

103^D CONGRESS
2^D SESSION

H. R. 4561

To amend the Public Health Service Act and the Social Security Act to provide improved and expanded access to comprehensive primary health care and related services for medically underserved and vulnerable populations through the establishment of financial support for the development of community-based health networks and plans, to allow federally-assisted health centers to expand their capacity and develop and operate new sites to serve underserved and vulnerable populations, to provide certain financial and other protections for such networks, plans, and health centers, and to facilitate the involvement of, and payment to, entities serving underserved and vulnerable populations in the training and education of primary care health professionals.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 1994

Mr. RANGEL (for himself, Mr. RICHARDSON, Mr. BONIOR, Mr. OWENS, Mr. SANDERS, Mr. PARKER, Mrs. CLAYTON, Mr. RUSH, Mr. ABERCROMBIE, Mrs. MEEK, Mr. OLVER, Mr. DELLUMS, Ms. VELÁZQUEZ, Mr. BARRETT of Wisconsin, and Mr. EDWARDS of California) introduced the following bill; which was referred jointly to the Committees on Energy and Commerce and Ways and Means

A BILL

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their capacity and develop and operate new sites to serve underserved and vulnerable populations, to provide certain financial and other protections for such networks, plans, and health centers, and to facilitate the involvement of, and payment to, entities serving underserved and vulnerable populations in the training and education of primary care health professionals.

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; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Access to Community Health Care Act of 1994”.

6 (b) FINDINGS.—The Congress finds the following:

7 (1) Efforts to assure universal coverage for
8 comprehensive benefits are a vitally important part
9 of achieving effective national health care reform.

10 (2) The provision of universal insurance cov-
11 erage, while vitally important, will not alone address
12 the critical needs of the estimated 3 million Ameri-
13 cans who are underserved by the current health care
14 system, and who lack access to the most basic health
15 services.

16 (3) Access to, and coordination of, health care
17 is especially difficult for those Americans who live in
18 underserved rural and inner-city communities or who
19 are members of other vulnerable groups, including
20 migratory and seasonal agricultural workers, persons

1 who are homeless, those with HIV infection, those
2 who suffer from substance addiction, high-risk preg-
3 nant women, infants and children, immigrants and
4 refugees, and persons with disabilities.

5 (4) The consequences of poor access to, and
6 lack of coordination of, health care among the un-
7 derserved is evidenced by elevated infant and child-
8 hood illness and mortality rates, over-utilization of
9 emergency rooms and other inappropriate providers
10 for primary care services, and hospitalization rates
11 for preventable conditions that are significantly
12 higher than the national average.

13 (5) Efforts to provide increased access to, and
14 coordinate the delivery of, vital primary health care
15 and related services for underserved and vulnerable
16 Americans will not only contribute to improved
17 health status, but will also reduce unnecessary care
18 and the overall costs of health care.

19 (6) Essential community providers, such as the
20 community and migrant health centers, collectively
21 referred to as health centers, which serve more than
22 7 million needy Americans, provide an effective and
23 proven model for extending access to all underserved
24 and vulnerable Americans.

1 (7) Support for the development and operation
2 of new and expanded sites served by the health cen-
3 ters and similar primary health care providers, is
4 needed to extend access to comprehensive primary
5 health care services for the millions of Americans
6 who remain unserved or underserved.

7 (8) As managed care has achieved recognition
8 as a means of organizing and paying for health care
9 for many Americans, there is a need to assure that
10 such arrangements develop in a manner that is re-
11 sponsive to the needs of underserved people and
12 communities. Of particular importance is develop-
13 ment of community-based networks of health centers
14 and other essential community providers that offer
15 high quality care to individuals and that endeavor to
16 both contain costs and reduce unnecessary or inap-
17 propriate use of high-cost services.

18 (9) Essential community providers such as
19 health centers and community-based networks serv-
20 ing such populations must be afforded certain pro-
21 tections from full financial risk for the cost of serv-
22 ing such populations and communities. Protections
23 are needed because underserved populations typically
24 require more frequent and intensive care, and be-
25 cause reduced use of higher-cost inpatient, emer-

1 agency and specialty care will depend on increased
2 provision of primary care as well as related and ena-
3 bling services.

4 (10) Health centers and community-based net-
5 works that participate in arrangements which
6 produce savings of grant funds or increased revenues
7 that will be used to further expand or improve serv-
8 ices to medically underserved populations should be
9 afforded protection from anti-kickback laws.

10 (11) Health centers, community-based networks
11 and other essential community providers of com-
12 prehensive primary care services to the underserved
13 provide the most appropriate locations and condi-
14 tions for educating and training primary health care
15 professionals, and should be centrally involved in
16 such education and training efforts.

17 **SEC. 2. GRANTS FOR THE DEVELOPMENT AND OPERATION**
18 **OF HEALTH CENTERS AND COMMUNITY**
19 **HEALTH NETWORKS AND HEALTH PLANS.**

20 (a) ENABLING AND OUTREACH SERVICES.—Section
21 330(a) of the Public Health Service Act (42 U.S.C.
22 254c(a)) is amended—

23 (1) in paragraph (5), by striking “and” at the
24 end;

1 (2) in paragraph (6), by inserting before “pa-
2 tient case management services” the following: “the
3 services of outreach workers and others to deter-
4 mine, or assist in determining, the eligibility of indi-
5 viduals to receive services and benefits under Fed-
6 eral, State and local health programs, and to assist
7 such individuals in enrolling in such programs, and
8 other”;

9 (3) in paragraph (6), by adding “and” after the
10 comma at the end; and

11 (4) by inserting after paragraph (6) the follow-
12 ing new paragraph:

13 “(7) enabling services, defined as services that
14 are not otherwise described in this subsection, that
15 promote access to necessary health and other human
16 and social services, and that increase the capacity of
17 individuals to utilize the items and services included
18 as covered benefits under Federal, State, and local
19 health programs,”.

20 (b) SERVICES AUTHORIZED AT SCHOOLS AND OTHER
21 APPROPRIATE LOCATIONS.—Section 330(a) of the Public
22 Health Service Act (42 U.S.C. 254c(a)) is amended in
23 the matter preceding paragraph (1) by striking “pro-
24 vides—” and inserting the following: “provides, at appro-

1 piate locations, which may include schools and other
2 sites—”.

3 (c) COMMUNITY HEALTH SERVICE NETWORKS AND
4 PLANS.—Section 330 of the Public Health Service Act (42
5 U.S.C. 254c) is amended by adding at the end the follow-
6 ing subsection:

7 “(l)(1) The Secretary may make a grant to one or
8 more community health centers that receive grants under
9 subsection (d)(l)(A), or to one or more Federally qualified
10 health centers as defined in section 1861(aa)(4) of the So-
11 cial Security Act, to support the development of a commu-
12 nity health service network or plan as defined in para-
13 graph (3). The costs for which a grant may be made under
14 this paragraph include, but are not limited to—

15 “(A) costs of developing the network or plan as
16 a corporate entity, including planning and needs as-
17 sessment, and costs of developing appropriate con-
18 tractual agreements between the participating pro-
19 viders and the network or plan;

20 “(B) costs of development of internal manage-
21 ment for the network or plan, as well as costs of de-
22 velopment of financial, legal, clinical, information
23 systems (exclusive of systems that the Secretary de-
24 termines are information highways), billing and re-
25 porting systems for the network or plan;

1 “(C) costs of development of additional sites
2 that will assure or enhance the provision and acces-
3 sibility of primary health care and enabling services
4 to medically underserved populations, and residents
5 of health professional shortage areas;

6 “(D) costs of recruitment, training, compensa-
7 tion of health professionals and administrative staff;

8 “(E) costs of acquisition, expansion, moderniza-
9 tion of facilities, conversion of unneeded hospital fa-
10 cilities to facilities that will assure or enhance the
11 provision and accessibility of primary health care
12 and enabling services, as well as construction of new
13 facilities and purchase of major equipment (includ-
14 ing equipment necessary for support of external and
15 internal information systems);

16 “(F) reserves required for furnishing services
17 on a prepaid basis; and

18 “(G) such other costs as are necessary to as-
19 sure that the network or plan will be ready to as-
20 sume operational status by the end of the planning
21 and development phase.

22 “(2) The Secretary may make grants to support the
23 operation of community health service networks or plans
24 which received support under paragraph (1) for planning
25 and development and which meet the requirements of sub-

1 paragraphs (A) and (B) of paragraph (3). The costs for
2 which a grant may be made include, but are not limited
3 to, the costs described in paragraph (1), and the otherwise
4 unreimbursed costs of furnishing services described in sub-
5 section (a) (except for the costs of inpatient hospital serv-
6 ices, extended care facility services and long-term physical
7 medicine) to medically underserved populations and resi-
8 dents of health professional shortage areas and other
9 hard-to-reach populations.

10 “(3)(A)(i) For purposes of this section, the term
11 ‘community health service network’ means a consortium
12 of health care providers that meets the following require-
13 ments:

14 “(I) The consortium is a public or nonprofit
15 private entity whose principal purpose is, with re-
16 spect to the items and services that are described in
17 subsection (a), to provide all or a portion of such
18 items and services to a significant number of indi-
19 viduals who are members of a medically underserved
20 population or populations, residents of health profes-
21 sional shortage areas and other hard-to-reach popu-
22 lations in the network service area.

23 “(II) The participation of health care providers
24 in the consortium is governed by a written agree-

1 ment to which each of the participating providers is
2 a party.

3 “(ii) For purposes of this section, the term ‘commu-
4 nity health service plan’ means a health plan that meets
5 the following conditions:

6 “(I) The health plan is a public or nonprofit
7 private entity, as defined in section 1903(m)(2)(A)
8 of the Social Security Act, whose principal purpose
9 is, with respect to the items and services that are
10 described in subsection (a) to provide all or a por-
11 tion of the items and services to a significant num-
12 ber of individuals who are members of a medically
13 underserved population or populations, residents of
14 health professional shortage areas in the plan’s serv-
15 ice area, and other hard-to-reach populations in the
16 plan’s service area.

17 “(II) The participation of health care providers
18 in the health plan is governed by a written agree-
19 ment to which each of the participating providers is
20 a party.

21 “(B) A community health service network or plan
22 must—

23 “(i) be governed by individuals a majority of
24 whom are registered patients of the network or plan

1 or are representatives of the entities described in
2 clause (iv)(I), or a combination of such individuals;

3 “(ii) assure the provision of services through
4 participating providers (who may provide services di-
5 rectly or through contract) in accordance with all re-
6 quirements of subsection (e)(3) except subparagraph
7 (G);

8 “(iii) be reasonable in size to accomplish the ob-
9 jectives of this section;

10 “(iv) include as participating providers (unless
11 such provider(s) decline to participate): (I) at a min-
12 imum, all entities providing health services under
13 grants under this section or section 329 or 340, and
14 other Federally qualified health centers certified in
15 accordance with section 1861(aa)(4) of the Social
16 Security Act in the service area of the plan or net-
17 work; (II) a reasonable number and combination (to
18 assure that services will be comprehensive and acces-
19 sible) of public or nonprofit private entities that are
20 entities providing health services under grants under
21 section 340A, 1001, or title XXIII, under title V of
22 the Social Security Act, under title V of the Indian
23 Health Care Improvement Act, and under the Indian
24 Self-Determination Act; that are rural health clinics
25 certified in accordance with section 1861(aa)(2) of

1 the Social Security Act; that are local and State
2 public health agencies; and that collectively provide
3 primary health and enabling services to residents of
4 the network or plan service area; and (III) at the op-
5 tion of the network or plan, any other public or pri-
6 vate entity that provides primary health, enabling
7 services and/or supplemental health services to the
8 population served by the network or plan; and

9 “(v) assure that each participating provider
10 agrees to provide services regardless of an individ-
11 ual’s ability to pay.

12 “(4)(A) No grant may be made under paragraph (1)
13 or (2) unless an application therefor is submitted to, and
14 approved by, the Secretary. Such an application shall be
15 submitted in such form and manner and shall contain such
16 information as the Secretary shall prescribe, including (i)
17 with respect to applications for planning and development
18 the information required by subsection (c)(4) and a dem-
19 onstration of how the applicant will meet all requirements
20 of paragraph (3) of this subsection by the end of the pe-
21 riod of support under paragraph (1); and (ii) with respect
22 to applications for operations, the information required by
23 subsection (e).

24 “(B) In evaluating applications submitted under
25 paragraph (1), the Secretary shall consider—

1 “(i) the extent to which the applicant proposes
2 to provide or expand the provision of services de-
3 scribed in subsection (a) in a manner which is co-
4 ordinated and assures accessibility of service to
5 medically underserved populations and health profes-
6 sional shortage areas and which will otherwise meet
7 the requirements of paragraph (3) when the network
8 or plan assumes operational status;

9 “(ii) the relative need of the populations and
10 areas proposed to be served for the services proposed
11 to be provided;

12 “(iii) whether the proposed network or plan de-
13 scribed in the application is reasonable in size and
14 capacity;

15 “(iv) whether the proposed network or plan will
16 address such other needs of the medically under-
17 served population or populations and health profes-
18 sional shortage areas to be served as the applicant
19 or the Secretary may identify;

20 “(v) evidence of State and local support for the
21 network or plan; and

22 “(vi) whether the proposed budget to support
23 the network or plan, is reasonable and justified, tak-
24 ing into account other sources of support for the
25 proposed network or plan and considering whether

1 levels of support previously received from other
2 sources have been maintained.

3 “(5) No more than two grants may be made for plan-
4 ning and developing the same network or plan.”.

5 (d) FLEXIBLE AUTHORITY.—Section 330 of the Pub-
6 lic Health Service Act, as amended by subsection (c) of
7 this subsection, is amended by adding at the end the fol-
8 lowing subsection:

9 “(m)(1) The Secretary may make grants to public
10 and nonprofit private entities that meet all of the require-
11 ments of subsection (l), except for paragraph (3)(B)(i)
12 and such other requirements of that subsection as the Sec-
13 retary may decide for good cause to waive, for the purpose
14 of planning, development and operation of health networks
15 and health plans as the Secretary determines will provide
16 or enhance the provision and accessibility of the services
17 that are described in subsection (a) to medically under-
18 served populations and health professional shortage areas
19 in the service area of the network or plan.

20 “(2) An application for a planning and development
21 grant must meet the requirements of clause (i) of sub-
22 section (l)(4)(A) and an application for an operations
23 grant must meet the requirements of clause (ii) of such
24 subsection.

1 “(3)(A) In evaluating applications submitted under
2 paragraph (2), the Secretary will consider the factors de-
3 scribed in subsection (l)(4)(B).

4 “(B) The Secretary may not approve an application
5 for a grant under this subsection unless the Secretary de-
6 termines that the network or plan will at a minimum as-
7 sure significant community involvement. For purposes of
8 this subsection, ‘significant community involvement’ is
9 demonstrated if the health network, or health plan (i) is
10 governed by a board of directors, at least one-third of the
11 members of which are registered patients or representa-
12 tives of entities described in subsection (l)(3)(B)(iv)(I), or
13 a combination of such individuals; or (ii) has established
14 a patient advisory council, composed of representative reg-
15 istered patients of the network or plan, through which reg-
16 istered patients are able to directly participate in decisions
17 that influence the character and implementation of pro-
18 grams of the network or plan. The Secretary shall give
19 priority to applicants that meet the requirements of clause
20 (i) over applicants that meet the requirements of clause
21 (ii).

22 “(4) No more than two grants may be made for plan-
23 ning and developing the same health network or health
24 plan.

1 “(5) The costs for which a grant may be made under
2 this subsection for planning and development of a health
3 network or health plan may include the costs described
4 in paragraph (1) of subsection (l), and the costs for which
5 a grant may be made for operation of such a health net-
6 work or health plan may include the costs described in
7 paragraph (2) of such subsection.”.

8 (e) AUTHORIZATION OF APPROPRIATIONS.—(1) Sec-
9 tion 330(g)(1)(A) of the Public Health Service Act (42
10 U.S.C. 254c(g)(1)(A)) is amended by striking “there are
11 authorized” and all that follows and inserting the follow-
12 ing: “there are authorized to be appropriated
13 \$925,000,000 for fiscal year 1995, \$1,425,000,000 for fis-
14 cal year 1996, \$1,625,000,000 for fiscal year 1997,
15 \$1,725,000,000 for fiscal year 1998, \$1,725,000,000 for
16 fiscal year 1999, \$1,725,000,000 for fiscal year 2000, and
17 such sums equal to or greater than \$1,725,000,000 as
18 may be necessary for each of the fiscal years 2001 through
19 2005. The preceding sentence constitutes budget authority
20 in advance of appropriations acts and represents the obli-
21 gation of the Federal government to provide funding for
22 payments in the amounts, and for the fiscal years specified
23 under this section. Such levels shall not be subject to offset
24 or reprogramming for any reason.”.

1 (2) Section 330(g)(1) of the Public Health Service
2 Act (42 U.S.C. 254c(g)(1)) is amended by adding at the
3 end the following new subparagraph:

4 “(C)(i) For the purpose of making grants for activi-
5 ties authorized under subsection (m), the Secretary is au-
6 thorized to expend up to 15 percent of the amounts appro-
7 priated under subparagraph (A) for a fiscal year that are
8 in excess of \$625,000,000. The authority of the Secretary
9 to make grants for such activities is effective for any fiscal
10 year only to such extent or in such amounts exceeding
11 \$625,000,000 as are provided in appropriation Acts; and
12 (ii) for the purpose of making grants under subsections
13 (c) and (d), the Secretary shall spend not less than
14 \$625,000,000 each year.”.

15 (f) FUNDING PREFERENCES.—Section 330(k) of the
16 Public Health Service Act (42 U.S.C. 254c(k)) is amend-
17 ed—

18 (1) by inserting “(1)” after “(k)”; and

19 (2) by adding at the end the following new
20 paragraph:

21 “(2) In making grants under this section, the Sec-
22 retary shall give preference as follows:

23 “(A) As between an application for a grant
24 under subsection (l) to plan, develop or operate a
25 community health service network or plan and an

1 application for a grant under subsection (m) to plan,
2 develop or operate a health network or plan serving
3 the same medically underserved population, the Sec-
4 retary shall give preference to the applicant that is
5 or will be a community health service plan or net-
6 work in accordance with subsection (l).

7 “(B) As between two or more applications
8 under subsection (m) to serve the same medically
9 underserved population, preference shall be given to
10 applicants that include as participating providers the
11 greatest number of entities providing health services
12 under grants under section 329, this section, and
13 section 340.”

14 (g) MISCELLANEOUS AND CONFORMING AMEND-
15 MENTS.—

16 (1) Section 330(c)(1)(A) of the Public Health
17 Service Act (42 U.S.C. 254c(c)(1)(A)) is amended
18 by inserting “enabling services,” before “primary
19 health services,”.

20 (2) Section 330(c) of the Public Health Service
21 Act (42 U.S.C. 254c(c)) is amended—

22 (A) in paragraph (1), in the matter preced-
23 ing subparagraph (A), by striking “loans) and
24 shall include—” and inserting “loans).”; and

1 (B)(i) by transferring subparagraphs (A)
2 through (D) of paragraph (1) from the current
3 placement of the subparagraphs;

4 (ii) by inserting before such subparagraph
5 (A) the following:

6 “(4) No grant may be made under paragraph (1) un-
7 less an application therefor is submitted to and approved
8 by, the Secretary. Such an application shall be submitted
9 in such form and manner and contain such information
10 as the Secretary may prescribe, and shall include:”; and

11 (iii) by adding paragraph (4) (as so des-
12 ignated) at the end.

13 (3) Section 330(e)(2) of the Public Health
14 Service Act (42 U.S.C. 254c(e)(2)) is amended—

15 (A) by striking “a grant under” in the
16 matter preceding subparagraph (A) and all that
17 follows through “also include a demonstration”
18 and inserting the following: “a grant under sub-
19 section (d)(1) shall include a demonstration”;
20 and

21 (B) by adding at the end the following sen-
22 tence: “An application for a grant under sub-
23 paragraph (B) of subsection (d)(1) must dem-
24 onstrate how the entity will meet all of the re-

1 requirements of subsection (e)(3) by the end of
2 the period of support under that subsection.”.

3 (4) Section 330(e)(3) of the Public Health
4 Service Act (42 U.S.C. 254c(e)(3)) is amended in
5 the matter after and below subparagraph (K) by
6 adding at the end the following sentence: “The Sec-
7 retary may not approve an application under sub-
8 section (d)(l)(B) unless the Secretary determines
9 that the entity will meet all of the requirements of
10 this paragraph by the end of the period of support
11 under that subsection.”

12 (5) Section 330(e)(6) of the Public Health
13 Service Act (42 U.S.C. 254c(e)(6)) is amended—

14 (A) by striking “(c) or (d)” and inserting
15 “(c), (d), or (l)”;

16 (B) by inserting “, network, or plan” after
17 “community health center”.

18 (6) Section 330(f)(1) of the Public Health Serv-
19 ice Act (42 U.S.C. 254c(f)(1)) is amended by strik-
20 ing “(e)(2)” and inserting “(e)(3)”.

21 (7) Section 330(i) of the Public Health Service
22 Act (42 U.S.C. 254c(i)) is amended in each of para-
23 graphs (1) and (2) by striking “under subsection
24 (d)” and inserting “under this section”.

1 **SEC. 3. ESTABLISHING A PROGRAM OF LOANS AND LOAN**
2 **GUARANTEES.**

3 (a) LOANS AND LOAN GUARANTEES.—Subpart I of
4 part D of title III of the Public Health Service Act (42
5 U.S.C. 254b et seq.) is amended by adding at the end the
6 following new section:

7 “FEDERAL LOAN AND LOAN GUARANTEE PROGRAM

8 “SEC. 330A. (a) LOANS AND LOAN GUARANTEES.—

9 “(1) From the fund established pursuant to
10 subsection (b), the Secretary may make loans and
11 guarantee the payment of principal and interest to
12 Federal and non-Federal lenders for loans to any
13 public or nonprofit private entity that receives a
14 grant under sections 329, 330, or 340 for projects
15 for—

16 “(A) the acquisition, modernization, expan-
17 sion or construction of facilities, or the conver-
18 sion of unneeded hospital facilities to facilities
19 that will assure or enhance the provision and
20 accessibility of primary health care and ena-
21 bling services to medically underserved popu-
22 lations;

23 “(B) the purchase of major equipment, in-
24 cluding equipment necessary for the support of
25 external and internal information systems;

1 “(C) the establishment of reserves required
2 for furnishing services on a prepaid basis; and

3 “(D) such other capital costs as the Sec-
4 retary may determine are necessary to enable
5 the grant recipient to achieve the objectives of
6 sections 329, 330 or 340, as applicable.

7 “(2)(A) In making loans and loan guarantees
8 authorized under this section, the Secretary shall
9 give preference to applications of community health
10 centers that have received grants under section
11 330(d)(1)(A) and community health service net-
12 works or plans that have received grants under sec-
13 tion 330(l).

14 “(B) Priority shall be given to applications for
15 projects for the renovation and modernization of
16 medical facilities necessary to prevent or eliminate
17 safety hazards, avoid noncompliance with licensure
18 or accreditation standards, or projects to replace ob-
19 solete facilities.

20 “(C) The Secretary may make loans or loan
21 guarantees for the construction of new buildings
22 only if the Secretary determines that appropriate fa-
23 cilities are not available through acquiring, mod-
24 ernizing, expanding or converting existing buildings,
25 or that construction of new buildings will cost less.

1 “(3) The Secretary may pay, to the holder of
2 a loan under paragraph (1), for and on behalf of the
3 project for which the loan was made, amounts suffi-
4 cient to reduce, up to seventy five percent the net
5 effective interest rate otherwise payable on such
6 loan, if the Secretary finds that without such assist-
7 ance the project could not be undertaken.

8 “(4) The principal amount of a loan directly
9 made or guaranteed under this section may, when
10 added to any other assistance under sections 329,
11 330, or 340, cover up to one hundred percent of
12 such costs.

13 “(5) The cumulative total of the principal of
14 the loans outstanding at any time with respect to
15 which guarantees have been issued, or which have
16 been directly made, may not exceed limitations as
17 may be specified in appropriation Acts.

18 “(6)(A) The Secretary may not approve a loan
19 guarantee for a project under this section unless he
20 determines that the terms, conditions, security (if
21 any), and schedule and amount of repayments with
22 respect to the loan are sufficient to protect the fi-
23 nancial interests of the United States and are other-
24 wise reasonable.

1 “(B) Guarantees of loans under this section
2 shall be subject to such further terms and conditions
3 as the Secretary determines to be necessary to as-
4 sure that the purposes of this section will be
5 achieved.

6 “(7)(A) The Secretary may approve a loan
7 under this section only if—

8 “(i) the Secretary is reasonably satisfied
9 that the applicant for the project for which the
10 loan would be made will be able to make pay-
11 ments of principal and interest thereon when
12 due, and—

13 “(ii) the applicant provides the Secretary
14 with reasonable assurances that there will be
15 available to it such additional funds as may be
16 necessary to complete the project or undertak-
17 ing with respect to which such loan is re-
18 quested.

19 “(B) Any loan made under this section shall (i)
20 have such security, (ii) have such maturity date, (iii)
21 be repayable in such installments, (iv) bear interest
22 at a rate comparable to the rate of interest prevail-
23 ing on the date the loan is made, with respect to
24 loans guaranteed under this section, minus any in-
25 terest subsidy made in accordance with paragraph

1 (3), and (v) be subject to such other terms and con-
2 ditions (including provisions for recovery in case of
3 default), as the Secretary determines to be necessary
4 to carry out the purposes of this section and sections
5 329, 330 and 340, as applicable, while adequately
6 protecting the financial interests of the United
7 States.

8 “(C) The Secretary may, for good cause but
9 with due regard to the financial interests of the
10 United States, waive any right of recovery which he
11 has by reasons of the failure of a borrower to make
12 payments of principal of and interest on a loan made
13 under this subsection, except that if such loan is
14 sold and guaranteed, any such waiver shall have no
15 effect upon the Secretary’s guarantee of timely pay-
16 ment of principal and interest.

17 “(b) LOAN AND LOAN GUARANTEE FUND.—

18 “(1) There is established in the Treasury a loan
19 and loan guarantee fund (hereinafter in this sub-
20 section referred to as the ‘fund’) which shall be
21 available as may be specified from time to time in
22 appropriations Acts to enable the Secretary to make
23 loans, loan guarantees, payment of interest subsidies
24 and such other actions as authorized under sub-
25 section (a). There shall also be deposited in the fund

1 amounts received by the Secretary in connection
2 with loans and loan guarantees under this section
3 and other property or assets derived by the Sec-
4 retary from operations respecting such loans and
5 loan guarantees, including any money derived from
6 the sale of assets.

7 “(2) There are authorized to be appropriated
8 \$100,000,000 for each fiscal year through fiscal year
9 2005 and such additional amounts as may be nec-
10 essary to provide the sums required for the fund.
11 The preceding sentence constitutes budget authority
12 in advance of appropriations acts and represents the
13 obligation of the federal government to provide fund-
14 ing for payments in the amounts and for the fiscal
15 years authorized under this section.

16 “(c) DEFAULT.—

17 “(1) The Secretary may take such action as
18 may be necessary to prevent a default on a loan
19 made or guaranteed under subsection (a), including
20 the waiver of regulatory conditions, deferral of loan
21 payments, renegotiation of loans, and the expendi-
22 ture of funds for technical and consultative assist-
23 ance, for the temporary payment of the interest and
24 principal on such a loan, and for other purposes.

1 “(2) The Secretary may take such action, con-
2 sistent with State law respecting foreclosure proce-
3 dures, as the Secretary deems appropriate to protect
4 the interest of the United States in the event of a
5 default on a loan made or guaranteed under sub-
6 section (a), including selling real property pledged as
7 security for such a loan or loan guarantee and for
8 a reasonable period of time taking possession of,
9 holding, and using real property pledged as security
10 for such a loan or loan guarantee.

11 “(d) APPLICATIONS.—No loan or loan guarantee may
12 be made under this section unless an application is sub-
13 mitted to and approved by the Secretary. The application
14 shall be in the form and manner and contain such infor-
15 mation as the Secretary may prescribe, and if the project
16 is for construction, conversion, expansion or moderniza-
17 tion of a facility, the application shall at a minimum meet
18 the requirements of Section 330(e)(l) of this Act.

19 “(e) RIGHT OF RECOVERY.—

20 “(1) If any facility with respect to which a loan
21 or loan guarantee was made under this section, or
22 with respect to which a grant was made under sec-
23 tions 329, 330, or 340, for construction, acquisition,
24 expansion or modernization, shall at any time within
25 twenty years after completion—

1 “(A) be sold or transferred to any entity
2 which is not eligible for assistance under sec-
3 tions 329, 330 or 340 or which is not approved
4 by the Secretary as a transferee, or

5 “(B) cease to be a public or nonprofit en-
6 tity that is eligible for assistance under sections
7 329, 330 or 340,

8 the United States shall be entitled to recover from
9 the recipient of the grant, loan or loan guarantee,
10 the purchaser or transferee, the amount of the
11 grant, loan or loan guarantee plus interest. This
12 right of recovery shall not constitute a lien on any
13 facility with respect to which funds have been paid
14 under this section.

15 “(2) Notwithstanding paragraph (1), the Sec-
16 retary shall subordinate or waive the right of recov-
17 ery and any other Federal interest that may be de-
18 rived by virtue of a loan or loan guarantee under
19 this section, or a grant under sections 329, 330, or
20 340, to support the construction, acquisition, mod-
21 ernization, expansion, conversion of a facility or
22 other capital project authorized under this section,
23 where the facility is being used as security for a new
24 loan which will support improvements to the facility,
25 construction of new primary health care facilities or

1 improvements of health services described in section
2 330(a) to medically underserved populations, or
3 where the facility is being sold in order to finance
4 the acquisition or construction of another facility
5 which will be used for the purposes authorized by
6 sections 329, 330 or 340, provided that the Sec-
7 retary shall obtain an equivalent right of recovery or
8 interest in the new facility.”.

9 **SEC. 4. AMENDMENTS TO THE MIGRANT HEALTH CENTERS**
10 **AND HEALTH CARE FOR THE HOMELESS PRO-**
11 **GRAM AUTHORITIES.**

12 (a) ENABLING AND OUTREACH SERVICES.—(1) Sec-
13 tion 329(a)(1) of the Public Health Service Act (42 U.S.C.
14 254b(a)(1)) is amended—

15 (A) in the matter preceding subparagraph (A),
16 by striking “provides—” and inserting the following:
17 “provides, at appropriate locations, which may in-
18 clude schools and other sites—”;

19 (B) in subparagraph (H), by inserting before
20 “patient case management services” the following:
21 “the services of outreach workers and others to de-
22 termine, or assist in determining, the eligibility of
23 individuals to receive services and benefits under
24 Federal, State and local health programs, and to as-

1 sist such individuals in enrolling in such programs,
2 and other”;

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

5 (D) in subparagraph (H), by adding “and”
6 after the comma at the end; and

7 (E) by inserting after subparagraph (H) the
8 following new subparagraph:

9 “(I) enabling services, defined as services that
10 are not otherwise described in this subsection, that
11 promote access to necessary health and other human
12 and social services, and that increase the capacity of
13 individuals to utilize the items and services that are
14 included as covered benefits under Federal, State, or
15 local health programs,”.

16 (2) Section 340(i) of the Public Health Service Act
17 (42 U.S.C. 256(i)) is amended—

18 (A) in paragraph (1)—

19 (i) in subparagraph (B), by adding “and”
20 after the semicolon at the end;

21 (ii) in subparagraph (C), by striking “; or”
22 and inserting a period; and

23 (iii) by striking subparagraph (D); and

24 (B) in paragraph (2), by amending the para-
25 graph to read as follows:

1 “(2) Any grant may include the acquisition, expan-
2 sion, or modernization of existing buildings, and the con-
3 struction of new buildings (if the Secretary determines
4 that appropriate facilities are not available through the ac-
5 quisition, expansion or modernization of existing build-
6 ings, or that construction of a new building will cost
7 less).”

8 (3) Section 340(r)(1) of the Public Health Service
9 Act (42 U.S.C. 256(r)(1)) is amended by inserting before
10 “and substance abuse services” the following: “, supple-
11 mental health services, enabling services,”.

12 (4) Section 340(r)(6) of the Public Health Service
13 Act (42 U.S.C. 256(r)(6)) is amended to read as follows:

14 “(6) The terms ‘primary health services’, ‘sup-
15 plemental health services’ and ‘enabling services’,
16 have the meanings given such terms in section
17 330.”.

18 (b) AUTHORIZATION OF APPROPRIATIONS.—(1) Sec-
19 tion 329(h)(1)(A) of the Public Health Service Act (42
20 U.S.C. 254b(h)(1)(A)) is amended by striking “there are
21 authorized” and all that follows and inserting the follow-
22 ing: “there are authorized to be appropriated
23 \$100,000,000 for fiscal year 1995, \$110,000,000 for fis-
24 cal year 1996, \$120,000,000 for fiscal year 1997,
25 \$130,000,000 for fiscal year 1998, \$140,000,000 for fis-

1 cal year 1999, \$150,000,000 for fiscal year 2000, and
2 such sums equal to or greater than \$150,000,000 as may
3 be necessary for each of the five fiscal years thereafter.
4 The preceding sentence constitutes budget authority in ad-
5 vance of appropriations acts and represents the obligation
6 of the Federal government to provide funding for pay-
7 ments in the amounts, and for the fiscal years specified
8 under this section. Such levels shall not be subject to offset
9 or reprogramming for any reason.”.

10 (2) Section 340(q)(1) of the Public Health Service
11 Act is amended by striking “There are authorized” and
12 all that follows and inserting the following: “There are au-
13 thorized to be appropriated to carry out this section
14 \$100,000,000 for fiscal year 1995, \$110,000,000 for fis-
15 cal year 1996, \$120,000,000 for fiscal year 1997,
16 \$130,000,000 for fiscal year 1998, \$140,000,000 for fis-
17 cal year 1999, \$150,000,000 for fiscal year 2000, and
18 such sums equal to or greater than \$150,000,000 as may
19 be necessary for each of the five fiscal years thereafter.
20 The preceding sentence constitutes budget authority in ad-
21 vance of appropriations acts and represents the obligation
22 of the Federal government to provide funding for pay-
23 ments in the amounts, and for the fiscal years specified
24 under this section. Such levels shall not be subject to offset
25 or reprogramming for any reason.”.

1 **SEC. 5. EXPANDING THE NATIONAL HEALTH SERVICE**
2 **CORPS.**

3 (a) ADDITIONAL FUNDING FOR CORPS PROGRAMS.—
4 Section 338(a) of the Public Health Service Act (42
5 U.S.C. 254k) is amended—

6 (1) by redesignating paragraph (2) as para-
7 graph (3); and

8 (2) by inserting after paragraph (1) the follow-
9 ing new paragraph:

10 “(2)(A) For the purpose of carrying out this para-
11 graph, there are authorized to be appropriated
12 \$50,000,000 for fiscal year 1995, \$100,000,000 for fiscal
13 year 1996, and \$200,000,000 for each of the fiscal years
14 1997 through 2000. The preceding sentence constitutes
15 budget authority in advance of appropriations acts and
16 represents the obligation of the Federal government to
17 provide funding for payments in the amounts, and for the
18 fiscal years, specified under this section. Such levels shall
19 not be subject to offset or reprogramming for any reason.

20 “(B) The authorizations of appropriations established
21 in subparagraph (A) are in addition to the authorization
22 of appropriations in paragraph (1).

23 “(C) Of the amounts appropriated under subpara-
24 graph (A), the Secretary shall reserve such amounts as
25 may be necessary to ensure that, of the aggregate number
26 of individuals who are participants in the Scholarship pro-

1 gram under section 338A, or in the Loan Repayment Pro-
2 gram under section 338B, the total number who are being
3 educated as nurses or are serving as nurses, respectively,
4 is increased to 20 percent.

5 “(D) Notwithstanding section 333(a)(3) and the pri-
6 orities stated in section 333A for approval of applications
7 for the assignment of Corps members, to the extent that
8 additional funds appropriated pursuant to subparagraph
9 (A) increases the number of individuals participating in
10 the Scholarship Program under Section 338A of the Pub-
11 lic Health Service Act and in the Loan Repayment Pro-
12 gram under section 338B of such Act over the number
13 of individuals participating in such programs in fiscal year
14 1994, the Secretary shall give preference in assigning
15 those individuals to applicants that serve a health profes-
16 sional shortage area and receive grants to provide health
17 services and enabling services under sections 329, 330 or
18 340 (including, but not limited to, networks and plans
19 awarded funds under section 330) and other Federally
20 qualified health centers as defined in section 1861(aa)(4)
21 of the Social Security Act.”.

1 **SEC. 6. FACILITATING THE PARTICIPATION OF COMMUNITY**
2 **PROVIDERS IN HEALTH PROFESSIONS TRAIN-**
3 **ING.**

4 (a) PREFERENCE FOR CERTAIN HEALTH PROFES-
5 SIONS PROGRAM APPLICANTS.—Section 791(a)(1) of the
6 Public Health Service Act (42 U.S.C. 295j(a)(1)) is
7 amended—

8 (1) by striking “or under section 766 or 767,”
9 and inserting the following: “, under section 766 or
10 767, or under section 777 or 778, in addition to
11 preferences stated in such sections,”;

12 (2)(A) by striking “(B) during” and inserting
13 “(ii) during”; and

14 (B) by striking “(A) has” and inserting “(B)(i)
15 has”; and

16 (3) by inserting before subparagraph (B) (as
17 redesignated by paragraph (2) of this subsection)
18 the following new subparagraph:

19 “(A) is (or is a co-applicant with) an entity
20 that receives support under section 329, 330, or
21 340, or that is certified as a Federally qualified
22 health center under section 1861(aa)(4) of the
23 Social Security Act; and”.

24 (b) PREFERENCE FOR CERTAIN NURSE TRAINING
25 PROGRAM APPLICANTS.—Section 860(e)(1)(A) of the

1 Public Health Service Act (42 U.S.C. 298b-7(e)(1)(A)) is
2 amended—

3 (1) by inserting “820(b), 820(c),” before
4 “821,”;

5 (2) by inserting “827,” before “830,”;

6 (3)(A) by striking “(ii) during” and inserting
7 “(II) during”; and

8 (B) by striking “(i) has” and inserting “(ii)(I)
9 has”; and

10 (4) by inserting before clause (ii) (as redesignated
11 by paragraph (3) of this subsection) the following
12 new clause:

13 “(i) is (or is a co-applicant with) an
14 entity that receives support under section
15 329, 330, or 340, or that is certified as a
16 Federally qualified health center under section
17 1861(aa)(4) of the Social Security
18 Act; and”.

19 (c) PAYMENT FOR DIRECT COSTS OF GRADUATE
20 MEDICAL EDUCATION.—Section 1886(h)(4)(E) of the So-
21 cial Security Act (42 U.S.C. 1395ww(h)(4)(E)) is amend-
22 ed by inserting before the period at the end the following:
23 “(or, in the case of activities performed at a Federally
24 qualified health center described in section 1861(aa)(4),
25 if the hospital incurs any of the costs for the training pro-

1 gram at such center and reimburses the center for any
2 of the costs of the program that the center incurs)''.

3 (d) PAYMENT FOR INDIRECT COSTS OF GRADUATE
4 MEDICAL EDUCATION.—Section 1886(d)(5)(B)(iv) of the
5 Social Security Act (42 U.S.C. 1395ww(d)(5)(B)(iv)), as
6 amended by section 13506 of the Omnibus Budget Rec-
7 onciliation Act of 1993 (Public Law 103–66; 107 Stat.
8 579), is amended—

9 (1) by striking “entity receiving a grant” and
10 all that follows through “control of the hospital” and
11 inserting “Federally qualified health center de-
12 scribed in section 1861(aa)(4)”;

13 (2) by striking “all, or substantially all, of the
14 costs” and inserting “any of the costs”; and

15 (3) by striking “residents)” and inserting the
16 following: “residents and reimburses the center for
17 any of the costs of the program that the center in-
18 curs)”.

19 (e) CLARIFYING ALLOWABILITY OF COSTS.—Section
20 1833(a)(3) of the Social Security Act (42 U.S.C.
21 1395l(a)(3)) is amended by inserting after “furnishing
22 such services” the following: “(including, without limita-
23 tion, all costs associated with participation in an approved
24 medical residency training program)”.

1 (f) EFFECTIVE DATE.—The amendments made by
2 subsections (c), (d), and (e) shall apply to services fur-
3 nished during cost reporting periods beginning on or after
4 October 1, 1994.

5 **SEC. 7. PROVIDING SAFEGUARDS FOR RURAL HEALTH**
6 **CLINICS AND FEDERALLY QUALIFIED**
7 **HEALTH CENTERS IN MEDICAID DEMONSTRA-**
8 **TIONS.**

9 (a) Section 1115(a)(1) of the Social Security Act (42
10 U.S.C. 1315(a)(1)) is amended by striking “or 1902,” and
11 inserting the following: “or 1902 (other than paragraphs
12 (13)(E), (10)(A), and (23) of section 1902(a) insofar as
13 such paragraphs require provision of, payment for, and
14 allow freedom of choice to select the provider of, the care
15 and services described in subparagraphs (B) and (C) of
16 section 1905(a)(2)),”.

17 (b) Section 1115(a)(2) of the Social Security Act (42
18 U.S.C. 1315(a)(2)) is amended by inserting before the pe-
19 riod at the end the following: “, except that this paragraph
20 shall not provide authority for the Secretary to waive com-
21 pliance by a State with the requirements of paragraph
22 (2)(A)(ix) or (3) of section 1903(m)”.

23 (c) Section 1915(b) of the Social Security Act (42
24 U.S.C. 1396n(b)) is amended—

1 (1) in the matter preceding paragraph (1), by
2 striking “section 1905(a)(2)(C)” and inserting
3 “subparagraphs (B) and (C) of section
4 1905(a)(2)”; and

5 (2) in the matter after and below paragraph
6 (4), by striking “section 1905(a)(4)(C)” and insert-
7 ing “paragraphs (2)(B), (2)(C), and (4)(C) of sec-
8 tion 1905(a)”.

9 (d) Section 1903(m) of the Social Security Act (42
10 U.S.C. 1396b) is amended by inserting after paragraph
11 (2) the following new paragraph:

12 “(3) Notwithstanding sections 1115 and 1915(b), in
13 the event that a State agency contracts with an entity de-
14 scribed in paragraph (2)(A) or an entity similar to such
15 entity, such State agency, upon receiving an offer to pro-
16 vide health care services from a rural health clinic or a
17 Federally qualified health center operating in the same ge-
18 ographic area as such entity, shall enter into a contract
19 with such clinic or center for the provision of all health
20 care services referred to in such offer and, unless the clinic
21 or center elects otherwise, the payment made by the State
22 to such clinic or center for services described in subpara-
23 graphs (B) and (C) of section 1905(a)(2) to the individ-
24 uals proposed to be served in the clinic’s or center’s offer

1 shall be made at the rates of payment specified in section
2 1902(a)(13)(E).”.

3 **SEC. 8. PROVIDING SAFE HARBOR FOR CERTAIN COLLABO-**
4 **RATIVE EFFORTS THAT BENEFIT MEDICALLY**
5 **UNDERSERVED PERSONS.**

6 (a) Section 1128B(b)(3) of the Social Security Act
7 (42 U.S.C. 1320a-7b(b)(3)) is amended—

8 (1) in subparagraph (D), by striking “and”
9 after the semicolon at the end;

10 (2) in subparagraph (E), by striking the period
11 at the end and inserting “; and”; and

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

13 “(F) any remuneration paid by or to a recipient
14 or subrecipient of Federal grant funds under or in
15 connection with an arrangement for the procurement
16 of goods or services by the recipient or subrecipient,
17 the referral of patients, or the lease or purchase of
18 space or equipment, provided that the following re-
19 quirements are met:

20 “(i) The arrangement is in writing and
21 signed by the parties.

22 “(ii) The arrangement will result in the
23 savings of Federal grant funds or increased rev-
24 enues to the recipient or subrecipient that will
25 be used to increase the availability or accessibil-

1 ity of services to a medically underserved popu-
2 lation served by the recipient or subrecipient or
3 an improvement in the quality of services to
4 such population; provided that the recipient or
5 subrecipient may seek a prior determination
6 from the Public Health Service that this re-
7 quirement is met and, if the recipient or sub-
8 recipient does so, Public Health Service ap-
9 proval shall be conclusive and binding on the
10 Federal Government.

11 “(iii) The arrangement will not result in
12 private inurement to any current employees or
13 members of the Board of Directors of the recip-
14 ient or subrecipient, or to agents of the recipi-
15 ent or subrecipient who were involved in rec-
16 ommending or negotiating the arrangement.

17 “(iv) With respect to an arrangement
18 under which a recipient or subrecipient is pro-
19 curing goods or services, the provider of the
20 goods or services is the only provider able to
21 supply such goods or services, or the recipient
22 or subrecipient has engaged in a competitive
23 process to procure the goods or services that
24 meets the requirements for competition under
25 Federal grant awards.

1 “(v) With respect to an arrangement for a
2 referral of patients, the arrangement will assure
3 that all patients covered or affected by the ar-
4 rangement are advised that they may request a
5 referral to any person or entity of their choos-
6 ing, subject to appropriate contractual limita-
7 tions under which the recipient or subrecipient
8 may operate as a health plan or as a contract
9 health plan provider and such limitations as the
10 patient may be under as an enrollee of a health
11 plan.

12 “(vi) With respect to an arrangement for
13 a referral of patients, the arrangement will not
14 interfere with the discretion of health profes-
15 sionals to refer patients in a manner they be-
16 lieve will most appropriately deal with a pa-
17 tient’s particular circumstances, subject to ap-
18 propriate contractual limitations under which
19 the recipient or subrecipient may operate as a
20 health plan or as a contract health plan pro-
21 vider and such limitations as the patient may
22 be under as an enrollee of a health plan.

23 For any arrangement that does not meet the above
24 requirements, paragraphs (1) and (2) shall not apply
25 when the recipient or subrecipient of Federal grant

1 funds has applied to the Secretary for approval of
2 the arrangement and the Secretary, after consulta-
3 tion with the Department of Health and Human
4 Services Office of Inspector General, has approved
5 the arrangement based upon a finding that the ar-
6 rangement will produce a substantial benefit to a
7 medically underserved population that outweighs the
8 arrangement's failure to fully satisfy all of the above
9 requirements. For any arrangement existing on the
10 date of enactment of this subparagraph (F) involv-
11 ing a recipient or subrecipient of Federal grant
12 funds that does not meet the foregoing requirements
13 and would subject the recipient or subrecipient to
14 criminal penalties under paragraphs (1) or (2), the
15 recipient or subrecipient shall be immune from
16 criminal prosecution under paragraphs (1) or (2),
17 provided that within six months after enactment of
18 this subparagraph (F) the arrangement is termi-
19 nated or amended to conform to the requirements of
20 this subparagraph (F).

21 For purposes of this section, a 'recipient' shall mean
22 a public or nonprofit private entity that receives a grant
23 or cooperative agreement under the Public Health Service
24 Act or title V of this Social Security Act. For purposes
25 of this section, a 'subrecipient' shall mean a public or non-

- 1 profit private entity that performs substantive work under
- 2 a grant or cooperative agreement under the Public Health
- 3 Service Act or title V of this Act to a recipient.”.

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HR 4561 IH—2

HR 4561 IH—3

HR 4561 IH—4