

104TH CONGRESS
1ST SESSION

H. R. 2175

To amend the Public Health Service Act and the Social Security Act to improve the access of rural residents to quality health care by consolidating various categorical programs into a single program of grants to the States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 1995

Mr. WILLIAMS introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Public Health Service Act and the Social Security Act to improve the access of rural residents to quality health care by consolidating various categorical programs into a single program of grants to the States, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Health Consoli-
5 dated Grant Act”.

1 **TITLE I—CONSOLIDATION OF**
2 **PROGRAMS REGARDING**
3 **HEALTH OF RURAL POPU-**
4 **LATIONS**

5 **Subtitle A—Provisions Relating to**
6 **Public Health Service Act**

7 **SEC. 101. PROVISIONS RELATING TO PUBLIC HEALTH**
8 **SERVICE ACT.**

9 The Public Health Service Act (42 U.S.C. 201 et
10 seq.) is amended by adding at the end the following title:

11 **“TITLE XXVII—HEALTH OF**
12 **RURAL POPULATIONS**
13 **“Subtitle A—Consolidated Grants**
14 **Regarding Health of Rural Pop-**
15 **ulations**

16 **“SEC. 2701. FORMULA GRANTS TO STATES.**

17 “(a) IN GENERAL.—In the case of each State that
18 in accordance with section 2707 submits to the Secretary
19 an application for fiscal year 1996 or any subsequent fis-
20 cal year, the Secretary shall make a grant for the year
21 to the State for the purposes specified in section 2703(1).
22 The grant shall consist of the allotment determined for
23 the State under section 2708.

1 “(b) ADMINISTRATOR OF FEDERAL PROGRAM.—The
2 Secretary shall carry out this subtitle acting through the
3 Director of the Office of Rural Health Policy.

4 “(c) ADMINISTRATOR OF STATE PROGRAMS.—A
5 funding agreement under subsection (a) for a State for
6 a fiscal year is that the expenditure of the grant to the
7 State under such subsection will be administered
8 through—

9 “(1) the State office of rural health (operated
10 pursuant to section 338J, as such section was in ef-
11 fect for fiscal years 1991 through 1995); or

12 “(2) a public or nonprofit private entity des-
13 igned by the State and approved by the Director
14 of the Office of Rural Health Policy.

15 **“SEC. 2702. STATE DISCRETION.**

16 “With respect to the expenditure by a State of a
17 grant under section 2701 for a fiscal year, the State has
18 discretion to select, from among the purposes described
19 in section 2703(1), the purposes for which the grant is
20 expended.

21 **“SEC. 2703. EXPENDITURE OF GRANT; EXPANDED SCOPE**
22 **REGARDING RELEVANT PROGRAMS AND**
23 **FUNDS.**

24 “Funding agreements under section 2701 for a State
25 for a fiscal year are as follows:

1 “(1) The grant under such section will be ex-
2 pended exclusively for the following purposes (re-
3 garding the health of rural populations in the State):

4 “(A) To develop integrated health net-
5 works.

6 “(B) To develop systems for providing
7 emergency medical services.

8 “(C) To develop telemedicine systems (as
9 defined in section 2741).

10 “(D) To recruit and retain health care pro-
11 viders.

12 “(E) To carry out any activity that was
13 authorized to be carried out with amounts pro-
14 vided to the States under any of the programs
15 that were repealed (or otherwise terminated) by
16 title II of the Rural Health Consolidated Grant
17 Act.

18 “(F) To carry out activities that are au-
19 thorized by the State in collaboration with the
20 Director of the Office.

21 “(2) In the case of the purposes selected under
22 paragraph (1) by the State, the State will give spe-
23 cial consideration to the following in expending the
24 grant:

1 “(A) To carrying out the purposes through
2 one or more consortia, each of which consists of
3 three or more community organizations. Such
4 consortia may include for-profit entities, subject
5 to section 2706(a)(5).

6 “(B) To utilizing entities that have admin-
7 istrative offices within the rural areas to be
8 served by the entity.

9 “(C) To expending a substantial majority
10 of the grant within the rural areas that are to
11 be served or at the direction of one or more en-
12 tities located within those same areas.

13 “(D) To utilizing entities and facilities
14 that were serving rural areas of the State as of
15 the date of submission of an application for a
16 grant by the State.

17 “(E) To utilizing entities that will have the
18 financial capacity to continue serving rural
19 areas after assistance under the grant for the
20 entities is terminated.

21 “(3) The State will in expending the grant give
22 special consideration to developing integrated health
23 networks for the provision of primary health care,
24 including preventive health services.

1 **“SEC. 2704. TECHNICAL ASSISTANCE; MATCHING FUNDS.**

2 “(a) REQUIREMENT OF TECHNICAL ASSISTANCE FOR
3 RURAL AREAS.—A funding agreement under section 2701
4 for a State for a fiscal year is that, in the case of the
5 entities to which the State provides amounts from the
6 grant to carry out activities for rural areas, the State will
7 make available to the entities technical assistance in carry-
8 ing out the activities.

9 “(b) MATCHING FUNDS.—With respect to the costs
10 of the programs to be carried out by a State with a grant
11 under section 2701, a funding agreement under such sec-
12 tion for the State for a fiscal year is that the State will
13 make available (directly or through donations from public
14 or private entities) non-Federal contributions toward such
15 costs in an amount that is not less than \$1 for each \$4
16 of Federal funds provided in the grant.

17 **“SEC. 2705. EXERCISE OF STATE DISCRETION; GOALS AND**
18 **OBJECTIVES; ANNUAL REPORT.**

19 “(a) EXERCISE OF STATE DISCRETION; PARTICIPA-
20 TION OF STATE RESIDENTS.—With respect to the pur-
21 poses that a State has selected pursuant to section 2703
22 regarding the expenditure of a grant under section 2701
23 for a fiscal year, conditions for the receipt of the grant
24 are as follows:

25 “(1) The application submitted under section
26 2707 specifies the purposes the State has selected.

1 “(2) The application demonstrates that, in pre-
2 paring the application (including provisions included
3 pursuant to subsection (b)), the State consulted with
4 members of the public throughout rural areas in the
5 State, with a reasonable number and variety of
6 health care providers who provide services in such
7 areas, and with local governments in such areas.

8 “(b) GOALS AND OBJECTIVES REGARDING HEALTH
9 OF RURAL POPULATIONS.—Conditions for the receipt of
10 a grant under section 2701 for a fiscal year are that the
11 application submitted by the State under section 2707
12 demonstrates that the State has complied with the follow-
13 ing:

14 “(1) The State has identified the needs of rural
15 populations in the State regarding the purposes de-
16 scribed in section 2703(1), including an identifica-
17 tion of any deficiencies in the health status of such
18 populations.

19 “(2) The State has determined goals and objec-
20 tives regarding such purposes; the means to be uti-
21 lized to meet such goals and objectives; and the
22 dates by which the State expects to meet the various
23 goals and objectives.

24 “(3) The State has determined a methodology
25 for measuring the progress of the State toward

1 meeting the goals and objectives, and to the extent
2 practicable, the methodology conforms to any appli-
3 cable guidelines that the Director of the Office has
4 established for uniformity in the collection and re-
5 porting of data in order to provide for the com-
6 parability of the data.

7 “(c) IMPLEMENTATION OF DECISIONS BY STATE.—
8 Funding agreements under section 2701 for a State for
9 a fiscal year are as follows:

10 “(1) The grant under such section will be ex-
11 pended in accordance with the purposes that, pursu-
12 ant to subsection (a), are specified in the application
13 submitted under section 2707.

14 “(2) If during the fiscal year the State elects to
15 make modifications in the application regarding such
16 purposes, the State will make the modifications in
17 accordance with subsection (a)(2) and will submit to
18 the Director of the Office a description of the modi-
19 fications (including a description of the effect of the
20 modifications on the provisions included in the appli-
21 cation pursuant to subsection (b)).

22 “(d) ANNUAL REPORT.—A funding agreement under
23 section 2701 for a State for a fiscal year is that, after
24 the end of the fiscal year, the State will submit to the
25 Director of the Office (not later than the date specified

1 by the Director) a report describing, in terms of the mat-
2 ters specified in subsection (b), the activities carried out
3 under the grant.

4 **“SEC. 2706. LIMITATIONS ON EXPENDITURES OF GRANT.**

5 “(a) LIMITATIONS.—A funding agreement under sec-
6 tion 2701 for a State for a fiscal year is that the grant
7 under such section will not be expended—

8 “(1) to provide inpatient health services;

9 “(2) to conduct research projects;

10 “(3) to purchase or improve land, or to pur-
11 chase, construct, or permanently improve (other
12 than minor remodeling) any building or other facil-
13 ity;

14 “(4) to satisfy any requirement under other
15 Federal programs that non-Federal funds be pro-
16 vided as a condition of the receipt of Federal funds;
17 or

18 “(5) to provide financial assistance to any en-
19 tity other than a public or nonprofit private entity.

20 “(b) ADMINISTRATIVE EXPENSES.—A funding agree-
21 ment under section 2701 for a State for a fiscal year is
22 that not more than \$75,000 of the grant under such sec-
23 tion will be expended for administrative expenses regard-
24 ing the grant.

1 **“SEC. 2707. APPLICATION FOR GRANT.**

2 “The Director of the Office may make a grant under
3 section 2701 only if an application for the grant is submit-
4 ted to the Director by the date specified by the Director;
5 the application meets the requirements established in this
6 subtitle for the application; and the application is in such
7 form, is made in such manner, and contains such agree-
8 ments, assurances, and information as may be necessary
9 for the Director to carry out this title.

10 **“SEC. 2708. AMOUNT OF ALLOTMENT.**

11 “(a) IN GENERAL.—For purposes of section 2701(a),
12 the allotment determined under this section for a State
13 for a fiscal year is an amount determined by the Director
14 of the Office through a formula established by the Direc-
15 tor on the basis of the following four factors:

16 “(1) The number of individuals living in rural
17 areas in the State.

18 “(2) The extent of poverty in rural areas in the
19 State.

20 “(3) The extent to which primary health care is
21 available in rural areas in the State.

22 “(4) The extent to which individuals living in
23 rural areas in the State are a significant distance
24 from sites at which health services are available.

25 “(b) SUBMISSION TO CONGRESS OF FORMULA.—In
26 establishing a formula under subsection (a), the Director

1 of the Office shall submit to the Congress a report that
2 specifies the formula the Director intends to apply under
3 such subsection and that provides a description of the ef-
4 fect of the formula on the States. The formula may not
5 take effect any earlier than 60 days after the date on
6 which the report is submitted to the Congress.

7 “(c) DISPOSITION OF CERTAIN FUNDS.—

8 “(1) IN GENERAL.—Of the amounts available
9 for a fiscal year for grants under section 2701,
10 amounts described in paragraph (2), if any, shall be
11 allotted by the Director of the Office as grants to
12 States that submit applications in accordance with
13 section 2707 for the fiscal year. The amount of such
14 a grant for a State shall be determined in a manner
15 equivalent to the manner in which the amount of a
16 grant was otherwise determined under this section
17 for the State for the fiscal year, and the grant shall
18 be subject to the same conditions as grants under
19 section 2701.

20 “(2) SPECIFICATION OF AMOUNTS.—The
21 amounts referred to in paragraph (1) for a fiscal
22 year are any amounts that are not paid under sec-
23 tion 2701 to the States for the fiscal year as a result
24 of—

1 “(A) the failure of one or more States to
2 submit an application in accordance with sec-
3 tion 2707 for the fiscal year; or

4 “(B) one or more States informing the Di-
5 rector of the Office that the State does not in-
6 tend to expend the full amount of the grant
7 made to the State under section 2701 for the
8 fiscal year.

9 **“Subtitle B—Administrator of**
10 **Program; Other Duties**

11 **“SEC. 2731. ADMINISTRATOR.**

12 “(a) IN GENERAL.—There is established within the
13 Office of the Secretary an office to be known as the Office
14 of Rural Health Policy, which shall be headed by a Direc-
15 tor. The provisions of this section are subject to subsection
16 (c).

17 “(b) DUTIES.—With respect to the health of rural
18 populations, the Director of the Office shall provide advice
19 to the Secretary regarding the effects of Federal policies;
20 coordinate activities within the Department of Health and
21 Human Services; provide information to the Secretary on
22 the activities of other Federal agencies; provide for the col-
23 lection and dissemination of information; provide for re-
24 search centers; provide for activities regarding the recruit-
25 ment and retention of health care providers; and provide

1 technical assistance. An advisory committee may be estab-
2 lished in order to advise the Secretary and the Director
3 of the Office regarding the health of residents of rural
4 areas and the provision and financing of health care serv-
5 ices in those same areas. The Director of the Office may
6 periodically submit to the Congress reports regarding the
7 health of such residents.

8 “(c) RELATIONSHIP TO MEDICARE AND MEDICAID
9 PROGRAMS.—The duties established in this section for the
10 Director of the Office do not apply with respect to the
11 programs established in titles XVIII and XIX of the Social
12 Security Act.

13 **“Subtitle C—General Provisions**

14 **“SEC. 2741. DEFINITIONS.**

15 “For purposes of this title:

16 “(1) The term ‘funding agreement’, with re-
17 spect to a grant under section 2701 to a State,
18 means an agreement that is required as a condition
19 of receiving the grant. The Director of the Office
20 may make such a grant only if the State involved
21 makes each funding agreement described in subtitle
22 A.

23 “(2) The term ‘Office’ means the Office of
24 Rural Health Policy, unless the context of usage in-
25 dicates otherwise.

1 “(3) The term ‘rural area’ means areas that are
2 outside any standard metropolitan statistical area.

3 “(4) The term ‘telemedicine system’ means a
4 system that uses telecommunications to transmit im-
5 ages for medical diagnosis and patient care between
6 two sites that are distant from each other. Such sys-
7 tems include patient counseling and clinical training
8 of residents and health professions students when
9 such training enables the provision of health care.

10 **“SEC. 2742. FUNDING.**

11 “(a) AUTHORIZATION OF APPROPRIATIONS.—For the
12 purpose of carrying out this title, there are authorized to
13 be appropriated \$85,000,000 for fiscal year 1996, and
14 such sums as may be necessary for each of the fiscal years
15 1997 through 2000.

16 “(b) LIMITATION REGARDING OFFICE OF RURAL
17 HEALTH POLICY.—Of the amounts appropriated under
18 subsection (a) for a fiscal year, the Director of the Office
19 may reserve not more than \$10,000,000 for carrying out
20 section 2731.’’.

1 **Subtitle B—Provisions Relating to**
2 **Social Security Act**

3 **SEC. 111. CONFORMING AMENDMENT REGARDING RELA-**
4 **TIONSHIP TO MEDICARE AND MEDICAID PRO-**
5 **GRAMS.**

6 Section 711 of the Social Security Act (42 U.S.C.
7 912) is amended to read as follows:

8 “RURAL HEALTH POLICY

9 “SEC. 711. (a) With respect to the programs estab-
10 lished under titles XVIII and XIX, the Director of the
11 Office of Rural Health Policy (in this section referred to
12 as the ‘Office’) shall provide advice to the Secretary re-
13 garding the effects that such programs have on the health
14 of rural populations. Such advice shall include advice on
15 the effects of current policies and proposed statutory, reg-
16 ulatory, administrative, and budgetary changes in such
17 programs on the financial viability of small rural hospitals,
18 the ability of rural areas (and rural hospitals in particular)
19 to attract and retain physicians and other health profes-
20 sionals, and access to (and the quality of) health care in
21 rural areas.

22 “(b) The Director of the Office shall oversee compli-
23 ance with the requirements of section 1102(b) of this Act
24 and section 4403 of the Omnibus Budget Reconciliation

1 Act of 1987 (as such section pertains to rural health is-
2 sues).

3 “(c) With respect to the effects that the programs
4 established under titles XVIII and XIX have on the health
5 of rural populations, the Director of the Office shall—

6 “(1) provide for the collection and dissemina-
7 tion of information;

8 “(2) coordinate activities within the Depart-
9 ment of Health and Human Services; and

10 “(3) provide information to the Secretary and
11 others in such Department with respect to the activi-
12 ties of other Federal departments and agencies.

13 “(d) For the purpose of carrying out this section,
14 there are authorized to be appropriated such sums as may
15 be necessary for each of the fiscal years 1996 through
16 2000.”.

17 **TITLE II—REPEAL OF CATEGOR-**
18 **ICAL PROGRAMS REGARDING**
19 **HEALTH OF RURAL POPU-**
20 **LATIONS**

21 **Subtitle A—Programs Relating to**
22 **Public Health Service Act**

23 **SEC. 201. PUBLIC HEALTH SERVICE ACT; REPEAL OF CAT-**
24 **EGORICAL PROGRAMS.**

25 (a) STATUTORY PROVISIONS.—

1 (1) DEMONSTRATIONS REGARDING DELIVERY
2 SYSTEMS.—With respect to activities under section
3 902(b)(1) of the Public Health Service Act, the Ad-
4 ministrator for Health Care Policy and Research
5 shall, effective October 1, 1995, terminate all dem-
6 onstration projects that were in operation as of the
7 day before such date. On or after January 1, 1996,
8 such Administrator may establish additional dem-
9 onstration projects under such section, subject to the
10 extent of amounts made available in appropriations
11 Acts.

12 (2) TRAUMA CARE.—Effective October 1, 1995,
13 title XII of the Public Health Service Act (42 U.S.C.
14 300d et seq.) is amended by striking parts A
15 through C.

16 (3) SPECIAL PROJECTS REGARDING HEALTH
17 PROFESSIONS TRAINING.—Effective October 1,
18 1995, section 778 of the Public Health Service Act
19 (42 U.S.C. 294p) is repealed.

20 (4) STATE OFFICES OF RURAL HEALTH.—Ef-
21 fective October 1, 1995, section 338J of the Public
22 Health Service Act (42 U.S.C. 254r) is repealed.

23 (b) ADMINISTRATIVE INITIATIVES.—

24 (1) OUTREACH GRANTS.—

1 (A) Effective October 1, 1995, the pro-
2 gram specified in subparagraph (B) is termi-
3 nated.

4 (B) The program referred to in subpara-
5 graph (A)—

6 (i) is referred to as the program for
7 rural outreach grants;

8 (ii) is carried out by the Adminis-
9 trator of the Health Resources and Serv-
10 ices Administration; and

11 (iii) is carried out for fiscal year 1995
12 with amounts that, under Public Law 103-
13 333, are made available for rural outreach
14 grants.

15 (2) TELECOMMUNICATIONS GRANTS.—

16 (A) Effective October 1, 1995, the pro-
17 gram specified in subparagraph (B) is termi-
18 nated.

19 (B) The program referred to in subpara-
20 graph (A)—

21 (i) is referred to as the telecommuni-
22 cations grant program;

23 (ii) is carried out by the Adminis-
24 trator of the Health Resources and Serv-
25 ices Administration; and

1 (iii) is carried out for fiscal year 1995
2 with amounts that, under Public Law 103-
3 333, are made available for rural health re-
4 search.

5 **Subtitle B—Programs Relating to**
6 **Social Security Act**

7 **SEC. 211. SOCIAL SECURITY ACT AND RELATED PROVI-**
8 **SIONS; REPEAL OF CATEGORICAL PRO-**
9 **GRAMS.**

10 (a) STATUTORY PROVISION; GRANT PROGRAM FOR
11 RURAL HEALTH CARE TRANSITION.—Effective October
12 1, 1995, section 4005 of the Omnibus Budget Reconcili-
13 ation Act of 1987 (101 Stat. 1330–47; Public Law 100-
14 203) is amended by striking subsection (e) (42 U.S.C.
15 1395ww note).

16 (b) ADMINISTRATIVE INITIATIVE; RURAL HEALTH
17 SYSTEM DELIVERY MODELS.—

18 (1) IN GENERAL.—Effective October 1, 1995,
19 the program specified in paragraph (2) is termi-
20 nated.

21 (2) SPECIFICATION OF PROGRAM.—The pro-
22 gram referred to in paragraph (1)—

23 (A) is referred to as the program to assist
24 States in developing innovative rural health sys-
25 tem delivery models;

1 (B) is carried out by the Administrator of
2 the Health Care Financing Administration; and

3 (C) is carried out for fiscal year 1995 with
4 amounts that, under Public Law 103-333, are
5 made available for new rural health grants.

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