (as defined in
6 section 219(f)) includible in the individ-
7 ual’s gross income for the taxable year,
8 over

9 “(B) the sum of—

10 “(i) the value of employer-provided
11 coverage for the medical expenses of such
12 individual,

13 “(ii) the amount paid by the individ-
14 ual (other than from amounts distributed
15 from a medical savings account) for cov-
16 erage under qualified catastrophic coverage
17 health plan for coverage for such individ-
18 ual, the spouse of such individual, and de-
19 pendants (as defined in section 152) of
20 such individual, plus

21 “(iii) the aggregate amount contrib-
22 uted to such account during the taxable
23 year pursuant to section 125(d)(3).

24 “(2) APPLICABLE LIMIT.—For purposes of
25 paragraph (1), the applicable limit is the sum of—

1 “(A) \$4,800, plus

2 “(B) \$600 for each individual who is a de-
3 pendent (as defined in section 152) of the indi-
4 vidual for whose benefit the account is estab-
5 lished.

6 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
7 poses of this section—

8 “(1) MEDICAL SAVINGS ACCOUNT.—The term
9 ‘medical savings account’ means a trust created or
10 organized in the United States exclusively for the
11 purpose of paying the qualified medical expenses of
12 the individual for whose benefit the trust is estab-
13 lished, but only if the written governing instrument
14 creating the trust meets the following requirements:

15 “(A) A contribution will be accepted unless
16 it is in cash and contributions will not be ac-
17 cepted for any taxable year in excess of the ap-
18 plicable limit)as defined in subsection (b)(2)).

19 “(B) The trustee is a bank (as defined in
20 section 408(n)) or another person who dem-
21 onstrates to the satisfaction of the Secretary
22 that the manner in which such person will ad-
23 minister the trust will be consistent with the re-
24 quirements of this section.

1 “(C) No part of the trust assets will be in-
2 vested in life insurance contracts.

3 “(D) The assets of the trust will not be
4 commingled with other property except in a
5 common trust fund or common investment
6 fund.

7 “(2) ELIGIBLE INDIVIDUAL.—The term ‘eligible
8 individual’ means any individual if—

9 “(A) Such individual is not covered by any
10 employer-provided group health plan, or

11 “(B) such individual is covered by an em-
12 ployer-provided group health plan which is a
13 qualified catastrophic coverage health plan and
14 is not covered by any other health plan.

15 “(3) QUALIFIED MEDICAL EXPENSES.—

16 “(A) IN GENERAL.—The term ‘qualified
17 medical expenses’ means—

18 “(i) medical expenses, and

19 “(ii) amounts paid for qualified long-
20 term care insurance (as defined in section
21 818(g)).

22 “(B) MEDICAL EXPENSES.—The term
23 ‘medical expenses’ means amount paid by the
24 individual for whose benefit the account was es-
25 tablished for medical care (as defined in section

1 213) of such individual, the spouse of such indi-
2 vidual, and any dependent (as defined in section
3 152) of such individual, but only to the extent
4 such amounts are not compensated for by in-
5 surance of otherwise.

6 “(4) QUALIFIED CATASTROPHIC COVERAGE
7 HEALTH PLAN.—The term ‘qualified catastrophic
8 coverage health plan’ means any health plan which
9 is certified by the Secretary of Health and Human
10 Services as a plan—

11 “(A) which provides no compensation for
12 medical expenses not exceeding \$3,000 during
13 any year,

14 “(B) which requires the individual to pay
15 15 percent of such individual’s medical expenses
16 to the extent they exceed \$3,000 but not
17 \$9,000 during any year, and

18 “(C) which provides full reimbursement for
19 medical expenses exceeding \$9,000.

20 “(5) TIME WHEN CONTRIBUTIONS DEEMED
21 MADE.—A taxpayer shall be deemed to have made a
22 contribution on the last day of the preceding taxable
23 year if the contribution is made on account of such
24 taxable year and is made not later than the time

1 prescribed by law for filing the return for such tax-
2 able year (not including extensions thereof).

3 “(d) TAX TREATMENT OF DISTRIBUTIONS.—

4 “(1) IN GENERAL.—Except as otherwise pro-
5 vided in this subsection, any amount paid or distrib-
6 uted out of a medical savings account shall be in-
7 cluded in the gross income of the individual for
8 whose benefit such account was established unless
9 such amount is used exclusively to pay the qualified
10 medical expenses of such individual.

11 “(2) EXCESS CONTRIBUTIONS RETURNED BE-
12 FORE DUE DATE OF RETURN.—Paragraph (1) shall
13 not apply to the distribution of any contribution paid
14 during a taxable year to a medical savings account
15 to the extent that such contribution exceeds the
16 amount allowable as a deduction under subsection
17 (a) if—

18 “(A) such distribution is received on or be-
19 fore the day prescribed by law (including exten-
20 sions of time) for filing such individual’s return
21 for such taxable year,

22 “(B) no deduction is allowed under sub-
23 section (a) with respect to such excess contribu-
24 tion, and

1 “(C) such distribution is accompanied by
2 the amount of net income attributable to such
3 excess contribution.

4 Any net income described in subparagraph (C) shall
5 be included in the gross income of the individual for
6 the taxable year in which it is received.

7 “(e) TAX TREATMENT OF ACCOUNTS.—

8 “(1) EXEMPTION FROM TAX.—A medical sav-
9 ings account is exempt from taxation under this sub-
10 title unless such account has ceased to be an invest-
11 ment savings account by reason of paragraph (2).
12 Notwithstanding the preceding sentence, any such
13 account is subject to the taxes imposed by section
14 511 (relating to imposition of tax on unrelated busi-
15 ness income of charitable, etc. organizations).

16 “(2) LOSS OF EXEMPTION OF ACCOUNT WHERE
17 INDIVIDUAL ENGAGES IN PROHIBITED TRANS-
18 ACTION.—

19 “(A) IN GENERAL.—If, during any taxable
20 year of the individual for whose benefit the
21 medical savings account was established, such
22 individual engages in any transaction prohibited
23 by section 4975 with respect to the account, the
24 account ceases to be a medical savings account
25 as of the first day of that taxable year.

1 “(B) ACCOUNT TREATED AS DISTRIBUTING
2 ALL ITS ASSETS.—In any case in which any ac-
3 count ceases to be a medical savings account by
4 reason of subparagraph (A) on the first day of
5 any taxable year, paragraph (1) of subsection
6 (d) applies as if there were a distribution on
7 such first day in an amount equal to the fair
8 market value (on such first day) of all assets in
9 the account (on such first day).

10 “(3) EFFECT OF PLEDGING ACCOUNT AS SECU-
11 RITY.—If, during any taxable year, the individual for
12 whose benefit a medical savings account was estab-
13 lished uses the account or any portion thereof as se-
14 curity for a loan, the portion so used is treated as
15 distributed to that individual.

16 “(f) ADDITIONAL TAX ON CERTAIN AMOUNTS IN-
17 CLUDED IN GROSS INCOME.—

18 “(1) DISTRIBUTION NOT USED FOR QUALIFIED
19 MEDICAL EXPENSES.—If a distribution from a medi-
20 cal savings account is made, and not used to pay the
21 qualified medical expenses of the individual for
22 whose benefit the account was established, the tax li-
23 ability of such individual for the taxable year in
24 which such distribution is received shall be increased
25 by an amount equal to 10 percent of the amount of

1 the distribution which is includible in gross income
2 for such taxable year.

3 “(2) DISQUALIFICATION CASES.—If an amount
4 is includible in the gross income of an individual for
5 a taxable year under subsection (e), his tax under
6 this chapter for such taxable year shall be increased
7 by an amount equal to 10 percent of such amount
8 includible in his gross income.

9 “(3) DISABILITY OR DEATH CASES.—Para-
10 graphs (1) and (2) do not apply if the payment or
11 distribution is made after the individual for whose
12 benefit the medical savings account was established
13 becomes disabled within the meaning of section
14 72(m)(7) or dies.

15 “(g) SPECIAL RULES.—

16 “(1) COMMUNITY PROPERTY LAWS.—This sec-
17 tion shall be applied without regard to any commu-
18 nity property laws.

19 “(2) CUSTODIAL ACCOUNTS.—For purposes of
20 this section, a custodial account shall be treated as
21 a trust if—

22 “(A) the assets of such account are held by
23 a bank (as defined in section 408(n)) or an-
24 other person who demonstrates to the satisfac-
25 tion of the Secretary that the manner in which

1 he will administer the account will be consistent
2 with the requirements of this section, and

3 “(B) the custodial account would, except
4 for the fact that it is not a trust, constitute a
5 medical savings account described in subsection
6 (c).

7 For purposes of this title, in the case of a custodial
8 account treated as a trust by reason of the preceding
9 sentence, the custodian of such account shall be
10 treated as the trustee thereof.

11 “(3) DENIAL OF DEDUCTIONS.—No amount
12 paid or distributed from a medical savings account
13 shall be taken into account in determining the de-
14 duction provided by section 213.

15 “(h) INFLATION ADJUSTMENT.—

16 “(1) IN GENERAL.—In the case of any taxable
17 year beginning in a calendar year after 1994, each
18 applicable dollar amount shall be increased by an
19 amount equal to—

20 “(A) such dollar amount, multiplied by

21 “(B) the cost-of-living adjustment for the
22 calendar year in which the taxable year begins.

23 “(2) COST-OF-LIVING ADJUSTMENT.—For pur-
24 poses of paragraph (1), the cost-of-living adjustment

1 for any calendar year is the percentage (if any) by
2 which—

3 “(A) the deemed average total wages (as
4 defined in section 209(k) of the Social Security
5 Act) for the preceding calendar year, exceeds

6 “(B) the deemed average total wages (as
7 so defined) for calendar year 1993.

8 “(3) APPLICABLE DOLLAR AMOUNT.—For pur-
9 poses of paragraph (1), the term ‘applicable dollar
10 amount’ means—

11 “(A) the \$4,800 and \$600 amounts in sub-
12 section (b), and

13 “(B) the \$3,000 and \$9,000 amounts in
14 subsection (c)(4).

15 “(4) ROUNDING.—If any amount as adjusted
16 under paragraph (1) is not a multiple of \$10, such
17 amount shall be rounded to the nearest multiple of
18 \$10 (or, if such amount is a multiple of \$5 and not
19 of \$10, such amount shall be rounded to the next
20 highest multiple of \$10).

21 “(i) REPORTS.—The trustee of a medical savings ac-
22 count shall make such reports regarding such account to
23 the Secretary and to the individual for whose benefit the
24 account is maintained with respect to contributions, dis-
25 tributions, and such other matters as the Secretary may

1 require under regulations. The reports required by this
2 subsection shall be filed at such time and in such manner
3 and furnished to such individuals at such time and in such
4 manner as may be required by those regulations.”.

5 (b) DEDUCTION ALLOWED IN ARRIVING AT AD-
6 JUSTED GROSS INCOME.—Paragraph (7) of section 62(a)
7 of such Code (relating to retirement savings) is amend-
8 ed—

9 (1) by inserting “OR MEDICAL EXPENSE” after
10 “RETIREMENT” in the heading of such paragraph,
11 and

12 (2) by inserting before the period at the end
13 thereof the following: “and the deduction allowed by
14 section 220 (relating to deduction of certain pay-
15 ments to medical savings accounts)”.

16 (c) TAX ON EXCESS CONTRIBUTIONS.—Section 4973
17 of such Code (relating to tax on excess contributions to
18 individual retirement accounts, certain section 403(b) con-
19 tracts, and certain individual retirement annuities) is
20 amended—

21 (1) by inserting “**MEDICAL SAVINGS AC-**
22 **COUNTS,**” after “**ACCOUNTS,**” in the heading of
23 such section,

1 (2) by redesignating paragraph (2) of sub-
2 section (a) as paragraph (3) and by inserting after
3 paragraph (1) the following:

4 “(2) a medical savings account (within the
5 meaning of section 220(c)),”,

6 (3) by striking “or” at the end of paragraph
7 (1) of subsection (a), and

8 (4) by adding at the end thereof the following
9 new subsection:

10 “(d) EXCESS CONTRIBUTIONS TO MEDICAL SAVINGS
11 ACCOUNTS.—For purposes of this section, in the case of
12 a medical savings account, the term ‘excess contributions’
13 means the amount by which the amount contributed for
14 the taxable year to the account exceeds the amount allow-
15 able as a deduction under section 220 for such taxable
16 year. For purposes of this subsection, any contribution
17 which is distributed out of the medical savings account
18 and a distribution to which section 220(d)(2) applies shall
19 be treated as an amount not contributed.”.

20 (d) TAX ON PROHIBITED TRANSACTIONS.—Section
21 4975 of such Code (relating to prohibited transactions)
22 is amended—

23 (1) by adding at the end of subsection (c) the
24 following new paragraph:

1 “(4) SPECIAL RULE FOR MEDICAL SAVINGS AC-
2 COUNTS.—An individual for whose benefit a medical
3 savings account is established shall be exempt from
4 the tax imposed by this section with respect to any
5 transaction concerning such account (which would
6 otherwise be taxable under this section) if, with re-
7 spect to such transaction, the account ceases to be
8 a medical savings account by reason of the applica-
9 tion of section 220(e)(2)(A) to such account.”, and

10 (2) by inserting “or a medical savings account
11 described in section 220(c)” in subsection (e)(1)
12 after “described in section 408(a)”.

13 (e) FAILURE TO PROVIDE REPORTS ON MEDICAL
14 SAVINGS ACCOUNTS.—Section 6693 of such Code (relat-
15 ing to failure to provide reports on individual retirement
16 account or annuities) is amended—

17 (1) by inserting “**OR ON MEDICAL SAVINGS**
18 **ACCOUNTS**” after “**ANNUITIES**” in the heading of
19 such section, and

20 (2) by adding at the end of subsection (a) the
21 following: “The person required by section 220(i) to
22 file a report regarding a medical savings account at
23 the time and in the manner required by such section
24 shall pay a penalty of \$50 for each failure unless it

1 is shown that such failure is due to reasonable
2 cause.”

3 (f) CLERICAL AMENDMENTS.—

4 (1) The table of sections for part VII of sub-
5 chapter B of chapter 1 of such Code is amended by
6 striking the item relating to section 220 and insert-
7 ing the following:

“Sec. 220. Medical savings accounts.

“Sec. 221. Cross reference.”

8 (2) The table of sections for chapter 43 of such
9 Code is amended by striking the item relating to sec-
10 tion 4973 and inserting the following:

“Sec. 4973. Tax on excess contributions to individual retirement accounts, medi-
cal savings accounts, certain 403(b) contracts, and certain indi-
vidual retirement annuities.”

11 (3) The table of sections for subchapter B of
12 chapter 68 of such Code is amended by inserting “or
13 on medical savings accounts” after “annuities” in
14 the item relating to section 6693.

15 (g) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 1993.

18 **SEC. 202. UNUSED AMOUNTS IN FLEXIBLE SPENDING AC-**
19 **COUNTS TRANSFERABLE TO MEDICAL SAV-**
20 **INGS ACCOUNTS.**

21 (a) IN GENERAL.—Subsection (d) of section 125 of
22 the Internal Revenue Code of 1986 (relating to cafeteria

1 plans) is amended by adding at the end thereof the follow-
2 ing new paragraph:

3 “(3) UNUSED AMOUNTS TRANSFERABLE TO
4 MEDICAL SAVINGS ACCOUNTS.—

5 “(A) IN GENERAL.—Subsection (a) shall
6 not fail to apply to a participant in a plan, and
7 a plan shall not fail to be treated as a cafeteria
8 plan, solely because under the plan amounts not
9 paid out as reimbursements under a flexible
10 spending arrangement for health and disability
11 for the benefit of an individual are contributed
12 to a medical savings account (as defined in sec-
13 tion 220(c)) for the benefit of such individual.

14 “(B) SPECIAL RULES.—

15 “(i) TIMING OF CONTRIBUTIONS.—
16 Contributions made under this paragraph
17 shall be made on the last day of the plan
18 year of the cafeteria plan.

19 “(ii) AVAILABILITY REQUIREMENT.—
20 Subparagraph (A) shall apply only if the
21 plan is available to at least 80 percent of
22 the employees of the employer. For pur-
23 poses of the preceding sentence, there shall
24 be excluded employees who are excluded
25 under section 414(q)(8) or who would be

1 so excluded if ‘30’ were substituted for
2 ‘17½’ in subparagraph (B) thereof.”.

3 (b) TREATMENT OF AMOUNTS RECEIVED BY QUALI-
4 FIED CASH OR DEFERRED ARRANGEMENT.—

5 (1) Paragraph (2) of section 401(k) of such
6 Code is amended by striking “and” at the end of
7 subparagraph (C), by striking the period at the end
8 of subparagraph (D) and inserting “, and”, and by
9 adding at the end thereof the following new subpara-
10 graph:

11 “(E) which provides that, with respect to
12 amounts held by the trust which are attrib-
13 utable to contributions made to the trust pursu-
14 ant to section 125(d)(3)—

15 “(i) an employee’s right to such
16 amounts is nonforfeitable, and

17 “(ii) such amounts may be used only
18 to pay expenses (not compensated for by
19 insurance or otherwise) for the medical
20 care (as defined in section 213) of the em-
21 ployee, the spouse of the employee, or any
22 dependent (as defined in section 152) of
23 the employee.”.

1 “(1) subsection (a) shall be applied without re-
2 gard to the limitation based on adjusted gross in-
3 come, and

4 “(2) such amounts shall not be taken into ac-
5 count in determining whether any other amounts are
6 allowable as a deduction under this section.”.

7 (b) TECHNICAL AMENDMENT.—Paragraph (2) of
8 section 162(l) of such Code is amended by adding at the
9 end thereof the following new subparagraph:

10 “(C) QUALIFIED CATASTROPHIC COV-
11 ERAGE.—Paragraph (1) shall not apply to any
12 amount allowed as a deduction under section
13 213 for amounts paid for coverage under a
14 qualified catastrophic coverage health plan (as
15 defined in section 220(c)).”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 1993.

19 **TITLE III—UNIFORM CLAIMS;**
20 **ELECTRONIC CARDS; ELEC-**
21 **TRONIC BILLING**

22 **SEC. 301. ADVISORY COUNCIL ON HEALTH CLAIM PROCESS-**
23 **ING STANDARDIZATION.**

24 (a) ESTABLISHMENT.—The Secretary of Health and
25 Human Services (in this title referred to as the “Sec-

1 retary”) shall establish an Advisory Council on Health
2 Claim Processing Standardization (in this title referred to
3 as the “Council”).

4 (b) COMPOSITION.—The Council shall consist of 15
5 members appointed by the Secretary and shall include in-
6 dividuals representative of the health care community.

7 (c) RECOMMENDATIONS.—Not later than 2 years
8 after a majority of its members are appointed, the Council
9 shall submit to the Secretary recommendations concern-
10 ing—

11 (1) standards for uniform health claim reim-
12 bursement forms for hospitals and physicians and
13 the information to be contained on such forms;

14 (2) standards for electronic cards that could be
15 used to store a patient’s insurance information and
16 medical records; and

17 (3) the computerization of health claim billing
18 and the use of electronic means to transmit billing
19 information from hospitals and physicians to insur-
20 ers and the Secretary.

21 **SEC. 302. SPECIFICATION AND USE OF UNIFORM HEALTH**
22 **CLAIM REIMBURSEMENT FORMS.**

23 (a) ESTABLISHMENT.—Taking into account the rec-
24 ommendations of the Council under section 301(c)(1), the
25 Secretary shall specify a uniform health claim reimburse-

1 ment form for use by hospitals and such a form for use
2 by physicians.

3 (b) USE.—(1) Each insurer or other entity respon-
4 sible for administration of a health benefit plan shall re-
5 quire the use of the appropriate form specified under sub-
6 section (a) for claims for hospital services or physician
7 services in the United States under the plan.

8 (2) The requirement of paragraph (1) shall apply
9 with respect to claims for reimbursement submitted under
10 a health benefit plan more than 6 months after the date
11 of the Secretary specifies the forms under subsection (a).

12 (c) HEALTH BENEFIT PLAN DEFINED.—The term
13 “health benefit plan” means any hospital or medical ex-
14 pense incurred policy or certificate, hospital or medical
15 service plan contract, health maintenance subscriber con-
16 tract, multiple employer welfare arrangement, employee
17 benefit plan (as defined under the Employee Retirement
18 Income Security Act of 1974) that provides benefits with
19 respect to health care services, or the medicare or medic-
20 aid programs, but does not include—

21 (1) coverage only for accident, dental, vision,
22 disability income, or long-term care insurance, or
23 any combination thereof,

24 (2) coverage issued as a supplement to liability
25 insurance,

- 1 (3) worker's compensation or similar insurance,
2 or
3 (4) automobile medical-payment insurance,
4 or any combination thereof.

5 **TITLE IV—HEALTH INSURANCE**
6 **PORTABILITY PROVISIONS**

7 **SEC. 401. LIMITATION ON EXCLUSION FOR PRE-EXISTING**
8 **CONDITIONS; ASSURANCE OF CONTINUITY OF**
9 **COVERAGE.**

10 (a) LIMITATIONS ON TREATMENT OF PRE-EXISTING
11 CONDITIONS.—Subject to subsection (c), a carrier may
12 not impose (or require an employer to impose through a
13 waiting period for coverage under a group health plan or
14 similar requirement) a limitation or exclusion of benefits
15 under a group health plan relating to treatment of a condi-
16 tion based on the fact that the condition pre-existed the
17 effectiveness of the coverage if—

18 (1) the condition relates to a condition that was
19 not diagnosed or treated within 3 months before the
20 date of coverage under the plan;

21 (2) the limitation or exclusion extends over
22 more than 6 months after the date of coverage
23 under the plan;

24 (3) the limitation or exclusion applies to an in-
25 dividual who, as of the date of birth, was covered

1 under the plan or whose mother, as of such date,
2 was covered under the plan; or

3 (4) the limitation or exclusion relates to preg-
4 nancy.

5 In the case of an individual who is eligible for coverage
6 under an employer health benefit plan but for a waiting
7 period imposed by the employer, in applying paragraphs
8 (1) and (2), the individual shall be treated as having been
9 covered under the plan as of the earliest date of the begin-
10 ning of the waiting period.

11 (b) ASSURANCE OF CONTINUITY OF COVERAGE
12 THROUGH PREVIOUS SATISFACTION OF PRE-EXISTING
13 CONDITION REQUIREMENT.—

14 (1) IN GENERAL.—Each carrier shall waive any
15 period applicable to a preexisting condition for simi-
16 lar benefits with respect to an individual to the ex-
17 tent that the individual was covered for the condi-
18 tion under any health benefit plan that was in effect
19 before the date of the enrollment under the carrier's
20 plan.

21 (2) CONTINUOUS COVERAGE REQUIRED.—

22 (A) IN GENERAL.—Paragraph (1) shall no
23 longer apply if there is a continuous period of
24 more than 60 days on which the individual was
25 not covered under a health benefit plan.

1 (B) TREATMENT OF WAITING PERIODS.—

2 In applying subparagraph (A), any waiting pe-
3 riod imposed by an employer before an em-
4 ployee is eligible to be covered under a policy
5 shall be treated as a period in which the em-
6 ployee was covered under a health benefit plan.

7 (3) EXCLUSION OF CASH-ONLY AND DREAD
8 DISEASE POLICIES.—In this subsection, the term
9 “health benefit plan” does not include any insurance
10 which is offered primarily to provide—

11 (A) coverage for a specified disease or ill-
12 ness, or

13 (B) hospital or fixed indemnity policy, un-
14 less the Secretary (or in the case of a plan in
15 a State, the State) determines that such a pol-
16 icy provides sufficiently comprehensive coverage
17 of a benefit so that it should be treated as a
18 health benefit plan under this subsection.

19 (c) REGULATORY AUTHORITY.—The Secretary is au-
20 thorized directly, or through the states, to issue such regu-
21 lations as may be required to carry out this section.

22 (d) EFFECTIVE DATE.—

23 (1) IN GENERAL.—The amendments made by
24 this section shall apply to coverage provided under
25 a group health plan on or after the first day of the

1 first month beginning more than 1 year after the
2 date of the enactment of this Act.

3 (2) APPLICATION.—In applying paragraph (1),
4 coverage provided before the effective date shall be
5 taken into account in applying this section.

6 **SEC. 402. LIMITS ON PREMIUM INCREASES.**

7 (a) IN GENERAL.—A carrier may not provide for an
8 increase in the premium charged a small employer for a
9 small employer health benefit plan in a percentage that
10 exceeds the percentage change in the premium charged
11 under the plan for a newly covered employer within the
12 same class of business plus 15 percentage points.

13 (b) A carrier will only be allowed to set the maximum
14 percent increase in renewal premiums at 5 percent plus
15 the percent change in the base premium rate.

16 (c) EFFECTIVE DATE.—Subsection (a) shall apply to
17 premiums for plans renewed more than 1 year after the
18 date of the enactment of this Act.

19 **SEC. 403. DEFINITIONS.**

20 In this title:

21 (1) The term “carrier” means any entity which
22 provides health insurance or health benefits in a
23 State, and includes a licensed insurance company, a
24 prepaid hospital or medical service plan, a health
25 maintenance organization, the plan sponsor of a

1 multiple employer welfare arrangement or an em-
2 ployee benefit plan (as defined under the Employee
3 Retirement Income Security Act of 1974), or any
4 other entity providing a plan of health insurance
5 subject to State insurance regulation.

6 (2) The term “employer health benefit plan”
7 means a health benefit plan (including an employee
8 welfare benefit plan, as defined in section 3(1) of the
9 Employee Retirement Income Security Act of 1974)
10 which is offered to employees through an employer
11 and for which the employer provides for any con-
12 tribution to such plan or any premium for such plan
13 are deducted by the employer from compensation to
14 the employee.

15 (3) The term “full-time employee” means, with
16 respect to an employer, an individual who normally
17 is employed for at least thirty hours per week by the
18 employer.

19 (4) The term “small employer” means an entity
20 actively engaged in business which, on at least 50
21 percent of its working days during the preceding
22 year, employed at least two, but no more than one
23 hundred, full-time employees. For purposes of deter-
24 mining if an employer is a small employer, rules
25 similar to the rules of subsection (b) and (c) of sec-

1 tion 414 of the Internal Revenue Code of 1986 shall
2 apply.

3 (5) The term “small employer carrier” means a
4 carrier with respect to the issuance of a small em-
5 ployer health benefit plan.

6 (6) The term “small employer health benefit
7 plan” means an employer health benefit plan which
8 provides coverage to one or more full-time employees
9 of a small employer.

10 (7) The term “base premium rate” means the
11 lowest premium that the insurer may charge for a
12 group with similar demographic characteristics, ex-
13 cluding factors related to health status, claims his-
14 tory, or duration of coverage.

15 (8) The term “State” means the 50 States, the
16 District of Columbia, Puerto Rico, the Virgin Is-
17 lands, Guam, and American Samoa.

18 **SEC. 404. EXCISE TAX FOR VIOLATIONS.**

19 (a) IN GENERAL.—Chapter 47 of the Internal Reve-
20 nue Code of 1986 (relating to taxes on group health plans)
21 is amended by adding at the end thereof the following new
22 section:

23 **“SEC. 5000A. FAILURE TO SATISFY CERTAIN STANDARDS**
24 **FOR HEALTH INSURANCE.**

25 “(a) GENERAL RULE.—

1 “(1) TAX FOR PORTABILITY VIOLATIONS.—
2 There is hereby imposed a tax on a carrier for vio-
3 lating a requirement of section 401 of the Farm and
4 Rural Equity Reform Act of 1993, and

5 “(2) TAX FOR EXCESSIVE PREMIUM IN-
6 CREASE.—There is hereby imposed a tax on a car-
7 rier providing for a premium increase in violation of
8 section 402 of the Farm and Rural Medical Equity
9 Reform Act of 1993.

10 “(3) DETERMINATION OF VIOLATIONS.—The
11 Secretary of Health and Human Services shall de-
12 termine whether any carrier meets the requirements
13 of such sections.

14 “(b) AMOUNT OF TAX.—

15 “(1) IN GENERAL.—The amount of tax imposed
16 by subsection (a) by reason of 1 or more violations
17 during a taxable year shall be equal to 25 percent
18 of the gross premiums received during such taxable
19 year with respect to the employer health benefit plan
20 with respect to which the violation occurred.

21 “(2) GROSS PREMIUMS.—For purposes of para-
22 graph (1), gross premiums shall include any consid-
23 eration received with respect to any health benefit
24 plan.

1 “(3) CONTROLLED GROUPS.—For purposes of
2 paragraph (1)—

3 “(A) CONTROLLED GROUP OF CORPORA-
4 TIONS.—All corporations which are members of
5 the same controlled group of corporations shall
6 be treated as 1 person. For purposes of the pre-
7 ceding sentence, the term ‘controlled group of
8 corporations’ has the meaning given to such
9 term by section 1563(a), except that—

10 “(i) ‘more than 50 percent’ shall be
11 substituted for ‘at least 80 percent’ each
12 place it appears in section 1563(a)(1), and

13 “(ii) the determination shall be made
14 without regard to subsections (a)(4) and
15 (e)(3)(C) of section 1563.

16 “(B) PARTNERSHIPS, PROPRIETORSHIPS,
17 ETC., WHICH ARE UNDER COMMON CONTROL.—
18 Under regulations prescribed by the Secretary,
19 all trades or business (whether or not incor-
20 porated) which are under common control shall
21 be treated as 1 person. The regulations pre-
22 scribed under this subparagraph shall be based
23 on principles similar to the principles which
24 apply in the case of subparagraph (A).

25 “(c) LIMITATION ON TAX.—

1 “(1) TAX NOT TO APPLY WHERE FAILURE NOT
2 DISCOVERED EXERCISING REASONABLE DILI-
3 GENCE.—No tax shall be imposed by subsection (a)
4 with respect to any failure for which it is established
5 to the satisfaction of the Secretary that the person
6 on whom the tax is imposed did not know, and exer-
7 cising reasonable diligence would not have known,
8 that such failure existed.

9 “(2) TAX NOT TO APPLY WHERE FAILURES
10 CORRECTED WITHIN 30 DAYS.—No tax shall be im-
11 posed by subsection (a) with respect to any failure
12 if—

13 “(A) such failure was due to reasonable
14 cause and not to willful neglect, and

15 “(B) such failure is corrected during the
16 30-day period beginning on the 1st date any of
17 the persons on whom the tax is imposed knew,
18 or exercising reasonable diligence would have
19 known, that such failure existed.

20 “(3) WAIVER BY SECRETARY.—In the case of a
21 failure which is due to reasonable cause and not to
22 willful neglect, the Secretary may waive part or all
23 of the tax imposed by subsection (a) to the extent
24 that the payment of such tax would be excessive rel-
25 ative to the failure involved.

1 “(d) CARRIER; EMPLOYER HEALTH BENEFIT PLAN
2 DEFINED.—For purposes of this section, the terms ‘car-
3 rier’ and ‘employer health benefit plan’ have the meanings
4 given such terms in section 403 of the Farm and Rural
5 Medical Equity Reform Act of 1993.”.

6 (b) NONDEDUCTIBILITY OF TAX.—Paragraph (6) of
7 section 275(a) of such Code (relating to nondeductibility
8 of certain taxes) is amended by inserting “47,” after
9 “46,”.

10 (c) CLERICAL AMENDMENTS.—The table of sections
11 for such chapter 47 is amended by adding at the end
12 thereof the following new item:

“Sec. 5000A. Failure to satisfy certain standards for health insurance.”.

13 (d) EFFECTIVE DATES.—

14 (1) IN GENERAL.—The amendments made by
15 subsections (a) and (c) shall take effect on the date
16 of the enactment of this Act.

17 (2) NONDEDUCTIBILITY OF TAX.—The amend-
18 ment made by section 503(b) shall apply to taxable
19 years beginning after December 31, 1993.

1 **TITLE V—IMPROVED ACCESS TO**
2 **RURAL HEALTH SERVICES**
3 **Subtitle A—Rural Emergency**
4 **Medical Services Amendments**

5 **SEC. 501. ESTABLISHMENT OF OFFICE OF EMERGENCY**
6 **MEDICAL SERVICES.**

7 Title XII of the Public Health Service Act (42 U.S.C.
8 300d et seq.) is amended—

9 (1) in the heading for the title, by striking
10 “TRAUMA CARE” and inserting “EMERGENCY
11 MEDICAL SERVICES”;

12 (2) in the heading for part A, by striking
13 “GENERAL” and all that follows and inserting
14 “GENERAL AUTHORITIES AND DUTIES”; and

15 (3) by amending section 1201 to read as fol-
16 lows:

17 **“SEC. 1201. ESTABLISHMENT OF OFFICE OF EMERGENCY**
18 **MEDICAL SERVICES.**

19 “(a) IN GENERAL.—The Secretary shall establish an
20 office to be known as the Office of Emergency Medical
21 Services, which shall be headed by a director appointed
22 by the Secretary. The Secretary shall carry out this title
23 acting through the Director of such Office.

1 “(b) GENERAL AUTHORITIES AND DUTIES.—With
2 respect to emergency medical services (including trauma
3 care), the Secretary shall—

4 “(1) conduct and support research, training,
5 evaluations, and demonstration projects;

6 “(2) foster the development of appropriate,
7 modern systems of such services through the sharing
8 of information among agencies and individuals in-
9 volved in the study and provision of such services;

10 “(3) sponsor workshops and conferences;

11 “(4) as appropriate, disseminate to public and
12 private entities information obtained in carrying out
13 paragraphs (1) through (4);

14 “(5) provide technical assistance to State and
15 local agencies;

16 “(6) coordinate activities of the Department of
17 Health and Human Services; and

18 “(7) as appropriate, coordinate activities of
19 such Department with activities of other Federal
20 agencies.

21 “(c) CERTAIN REQUIREMENTS.—With respect to
22 emergency medical services (including trauma care), the
23 Secretary shall ensure that activities under subsection (b)
24 are carried out regarding—

1 “(1) maintaining an adequate number of health
2 professionals with expertise in the provision of the
3 services, including hospital-based professional and
4 prehospital-based professionals;

5 “(2) developing, periodically reviewing, and re-
6 vising as appropriate, in collaboration with appro-
7 priate public and private entities, guidelines for the
8 provision of such services (including, for various typ-
9 ical circumstances, guidelines on the number and va-
10 riety of professionals, on equipment, and on train-
11 ing);

12 “(3) the appropriate use of available tech-
13 nologies, including communications technologies; and

14 “(4) the unique needs of underserved inner-city
15 areas and underserved rural areas.

16 “(d) GRANTS, COOPERATIVE AGREEMENTS, AND
17 CONTRACTS.—In carrying out subsections (b) and (c), the
18 Secretary may make grants and enter into cooperative
19 agreements and contracts.

20 “(e) DEFINITIONS.—For purposes of this part:

21 “(1) The term ‘hospital-based professional’
22 means a health professional (including an allied
23 health professional) who has expertise in providing
24 one or more emergency medical services and who
25 normally provides the services at a medical facility.

1 “(2) The term ‘prehospital-based professional’
2 means a health professional (including an allied
3 health professional) who has expertise in providing
4 one or more emergency medical services and who
5 normally provides the services at the site of the med-
6 ical emergency or during transport to a medical fa-
7 cility.”.

8 **SEC. 502. STATE OFFICES OF EMERGENCY MEDICAL SERV-**
9 **ICES.**

10 (a) TECHNICAL AMENDMENTS TO FACILITATE ES-
11 TABLISHMENT OF PROGRAM.—

12 (1) IN GENERAL.—Title XII of the Public
13 Health Service Act (42 U.S.C. 300d et seq.) is
14 amended—

15 (A) by redesignating section 1232 as sec-
16 tion 1235;

17 (B) by redesignating sections 1231 and
18 1233 as sections 1241 and 1242, respectively;
19 and

20 (C) by redesignating sections 1211 through
21 1222 as sections 1221 through 1232, respec-
22 tively.

23 (2) MODIFICATIONS IN FORMAT OF TITLE
24 XII.—Title XII of the Public Health Service Act, as

1 amended by paragraph (1) of this subsection, is
2 amended—

3 (A) by striking “PART B” and all that fol-
4 low through “STATE PLANS” and inserting the
5 following:

6 “Subpart II—Formula Grants With Respect to
7 Modifications of State Plans”;

8 (B) by striking “PART C—GENERAL PRO-
9 VISIONS” and inserting the following:

10 “Subpart III—General Provisions”;

11 (C) be redesignating sections 1202 and
12 1203 as sections 1211 and 1212, respectively;
13 and

14 (D) by inserting before section 1211 (as so
15 redesignated) the following:

16 “PART B—TRAUMA CARE

17 “Subpart I—Advisory Council; Clearinghouse”.

18 (b) STATE OFFICES.—Title XII of the Public Health
19 Service Act, as amended by subsection (a) of this section,
20 is amended by inserting after section 1201 the following
21 new section:

22 **“SEC. 1202. STATE OFFICES OF EMERGENCY MEDICAL**
23 **SERVICES.**

24 “(a) PROGRAM OF GRANTS.—The Secretary may
25 make grants to States for the purpose of improving the

1 availability and quality of emergency medical services
2 through the operation of State offices of emergency medi-
3 cal services.

4 “(b) REQUIREMENT OF MATCHING FUNDS.—

5 “(1) IN GENERAL.—The Secretary may not
6 make a grant under subsection (a) unless the State
7 involved agrees, with respect to the costs to be in-
8 curred by the State in carrying out the purpose de-
9 scribed in such subsection, to provide non-Federal
10 contributions toward such costs in an amount that—

11 “(A) for the first fiscal year of payments
12 under the grant, is not less than \$1 for each \$3
13 of Federal funds provided in the grant;

14 “(B) for any second fiscal year of such
15 payments, is not less than \$1 for each \$1 of
16 Federal funds provided in the grant; and

17 “(C) for any third fiscal year of such pay-
18 ments, is not less than \$3 for each \$1 of Fed-
19 eral funds provided in the grant.

20 “(2) DETERMINATION OF AMOUNT OF NON-
21 FEDERAL CONTRIBUTION.—

22 “(A) Subject to subparagraph (B), non-
23 Federal contributions required in paragraph (1)
24 may be in cash or in kind, fairly evaluated, in-
25 cluding plant, equipment, or services. Amounts

1 provided by the Federal Government, or serv-
2 ices assisted or subsidized to any significant ex-
3 tent by the Federal Government, may not be in-
4 cluded in determining the amount of such non-
5 Federal contributions.

6 “(B) The Secretary may not make a grant
7 under subsection (a) unless the State involved
8 agrees that—

9 “(i) for the first fiscal year of pay-
10 ments under the grant, 100 percent or less
11 of the non-Federal contributions required
12 in paragraph (1) will be provided in the
13 form of in-kind contributions;

14 “(ii) for any second fiscal year of such
15 payments, not more than 50 percent of
16 such non-Federal contributions will be pro-
17 vided in the form of in-kind contributions;
18 and

19 “(iii) for any third fiscal year of such
20 payments, such non-Federal contributions
21 will be provided solely in the form of cash.

22 “(c) CERTAIN REQUIRED ACTIVITIES.—The Sec-
23 retary may not make a grant under subsection (a) unless
24 the State involved agrees that activities carried out by an
25 office operated pursuant to such subsection will include—

1 “(1) coordinating the activities carried out in
2 the State that relate to emergency medical services;

3 “(2) activities regarding the matters described
4 in paragraphs (1) through (4) section 1201(b);

5 “(3) identifying Federal and State programs re-
6 garding emergency medical services and providing
7 technical assistance to public and nonprofit private
8 entities regarding participation in such programs.

9 “(d) REQUIREMENT REGARDING ANNUAL BUDGET
10 FOR OFFICE.—The Secretary may not make a grant
11 under subsection (a) unless the State involved agrees that,
12 for any fiscal year for which the State receives such a
13 grant, the office operated pursuant to subsection (a) will
14 be provided with an annual budget of not less than
15 \$50,000.

16 “(e) CERTAIN USES OF FUNDS.—

17 “(1) RESTRICTIONS.—The Secretary may not
18 make a grant under subsection (a) unless the State
19 involved agrees that—

20 “(A) if research with respect to emergency
21 medical services is conducted pursuant to the
22 grant, not more than 10 percent of the grant
23 will be expended for such research; and

1 “(B) the grant will not be expended to pro-
2 vide emergency medical services (including pro-
3 viding cash payments regarding such services).

4 “(2) ESTABLISHMENT OF OFFICE.—Activities
5 for which a State may expend a grant under sub-
6 section (a) include paying the costs of establishing
7 an office of emergency medical services for purposes
8 of such subsection.

9 “(f) REPORTS.—The Secretary may not make a
10 grant under subsection (a) unless the State involved
11 agrees to submit to the Secretary reports containing such
12 information as the Secretary may require regarding activi-
13 ties carried out under this section by the State.

14 “(g) REQUIREMENT OF APPLICATION.—The Sec-
15 retary may not make a grant under subsection (a) unless
16 an application for the grant is submitted to the Secretary
17 and the application is in such form, is made in such man-
18 ner, and contains such agreements, assurances, and infor-
19 mation as the Secretary determines to be necessary to
20 carry out this section.”.

21 **SEC. 503. PROGRAMS FOR RURAL AREAS.**

22 (a) IN GENERAL.—Title XII of the Public Health
23 Service Act, as amended by section 502 of this Act, is
24 amended—

25 (1) by transferring section 1204 to part A;

1 (2) by redesignating such section as section
2 1203;

3 (3) by inserting such section after section 1202;
4 and

5 (4) in section 1203 (as so redesignated)—

6 (A) by redesignating subsection (c) as sub-
7 section (d); and

8 (B) by inserting after subsection (b) the
9 following new subsection:

10 “(c) DEMONSTRATION PROGRAM REGARDING TELE-
11 COMMUNICATIONS.—

12 “(1) LINKAGES FOR RURAL FACILITIES.—
13 Projects under subsection (a)(1) shall include dem-
14 onstration projects to establish telecommunications
15 between rural medical facilities and medical facilities
16 that have expertise or equipment that can be utilized
17 by the rural facilities through the telecommuni-
18 cations.

19 “(2) MODES OF COMMUNICATION.—The Sec-
20 retary shall ensure that the telecommunications
21 technologies demonstrated under paragraph (1) in-
22 clude (interactive) video telecommunications (static
23 video imaging transmitted through the telephone
24 system), and facsimiles transmitted through such
25 system.”.

1 (b) CONFORMING AMENDMENT.—Section 1203 of the
2 Public Health Service Act, as redesignated by subsection
3 (a)(2) of this section, is amended in the heading for the
4 section by striking “**ESTABLISHMENT**” and all that fol-
5 lows and inserting “**PROGRAMS FOR RURAL AREAS.**”.

6 **SEC. 504. FUNDING.**

7 Title XII of the Public Health Service Act, as amend-
8 ed by the preceding provisions of this subtitle, is amend-
9 ed—

10 (1) by inserting after subpart III of part B the
11 following:

12 “PART C—FUNDING”;

13 (2) by transferring section 1235 to part C (as
14 so added); and

15 (3) in such section, by striking subsections (a)
16 and (b) and inserting the following:

17 “(a) EMERGENCY MEDICAL SERVICES GEN-
18 ERALLY.—

19 “(1) IN GENERAL.—For the purpose of carry-
20 ing out section 1201 other than with respect to trau-
21 ma care, there are authorized to be appropriated
22 \$2,000,000 for fiscal year 1994, and such sums as
23 may be necessary for each of the fiscal years 1995
24 and 1996.

1 “(2) STATE OFFICES.—For the purpose of car-
2 rying out section 1202, there are authorized to be
3 appropriated \$3,000,000 for fiscal year 1994, and
4 such sums as may be necessary for each of the fiscal
5 years 1995 and 1996.

6 “(3) CERTAIN TELECOMMUNICATIONS DEM-
7 ONSTRATIONS.—For the purpose of carrying out sec-
8 tion 1203(c), there are authorized to be appro-
9 priated \$10,000,000 for fiscal year 1994, and such
10 sums as may be necessary for each of the fiscal
11 years 1995 and 1996.

12 “(b) TRAUMA CARE AND CERTAIN OTHER ACTIVI-
13 TIES.—

14 “(1) IN GENERAL.—For the purpose of carry-
15 ing out part B, section 1201 with respect to trauma
16 care, and section 1203 (other than subsection (c) of
17 such section), there are authorized to be appro-
18 priated \$60,000,000 for fiscal year 1994, and such
19 sums as may be necessary for each of the fiscal
20 years 1995 and 1996.

21 “(2) ALLOCATION OF FUNDS BY SECRETARY.—

22 “(A) For the purpose of carrying out sub-
23 part I of part B, section 1201 with respect to
24 trauma care, and section 1203 (other than sub-
25 section (c) of such section), the Secretary shall

1 make available 10 percent of the amounts ap-
2 propriated for a fiscal year under paragraph
3 (1).

4 “(B) For the purpose of carrying out sec-
5 tion 1203 (other than subsection (c) of such
6 section), the Secretary shall make available 10
7 percent of the amounts appropriated for a fiscal
8 year under paragraph (1).

9 “(C)(i) For the purpose of making allot-
10 ments under section 1221(a), the Secretary
11 shall, subject to subsection (c), make available
12 80 percent of the amounts appropriated for a
13 fiscal year under paragraph (1).

14 “(ii) Amounts paid to a State under sec-
15 tion 1221(a) for a fiscal year shall, for the pur-
16 poses for which the amounts were paid, remain
17 available for obligation until the end of the fis-
18 cal year immediately following the fiscal year
19 for which the amounts were paid.”.

20 **SEC. 505. CONFORMING AMENDMENTS.**

21 Title XII of the Public Health Service Act, as amend-
22 ed by the preceding provisions of this subtitle, is amend-
23 ed—

24 (1) in section 1203(b), by striking “1214(c)(1)”
25 and inserting “1224(c)(1)”;

1 (2) in section 1211(b)(3), by striking “1213(c)”
2 and inserting “1223(c)”;

3 (3) in section 1221—

4 (A) in subsection (a)—

5 (i) by striking “1218” and inserting
6 “1228”; and

7 (ii) by striking “1217” and inserting
8 “1227”; and

9 (B) in subsection (b)—

10 (i) by striking “1233” and inserting
11 “1242”; and

12 (ii) by striking “1213” and inserting
13 “1223”;

14 (4) in section 1222—

15 (A) in subsection (a)—

16 (i) in paragraph (1), by striking
17 “1211(a)” and inserting “1221(a)”;

18 (ii) in paragraph (2)(A), by striking
19 “1211(c)” and inserting “1221(c)”;

20 (B) in subsection (b), by striking
21 “1211(a)” and inserting “1221(a)”;

22 (5) in section 1223—

23 (A) in subsection (a), by striking
24 “1211(b)” and inserting “1221(b)”;

25 (B) in subsection (b)—

1 (i) in paragraph (1), by striking
2 “1211(a)” and inserting “1221(a)”; and

3 (ii) in paragraph (3), by striking
4 “1211(a)” and inserting “1221(a)”; and

5 (C) in subsection (d), by striking
6 “1211(a)” and inserting “1221(a)”;
7

(6) in section 1224—

8 (A) in each of subsections (a) through (c),
9 by striking “1211(a)” and inserting “1221(a)”;
10 and

11 (B) in subsection (b), by striking
12 “1213(a)(7)” and inserting “1223(a)(7)”;
13

(7) in section 1225—

14 (A) in subsection (a)—

15 (i) by striking “1211(a)” and insert-
16 ing “1221(a)”; and

17 (ii) by striking “1233” and inserting
18 “1242”; and

19 (B) in subsection (b), by striking
20 “1211(b)” and inserting “1221(b)”;
21

(8) in section 1226, in each of subsections (a)
22 through (c), by striking “1211(a)” and inserting
23 “1221(a)”;
24

(9) in section 1227—

1 (A) by striking “1211(a)” and inserting
2 “1221(a)”; and

3 (B) by striking “1214” and inserting
4 “1224”;

5 (10) in section 1228—

6 (A) in each of subsections (a) through (c),
7 by striking “1211(a)” each place such term ap-
8 pears and inserting “1221(a)”;

9 (B) in subsection (b), in each of para-
10 graphs (2)(A) and (3)(A), by striking
11 “1232(a)” and inserting “1235(a)”; and

12 (C) in subsection (c)(2)—

13 (i) by striking “1232(b)(3)” and in-
14 serting “1235(b)(3)”; and

15 (ii) by striking “1217” and inserting
16 “1227”;

17 (11) in section 1229(a), by striking “1211(a)”
18 each place such term appears and inserting
19 “1221(a)”;

20 (12) in section 1230(a), by striking “1211(a)”
21 each place such term appears and inserting
22 “1221(a)”;

23 (13) in section 1231—

1 (A) in each of subsections (a) and (b), by
2 striking “1211(a)” each place such term ap-
3 pears and inserting “1221(a)”; and

4 (B) in each of subsections (a) and (b), by
5 striking “1211(b)” and inserting “1221(b)”;
6

7 (14) in section 1232, by striking “1211” and
8 inserting “1221”;

9 (15) in section 1241—

10 (A) in the matter preceding paragraph (1),
11 by striking “this title” and inserting “this
12 part”; and

13 (B) in paragraph (1), by striking “1213”
14 and inserting “1223”;

15 (16) in section 1242—

16 (A) in each of subsections (a) and (b), by
17 striking “1211” each place such term appears
18 and inserting “1221”;

19 (B) in subsection (b)—

20 (i) by striking “part B” and inserting
21 “subpart II”; and

22 (ii) by striking “1214(c)(1)” and in-
23 serting “1224(c)(1)”; and

24 (C) in subsection (c), by striking “1213”
25 and inserting “1223”; and

(17) in section 1251(c)(1)—

1 (A) by striking “1211(a)” and inserting
2 “1221(a)”;

3 (B) by striking “1218(a)(2)” and inserting
4 “1228(a)(2)”;

5 (C) by striking “part B” and inserting
6 “subpart II”.

7 **Subtitle B—Extension of Special**
8 **Treatment Rules for Medicare-**
9 **Dependent, Small Rural Hos-**
10 **pitals**

11 **SEC. 511. EXTENSION OF SPECIAL TREATMENT RULES FOR**
12 **MEDICARE-DEPENDENT, SMALL RURAL HOS-**
13 **PITALS.**

14 (a) IN GENERAL.—

15 (1) DETERMINATION OF PAYMENT AMOUNT.—

16 Section 1886(b)(3)(D) of the Social Security Act (42
17 U.S.C. 1395ww(b)(3)(D)) is amended by striking
18 “March 31, 1993,” and inserting “March 31,
19 1994,”.

20 (2) ELIGIBILITY FOR DESIGNATION.—Section

21 1886(d)(5)(G)(i) of such Act (42 U.S.C.
22 1395ww(d)(5)(G)(i)) is amended by striking “March
23 31, 1993,” and inserting “March 31, 1994,”.

24 (b) EFFECTIVE DATE.—The amendments made by
25 subsection (a) shall take effect as if included in the enact-

1 ment of section 6003(f) of the Omnibus Budget Reconcili-
2 ation Act of 1989.

3 **Subtitle C—Outreach Grants**
4 **Program**

5 **SEC. 521. ESTABLISHMENT OF PROGRAM OF GRANTS FOR**
6 **RURAL HEALTH OUTREACH.**

7 Title III of the Public Health Service Act (42 U.S.C.
8 241 et seq.) is amended by adding at the end the following
9 part:

10 “PART O—RURAL HEALTH OUTREACH PROGRAM.

11 “**SEC. 399J. RURAL HEALTH OUTREACH GRANT PROGRAM.**

12 “(a) IN GENERAL.—The Secretary may make grants
13 to demonstrate new and innovative models of outreach and
14 health care services delivery in rural areas that lack basic
15 health services. Grants will be awarded for one of the fol-
16 lowing: direct provision of health services to rural popu-
17 lations (especially for those who are not currently receiving
18 those services), or to enhance access to and utilization of
19 existing available services.

20 “(b) MISSIONS OF THE OUTREACH PROJECTS.—

21 Projects under subsection (a) should be designed to ad-
22 dress the needs of a wide range of populations living in
23 rural communities including, but not limited to, the poor,
24 farmers, farm workers, senior citizens, individuals with
25 disabilities, pregnant women, infants, adolescents, and

1 rural populations with special health care needs. The pro-
2 gram could include projects to:

3 “(1) Provide, enhance, or revitalize emergency
4 medical services in rural communities.

5 “(2) Provide ambulatory health and/or mental
6 health services in health professional shortage areas
7 and in frontier areas.

8 “(3) Enhance the health and safety of farmers
9 through direct health services for farm families, and
10 migrant and seasonal farm workers.

11 “(4) Provide direct health services to enhance
12 health care services to senior citizens.

13 “(5) Provide direct health services that will re-
14 duce infant mortality in rural communities.

15 “(c) COMPOSITION OF PROGRAM.—

16 “(1) CONSORTIUM ARRANGEMENTS.—Participa-
17 tion in the program established in subsection (a) re-
18 quires the formation of consortium arrangements
19 among three or more separate and distinct entities
20 to carry out an outreach project.

21 “(2) CERTAIN REQUIREMENTS.—

22 “(A) A consortium under paragraph (1)
23 must be composed of three or more existing
24 health care providers or a combination of three
25 or more health care and social service providers.

1 Consortium members may include such entities
2 as hospitals, public health agencies, home
3 health providers, mental health centers, rural
4 health clinics, social service agencies, health
5 professional schools, educational institutions,
6 emergency medical centers/providers, and com-
7 munity and migrant health centers.

8 “(B) All public and private entities, both
9 nonprofit and for-profit may participate as
10 members of a consortium arrangement under
11 paragraph (1).

12 “(C) A grant under subsection (a) will be
13 made to only one entity in a consortium under
14 paragraph (1). The grant recipient must be a
15 nonprofit or public entity which meets one of
16 the following requirements:

17 “(i) The applicant must be located
18 outside of a Metropolitan Statistical Area
19 as defined by the Federal Government.

20 “(ii) The applicant must be located in
21 a rural census tract.

22 “(d) REVIEW CRITERIA.—An outreach application
23 under this section shall be evaluated based on the follow-
24 ing criteria:

1 “(1) The extent to which the applicant has pro-
2 posed a new and innovative approach to health care
3 in the rural area. Services shall be directed to popu-
4 lation groups that are unserved or underserved.

5 “(2) The extent to which the applicant has jus-
6 tified and documented the needs for the project and
7 developed measurable goals for meeting the needs.

8 “(3) The extent to which the applicant has
9 clearly defined the roles and responsibilities for each
10 member of the consortium and developed a workable
11 plan for managing the consortium’s activities.

12 “(4) The level of local commitment and involve-
13 ment with the project, including the extent of cost
14 participation by the applicant and/or other organiza-
15 tions.

16 “(5) The feasibility of the project to continue
17 after Federal grant support is completed.

18 “(6) The extent of the evaluation component.

19 “(e) HOW PROJECT FUNDS ARE TO BE EX-
20 PENDED.—

21 “(1) Grantees under subsection (a) will be re-
22 quired to use at least 85 percent of the total amount
23 awarded for outreach and care services.

24 “(2) 60 percent of funds must be spent in rural
25 areas.

1 “(3) Grant funds may not be used for purchase,
2 construction, or renovation of real property or to
3 support the delivery of inpatient services.

4 “(4) Grant funds may be used for equipment
5 and vehicles when such equipment is essential to
6 carrying out the outreach project.

7 “(5) Individual grant awards will be limited to
8 a total amount of \$300,000 per year for not to ex-
9 ceed 3 years.

10 “(6) Applicants must demonstrate that existing
11 levels of institutional and other support are not re-
12 duced or supplanted by the availability of these
13 grant funds.

14 “(f) AUTHORIZATION OF APPROPRIATIONS.—For the
15 purpose of carrying out this section, there are authorized
16 to be appropriated \$25,000,000 for fiscal year 1994, and
17 such sums as may be necessary for each fiscal year there-
18 after.”.

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