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103D CONGRESS
1ST SESSION

H. R. 3573

To amend title XIX of the Social Security Act to promote demonstrations by States of alternative methods of delivering health care services through community health authorities.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 1993

Mr. ROWLAND (for himself and Mr. BILIRAKIS) introduced the following bill; which was referred to the Committee on Energy and Commerce

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A BILL

To amend title XIX of the Social Security Act to promote demonstrations by States of alternative methods of delivering health care services through community health authorities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Community Health Improvement Act of 1993''.

SEC. 2. COMMUNITY HEALTH AUTHORITIES DEMONSTRATION PROJECTS.

(a) IN GENERAL.—Title XIX of the Social Security Act, as amended by section 13631(b) of the Omnibus Budget Reconciliation Act of 1993, is amended—

(1) by redesignating section 1931 as section 1932; and

(2) by inserting after section 1930 the following new section:

''COMMUNITY HEALTH AUTHORITIES DEMONSTRATION PROJECTS

''SEC. 1931. (a) IN GENERAL.—In order to test the effectiveness of various innovative health care delivery approaches through the operation of community health authorities, the Secretary shall operate a program under which States establish projects to demonstrate the effectiveness of such approaches in providing access to cost-effective preventive and primary care and related services for various areas and populations, including low-income residents of medically underserved areas or for medically underserved populations. A State may operate more than one such project.

''(b) SELECTION OF STATE PROJECTS.—

''(1) IN GENERAL.—A State is eligible to participate in the program, and establish a demonstration project, under this section only if—

''(A) the State submits to the Secretary an application, at such time and in such form as the Secretary may require, for participation in the program; and

''(B) the Secretary finds that—

''(i) the application contains assurances that the State will support the development of a community health authority that meets the requirements of this section,

''(ii) the community health authority will meet the requirements for such an authority under subsection (c),

''(iii) the State provides sufficient assurances that the demonstration project of a community health authority meets (or, when operational, will meet) the requirements of subsection (d), and

''(iv) the State will comply with the requirements of subsections (g) and (h).

''(2) CONTENTS OF APPLICATION.—Each application submitted under paragraph (1) for a demonstration project shall include at least the following:

''(A) A description of the proposed community health authority and of the area or population that the authority will serve.

''(B) A demonstration that the CHA will serve at least one geographic area or population group that is designated as medically underserved under section 330 of the Public Health Service Act or as having a shortage of health professionals under section 332 of such Act.

''(C) An assessment of the area's or population's need for services and an assurance that the services of the CHA will be responsive to those needs.

''(D) A list of the items and services to be furnished by the CHA under the project, broken down by those items and services that are treated as medical assistance under the State plan under this title and other items and services that will be provided by the CHA (either directly or through coordination with other entities).

''(E) An assurance that the CHA has entered into (or plans to enter into) written participation agreements with a sufficient number

of providers to enable the CHA to furnish all of such items and services to enrolled individuals.

''(F) An assurance that the State plan under this title will provide payment to the authority in accordance with subsection (e).

''(G) Evidence of support and assistance from other State agencies with responsibility for providing or supporting the provision of preventive and primary care services to underserved and at-risk populations.

''(H) A proposed budget for the CHA.

''(3) PRIORITY.—The Secretary shall give priority to those applications proposing to support a CHA that includes as participating providers all Federally-qualified health centers serving the area or population or (in areas for which there are no Federally-qualified health centers) all entities that would be Federally-qualified health centers but for the failure to meet the requirement described in section 329(f)(2)(G)(i) of the Public Health Service Act or the requirement described in section 330(e)(3)(G)(i) of such Act (relating to the composition of the entity's governing board).

''(4) PERIOD OF APPROVAL.—Each project approved under this section shall be approved for a pe-

riod of not less than 5 years, subject to renewal for subsequent periods unless such approval is withdrawn for cause by the Secretary or at the request of the State.

''(c) COMMUNITY HEALTH AUTHORITY (CHA) DEFINED.—In this section, the terms 'community health authority' and 'CHA' mean a nonprofit entity that meets the following requirements:

''(1) The entity serves (or will serve at the time it becomes operational under a project) a geographic area or population group that includes those designated—

''(A) under section 330 of the Public Health Service Act as medically underserved, or

''(B) under section 332 of such Act as a health professions shortage area.

''(2) The entity enrolls—

''(A) individuals and families who are medicaid-eligible;

''(B) within the limits of its available resources and capacity, other individuals who have incomes below 200 percent of the Federal official poverty level; and

''(C) within the limits of its available resources and capacity, other individuals and

families who are able to pay the costs of enrollment.

''(3) Through its participating providers, the entity provides or, through contracts, arranges for the provision of (or, by the time it becomes operational, will so provide or arrange for the provision of) at least preventive services, primary care services, inpatient and outpatient hospital services, and any other service provided by a participating provider for which payment may be made under the State plan under this title to enrolled individuals.

''(4) The entity must include (to the maximum extent practicable) as participating providers any of the following providers that furnish services provided by (or arranged by) the entity that are located in or serve the area or population to be covered:

''(A) Federally-qualified health centers.

''(B) Rural health clinics.

''(C) Local public health agencies that furnish such services.

''(D) A hospital (or other provider of inpatient or outpatient hospital services) which has a participation agreement in effect with the State under its plan under this title, which is

located in or serving the area or population to be served.

''(5) The entity may include as participating providers other providers (which may include private physicians or group practice offices, other community clinics, limited service providers (such as prenatal clinics), and health professionals teaching programs (such as area health educational centers)) and take other appropriate steps, to the extent needed to assure that the network is reasonable in size and able to provide (or arrange for the provision of) the services it proposes to furnish to its enrollees.

''(6) The entity must maintain written agreements with each participating provider under which the provider agrees to participate in the CHA and agrees to accept payment from the CHA as payment in full for services furnished to individuals enrolled with the CHA (subject to the requirements of subsection (g)(4), in the case of services furnished by a provider that are described in subparagraph (B) or (C) of section 1905(a)(2)).

''(7) Under the written agreements described in paragraph (6), if a majority of the board of directors of the entity has determined that a participating provider is failing to meet any of the requirements

of the participation agreement, the board may terminate the provider's participation agreement in accordance with the following requirements:

''(A) Subject to subparagraph (B), prior to any termination of a provider's participation agreement, the provider shall be entitled to 30 days prior notice, a reasonable opportunity to correct any deficiencies, and an opportunity for a full and fair hearing conducted by the entity to dispute the reasons for termination. The provider shall be entitled to appeal the board of directors' decision directly to a committee consisting of representatives of all of the entity's participating providers.

''(B) If a majority of the board of directors of the entity determines that the continued participation of a provider presents an immediate threat to the health and safety of patients or a substantial risk of improper diversion of funds, the board may suspend the provider's participation agreement (including the receipt of funds under the agreement) for a period of up to 60 days. During this period, the entity shall take steps to ensure that patients who were assigned to or cared for by the suspended provider are

appropriately assigned or referred to alternative participating providers. The suspended provider shall be entitled to a hearing within the period of the suspension to show cause why the suspension should be lifted and its participation agreement restored. If dissatisfied with the board's decision, the provider shall be entitled to appeal the decision directly to a committee consisting of representatives of all of the entity's participating providers.

''(C) For all other disputes between the entity and its participating providers (including disputes over the amounts due or interim rates to be paid to a provider), the entity shall provide an opportunity for a full and fair hearing.

''(8) The entity must be governed by a board of directors that includes representatives of the participating providers and, as appropriate, other health professionals, civic or business leaders, elected officials, and residents of the area or population served. Not less than 51 percent of such board shall be composed of individuals who are enrolled in the CHA and who are representatives of the community served.

''(d) DEMONSTRATION PROJECT REQUIREMENTS.—The requirements of this subsection, with respect to a demonstration project of a CHA under this section, are as follows:

''(1)(A) All services furnished by the CHA under the project shall be available and accessible to all enrolled individuals and, except as provided in subparagraph (B), must be available without regard to an individual's ability to pay for such services.

''(B) A CHA shall prepare a schedule of discounts to be applied to the payment of premiums by individuals who are not medicaid-eligible individuals which shall be adjusted on the basis of the individual's ability to pay.

''(2) The CHA shall take appropriate steps to emphasize the provision of preventive and primary care services, and shall ensure that each enrolled individual is assigned to a primary care physician (to the greatest extent appropriate and feasible), except that the CHA shall establish a process through which an enrolled individual may be assigned to another primary care physician for good cause shown.

''(3) The CHA must make reasonable efforts to reduce the unnecessary or inappropriate use of hospital or other high-cost services through an emphasis

on preventive and primary care services, the implementation of utilization review or other appropriate methods.

''(4) The State must regularly provide the CHA with information on other medical, health, and related benefits that may be available to individuals enrolled with the CHA under programs other than the State plan under this title, and the CHA must provide its enrolled individuals with enrollment information and other assistance to assist them in obtaining such benefits.

''(5) The State and the CHA must meet such financial standards and requirements and reporting requirements as the Secretary specifies and must prepare and submit to the Secretary an annual independent financial audit conducted in accordance with requirements specified by the Secretary.

''(6) In collaboration with the State, the CHA must adopt and use community-oriented, patient-responsive quality assurance and control systems in accordance with requirements specified by the Secretary. Such systems must include at least an ongoing quality assurance program that measures consumer satisfaction with the care provided under the network, stresses improved health outcomes, and

operates a community health status improvement process that identifies and investigates community health problems and implements measures designed to remedy them.

''(e) CAPITATION PAYMENTS.—

''(1) IN GENERAL.—Under a demonstration project under this section, the State shall enter into an annual contract with the CHA under which the State shall make monthly payments to the CHA for covered services furnished through the CHA to individuals entitled to medical assistance under this title in the amount specified in paragraph (2). Payment shall be made at the beginning of each month on the basis of estimates of the amounts payable and amounts subsequently paid are subject to adjustment to reflect the amounts by which previous payments were greater or less than the amount of payments that should have been made.

''(2) AMOUNT OF CAPITATION PAYMENT.—The amount of a monthly payment under paragraph (1) during a contract year, shall be not less than 1/12 of the product of—

''(A)(i) the average per capita amounts expended under this title under the State plan for covered services to be furnished under the dem-

onstration project for similar medicaid-eligible individuals for the most recent 12-month period ending before the date of the enactment of this section, increased by (ii) the percentage change in the consumer price index for all urban consumers (all items; U.S. city average) during the period that begins upon the expiration of such 12-month period and ends upon the expiration of the most recent 12-month period ending before the first month of the contract year for which complete financial data on such index is available, and

''(B) the number of medicaid-eligible individuals enrolled under the project as of the 15th day of the month prior to the first month of the contract year (or, in the case of the first year for which a contract is in effect under this subsection, the CHA's reasonable estimate of the number of such individuals who will be enrolled in the project as of the 15th day of such month).

''(f) ADDITIONAL STATE ASSISTANCE FOR PLANNING, DEVELOPMENT, AND OPERATIONS.—

''(1) IN GENERAL.—Subject to paragraph (2), in addition to the payments under subsection (e),

demonstration projects approved under this section are eligible to have approved expenditures described in paragraph (3) treated, for purposes of section 1903(a)(7), as expenditures found necessary by the Secretary for the proper and efficient administration of the State plan under this title.

''(2) SPECIAL RULES.—

''(A) LIMITATION WITH RESPECT TO ANY COMMUNITY HEALTH AUTHORITY.—The total amount of expenditures with respect to any CHA that may be treated as expenditures for medical assistance under paragraph (1) for any 12-month period shall not exceed $250,000.

''(B) LIMITATION ON NUMBER OF YEARS.—The number of 12-month periods for which expenditures are treated as expenditures for medical assistance under paragraph (1) for a CHA shall not exceed—

''(i) 2 for expenditures for planning and development assistance, described in paragraph (3)(A), and

''(ii) 2 for expenditures for operational assistance, described in paragraph (3)(B).

''(C) NO RESULTING REDUCTION IN AMOUNTS PROVIDED UNDER PHSA GRANTS.—No grant to a CHA or one of its participating providers under the Public Health Service Act or this Act may be reduced on the ground that activities of the CHA that are considered approved expenditures under paragraph (3) are activities for which the CHA or the participating providers received funds under such Act.

''(3) APPROVED EXPENDITURES.—The approved expenditures described in this paragraph are as follows:

''(A) PLANNING AND DEVELOPMENT.—Expenditures for planning and development with respect to a CHA, including—

''(i) developing internal management, legal and financial and clinical, information, and reporting systems for the CHA, and carrying out other operating activities of the CHA;

''(ii) recruiting, training and compensating management staff of the CHA and, as appropriate and necessary, management and clinical staff of any participating provider;

''(iii) purchasing essential equipment and acquiring, modernizing, expanding, or (if cost-effective) constructing facilities for the CHA and for participating providers (including amortization costs and payment of interest on loans); and

''(iv) entering into arrangements to obtain or participate in emerging medical technologies, including telemedicine.

''(B) OPERATIONS.—Expenditures in support of the operations of a CHA, including—

''(i) the ongoing management of the CHA, including daily program administration, recordkeeping and reporting, assurance of proper financial management (including billings and collections) and oversight of program quality;

''(ii) developing and operating systems to enroll eligible individuals in the CHA;

''(iii) data collection, in collaboration with the State medicaid agency and the State health department, designed to measure changes in patient access to care, the quality of care furnished, and patient health status, and health care outcomes;

''(iv) ongoing community outreach and community education to all residents of the area or population served, to promote the enrollment of eligible individuals and the appropriate utilization of health services by such individuals;

''(v) the establishment of necessary reserves or purchase of stop-loss coverage; and

''(vi) activities relating to health professions training, including residency training at participating provider sites.

''(g) ADDITIONAL REQUIREMENTS.—

''(1) MANDATORY ENROLLMENT OF MEDICAID-ELIGIBLE INDIVIDUALS.—Notwithstanding any provision of section 1903(m), a State participating in a demonstration project under this section may require that each medicaid-eligible resident in the service area of a CHA operating under the project is not eligible to receive any medical assistance under the State plan that may be obtained through enrollment with the CHA unless the individual receives such assistance through enrollment with the CHA.

''(2) CONTINUED ENTITLEMENT TO ADDITIONAL BENEFITS.—In the case of a medicaid-eligi-

ble individual enrolled with a CHA under a demonstration project under this section, the individual shall remain entitled to medical assistance for services which are not covered services under the project.

''(3) HMO-RELATED REQUIREMENTS.—A CHA under this section shall be deemed to meet the requirements of section 1903(m) (subject to paragraph (1)) in the same manner as an entity listed under section 1903(m)(2)(G).

''(4) TREATMENT OF FEDERALLY-QUALIFIED HEALTH CENTERS AND RURAL HEALTH CLINICS.—Payments under a demonstration project under this section to a Federally qualified health center or rural health clinic which is a participating provider shall be made consistent with section 1902(a)(13)(E) for all services offered by the CHA which are provided by such a center or clinic.

''(5) OUTSTATIONING ELIGIBILITY WORKERS.—Under the project, the State may (in addition to meeting the requirements of section 1902(a)(55)) provide for, or pay the reasonable costs of, stationing eligibility workers at appropriate service sites under the project, and may permit medicaid-eligible individuals to be enrolled under the State plan at such a CHA or at such a site.

''(6) PURCHASE OF STOP-LOSS COVERAGE.—The State shall ensure that the CHA has purchased stop-loss coverage to protect against default on its obligations under the project. If an entity otherwise qualified to serve as a CHA is prohibited under State law from purchasing such coverage, the State shall waive the application of such law to the extent necessary to permit the entity to purchase such coverage.

''(h) EVALUATION AND REPORTING.—

''(1) CHA.—Each CHA in a State with a demonstration project approved under this section shall prepare and submit to the State an annual report on its activities during the previous year.

''(2) STATE.—Taking into account the reports submitted pursuant to paragraph (1), each State with a demonstration project approved under this section shall prepare and submit to the Secretary an annual evaluation of its activities and services under this section. Such evaluation shall include an analysis of the effectiveness of the project in providing cost-effective health care to enrolled individuals.

''(3) REPORT TO CONGRESS.—Not later than 3 years after the date of the enactment of this section, the Secretary shall submit to Congress a report on

the demonstration projects conducted under this section. Such report shall include an analysis of the effectiveness of such projects in providing cost-effective health care for the areas or populations served.

''(i) COLLABORATION IN ADMINISTRATION.—In carrying out this section, the Secretary shall assure the highest possible level of collaboration between the Health Care Financing Administration and the Public Health Service. Such collaboration may include (if appropriate and feasible) any of the following:

''(1) The provision by the Public Health Service of new or increased grant support to eligible entities participating in a CHA, in order to expand the availability of services (particularly preventive and primary care services).

''(2) The placement of health professionals at eligible locations and collaboration with Federally-assisted health professions training programs located in or near the areas served by community health authorities.

''(3) The provision of technical and other non-financial assistance.

''(j) DEFINITIONS.—In this section:

''(1) MEDICAID-ELIGIBLE INDIVIDUAL.—The term 'medicaid-eligible individual' means an individ-

ual described in section 1902(a)(10)(A) and entitled to medical assistance under the State plan.

''(2) PARTICIPATING PROVIDER.—The term 'participating provider' means, with respect to a CHA, a provider that has entered into an agreement with the CHA for the provision of covered services under a project under this section.

''(3) PREVENTIVE AND PRIMARY CARE SERVICES.—'Preventive' and 'primary' services include those services described in section 1905(l)(2)(A) and included as Federally-qualified health center services.''.

(b) CONTINUED MEDICAID ELIGIBILITY FOR UP TO 1 YEAR.—Section 1902(e)(2) of such Act (42 U.S.C. 1396a(e)(2)) is amended—

(1) in subparagraph (A)—

(A) by inserting ''or with a community health authority under a demonstration project under section 1931'' after ''section 1876'', and

(B) by striking ''such organization or entity'' and inserting ''such organization, entity, or authority''; and

(2) in subparagraph (B), by striking ''effective.'' and inserting the following: ''effective (or, in the case of an individual enrolled with a community

health authority under a demonstration project under section 1931, of not more than 1 year beginning on the date the individual's enrollment with the authority becomes effective).''.

(c) EXCEPTION TO ANTI-KICKBACK LAW.—Section 1128B(b)(3) of such Act (42 U.S.C. 1320a–7b(b)(3)) is amended—

(1) by striking ''and'' at the end of subparagraph (D),

(2) by striking the period at the end of subparagraph (E) and inserting ''; and'', and

(3) by adding at the end the following new subparagraph:

''(F) any remuneration paid, or received, by a Federally qualified health center, rural health clinic, or other entity which is a participating provider under a demonstration project under section 1931 as part of an arrangement for the procurement of goods or services or the referral of patients or the lease or purchase of space or equipment.''.

(d) COVERAGE OF PARTICIPATING PROVIDERS UNDER FEDERAL TORT CLAIMS ACT.—Section 224 of the Public Health Service Act (42 U.S.C. 233), as amended by the Federally Supported Health Centers Assistance Act

of 1992, is amended by adding at the end the following new subsection:

''(l) The provisions of subsection (g) shall apply with respect to any provider of health services that has in effect a participation agreement with a community health network authority under section 1931 of the Social Security Act in the same manner that such provisions apply to an entity described in paragraph (4) and any officer, employee, or contractor of such an entity who is a physician or other licensed or certified health care practitioner.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar quarters beginning on or after October 1, 1994.

SEC. 3. HEALTH CENTER PROGRAM AMENDMENTS.

(a) AUTHORIZATION OF GRANTS FOR NETWORK DEVELOPMENT.—

(1) MIGRANT HEALTH CENTERS.—Section 329 of the Public Health Service Act (42 U.S.C. 254b) is amended by adding at the end the following:

''(j)(1) The Secretary may make a grant, to an entity receiving a grant under this section or to a group of such entities, to support the planning and development of health service networks (as defined in paragraph (3)) which will serve high impact areas, medically underserved

areas, or medically underserved populations within the area they serve (or propose to serve).

''(2) A grant under this subsection for the planning and development of a health service network may be used for the following costs:

''(A) The costs of developing the network corporate entity, including planning and needs assessment.

''(B) The costs of developing internal management for the network, as well as costs of developing legal, financial, clinical, information, billing, and reporting systems, and other costs necessary to achieve operational status.

''(C) The costs of recruitment, training, and compensation of management staff of the network and, as appropriate and necessary, the management and clinical staff of any participating provider.

''(D) The costs of developing additional primary health and related service sites, including costs related to purchase of essential equipment, acquisition, modernization, expansion, or, if cost-effective, construction of facilities.

''(3) In this subsection, the term 'health service network' means a nonprofit private entity that—

''(A) through its participating providers (which may provide services directly or through contract) assures the provision of primary health and related services and, as appropriate, supplemental health services to residents of the high impact area or medically underserved area or members of the medically underserved population covered by the network,

''(B) includes, as participating providers, at least all recipients of grants under this section or section 330, 340, or 340A that provide primary health and related services to the residents of the area it serves (or proposes to serve), and that may include, at the entity's option, any other providers of primary health or supplemental health services to residents of the high impact area or medically underserved area or members of the medically underserved population covered by the network, but only if such participating providers agree to provide services without regard to an individual's ability to pay, and

''(C) is governed by individuals a majority of whom are patients, employees, or board members of its participating providers that receive grants under this section or section 330, 340, or 340A.''.

(2) COMMUNITY HEALTH CENTERS.—Section 330 of such Act (42 U.S.C. 254c) is amended by adding at the end the following:

''(l)(1) The Secretary may make a grant, to an entity receiving a grant under this section or to a group of such entities, to support the planning and development of health service networks (as defined in section 329(j)(3)) which will serve high impact areas, medically underserved areas, or medically underserved populations within the area they serve (or propose to serve).

''(2) A grant under this subsection for the planning and development of a health service network may be used for the costs described in section 329(j)(2).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) EXTENSION OF AUTHORIZATION OF APPROPRIATIONS.—

(1) MIGRANT HEALTH CENTERS.—Section 329(h)(1)(A) of such Act (42 U.S.C. 254b(h)(1)(A)) is amended—

(A) by inserting ''and subsection (j)'' after ''through (e)'', and

(B) by striking ''1994'' and inserting ''1999''.

(2) COMMUNITY HEALTH CENTERS.—Section 330(g)(1)(A) of such Act (42 U.S.C. 254c(g)(1)(A)) is amended by striking ''1994'' and inserting ''1999''.

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