

104TH CONGRESS
1ST SESSION

H. R. 2411

To provide assistance for the establishment of community rural health networks in chronically underserved areas, to provide incentives for providers of health care services to furnish services in such areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 1995

Mr. ROBERTS (for himself, Mr. STENHOLM, Mr. GUNDERSON, and Mr. POSHARD) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Ways and Means and the Judiciary, 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 provide assistance for the establishment of community rural health networks in chronically underserved areas, to provide incentives for providers of health care services to furnish services in such areas, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Rural Health Development Act”.

1 (b) TABLE OF CONTENTS.—The table of contents of
2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—GRANTS TO ENCOURAGE ESTABLISHMENT OF
COMMUNITY RURAL HEALTH NETWORKS

Sec. 101. Assistance for implementation of access plans for chronically under-
served areas.

Sec. 102. Technical assistance grants for networks.

Sec. 103. Development grants for networks.

Sec. 104. Definitions.

TITLE II—INCENTIVES FOR HEALTH PROFESSIONALS TO
PRACTICE IN RURAL AREAS

Subtitle A—National Health Service Corps Program

Sec. 201. National Health Service Corps loan repayments excluded from gross
income.

Sec. 202. Study regarding designation as health professional shortage area; al-
location of Corps members among shortage areas.

Sec. 203. Other provisions regarding National Health Service Corps.

Subtitle B—Incentives Under Other Programs

Sec. 211. Additional payments under medicare for physicians' services fur-
nished in shortage areas.

Sec. 212. Development of model State scope of practice law.

TITLE III—ASSISTANCE FOR INSTITUTIONAL PROVIDERS

Subtitle A—Hospital-Affiliated Primary Care Centers

Sec. 301. Hospital-affiliated primary care centers.

Subtitle B—Assistance to Rural Providers Under Medicare

Sec. 311. Establishment of rural emergency access care hospitals.

Sec. 312. Coverage of and payment for services.

Sec. 313. Effective date.

Subtitle C—Demonstration Projects to Encourage Primary Care and Rural-
Based Graduate Medical Education

Sec. 321. State and consortium demonstration projects.

Sec. 322. Goals for projects.

Sec. 323. Definitions.

TITLE IV—MEDICARE PAYMENT METHODOLOGIES

Sec. 401. Telemedicine services.

Sec. 402. HMO-risk contract program.

TITLE V—HOSPITAL ANTITRUST FAIRNESS

Sec. 501. Antitrust exemption.

Sec. 502. Requirements.

Sec. 503. Definition.

TITLE VI—FINANCING

Sec. 601. Increase in medicare part B premium for individuals with high income.

Sec. 602. Termination of certain grant programs.

1 **TITLE I—GRANTS TO ENCOUR-**
 2 **AGE ESTABLISHMENT OF**
 3 **COMMUNITY RURAL HEALTH**
 4 **NETWORKS**

5 **SEC. 101. ASSISTANCE FOR DEVELOPMENT OF ACCESS**
 6 **PLANS FOR CHRONICALLY UNDERSERVED**
 7 **AREAS.**

8 (a) AVAILABILITY OF FINANCIAL ASSISTANCE TO IM-
 9 PLEMENT ACTION PLANS TO INCREASE ACCESS.—

10 (1) IN GENERAL.—The Secretary shall provide
 11 grants (in amounts determined in accordance with
 12 paragraph (3)) over a 3-year period to an eligible
 13 State for the development of plans to increase access
 14 to health care services during such period for resi-
 15 dents of areas in the State that are designated as
 16 chronically underserved areas in accordance with
 17 subsection (b).

18 (2) ELIGIBILITY REQUIREMENTS.—A State is
 19 eligible to receive grants under this section if the
 20 State submits to the Secretary (at such time and in
 21 such form as the Secretary may require) assurances
 22 that the State has developed (or is in the process of

1 developing) a plan to increase the access of residents
2 of a chronically underserved area to health care serv-
3 ices that meets the requirements of subsection (c),
4 together with such other information and assurances
5 as the Secretary may require.

6 (3) AMOUNT OF ASSISTANCE.—

7 (A) IN GENERAL.—Subject to subpara-
8 graph (B), the amount of assistance provided to
9 a State under this subsection with respect to
10 any plan during a 3-year period shall be equal
11 to—

12 (i) for the first year of the period, an
13 amount equal to 100 percent of the
14 amounts expended by the State during the
15 year to implement the plan described in
16 paragraph (1) (as reported to the Sec-
17 retary in accordance with such require-
18 ments as the Secretary may impose);

19 (ii) for the second year of the period,
20 an amount equal to 50 percent of the
21 amounts expended by the State during the
22 year to implement the plan; and

23 (iii) for the third year of the period,
24 an amount equal to 33 percent of the

1 amounts expended by the State during the
2 year to implement the plan.

3 (B) AGGREGATE PER PLAN LIMIT.—The
4 amount of assistance provided to a State under
5 this subsection with respect to any plan may
6 not exceed \$100,000 during any year of the 3-
7 year period for which the State receives assist-
8 ance.

9 (b) DESIGNATION OF AREAS.—

10 (1) DESIGNATION BY GOVERNOR.—In accord-
11 ance with the guidelines developed under paragraph
12 (2), the Governor of a State may designate an area
13 in the State as a chronically underserved area for
14 purposes of this section upon the request of a local
15 official of the area or upon the Governor's initiative.

16 (2) GUIDELINES FOR DESIGNATION.—

17 (A) DEVELOPMENT BY SECRETARY.—Not
18 later than 1 year after the date of the enact-
19 ment of this Act, the Secretary shall develop
20 guidelines for the designation of areas as chron-
21 ically underserved areas under this section.

22 (B) FACTORS CONSIDERED IN DEVELOP-
23 MENT OF GUIDELINES.—In developing guide-
24 lines under paragraph (1), the Secretary shall
25 consider the following factors:

1 (i) Whether the area (or a significant
2 portion of the area)—

3 (I) is designated as a health pro-
4 fessional shortage area (under section
5 332(a) of the Public Health Service
6 Act), or meets the criteria for des-
7 ignation as such an area; or

8 (II) was previously designated as
9 such an area or previously met such
10 criteria for an extended period prior
11 to the designation of the area under
12 this section (in accordance with cri-
13 teria established by the Secretary).

14 (ii) The availability and adequacy of
15 health care providers and facilities for resi-
16 dents of the area.

17 (iii) The extent to which the availabil-
18 ity of assistance under other Federal and
19 State programs has failed to alleviate the
20 lack of access to health care services for
21 residents of the area.

22 (iv) The percentage of residents of the
23 area whose income is at or below the pov-
24 erty level.

1 (v) The percentage of residents of the
2 area who are age 65 or older.

3 (vi) The existence of cultural or geo-
4 graphic barriers to access to health care
5 services in the area, including weather con-
6 ditions.

7 (3) REVIEW BY SECRETARY.—No designation
8 under paragraph (1) shall take effect under this sec-
9 tion unless the Secretary—

10 (A) has been notified of the proposed des-
11 ignation; and

12 (B) has not, within 60 days after the date
13 of receipt of the notice, disapproved the des-
14 ignation.

15 (4) PERIOD OF DESIGNATION.—A designation
16 under this section shall be effective during a period
17 specified by the Governor of not longer than 3 years.
18 The Governor may extend the designation for addi-
19 tional 3-year periods, except that a State may not
20 receive assistance under subsection (a)(3) for
21 amounts expended during any such additional
22 periods.

23 (c) REQUIREMENTS FOR STATE ACCESS PLANS.—A
24 State plan to increase the access of residents of chronically
25 underserved areas to health care services meets the re-

1 requirements of this section if the Secretary finds that the
2 plan was developed with the participation of health care
3 providers and facilities and residents of the area that is
4 the subject of the plan, together with such other require-
5 ments as the Secretary may impose.

6 (d) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated for assistance under this
8 section \$10,000,000 for each of the first 3 fiscal years
9 beginning after the date on which the Secretary develops
10 guidelines for the designation of areas as chronically un-
11 derserved areas under subsection (b)(2).

12 **SEC. 102. TECHNICAL ASSISTANCE GRANTS FOR NET-**
13 **WORKS.**

14 (a) IN GENERAL.—The Secretary shall make funds
15 available under this section to provide technical assistance
16 (including information regarding eligibility for other Fed-
17 eral programs) and advice for entities described in sub-
18 section (b) seeking to establish or enhance a community
19 rural health network in an underserved rural area.

20 (b) ENTITIES ELIGIBLE TO RECEIVE FUNDS.—The
21 following entities are eligible to receive funds for technical
22 assistance under this section:

23 (1) An entity receiving a grant under section
24 103.

25 (2) A State or unit of local government.

1 (3) An entity providing health care services (in-
2 cluding health professional education services) in the
3 area involved.

4 (c) USE OF FUNDS.—

5 (1) IN GENERAL.—Funds made available under
6 this section may be used—

7 (A) for planning a community rural health
8 network and the submission of the plan for the
9 network to the Secretary under section 103(c)
10 (subject to the limitation described in para-
11 graph (2));

12 (B) to provide assistance in conducting
13 community-based needs and prioritization, iden-
14 tifying existing regional health resources, and
15 developing networks, utilizing existing local pro-
16 viders and facilities where appropriate;

17 (C) to provide advice on obtaining the
18 proper balance of primary and secondary facili-
19 ties for the population served by the network;

20 (D) to provide assistance in coordinating
21 arrangements for tertiary care;

22 (E) to provide assistance in recruitment
23 and retention of health care professionals;

24 (F) to provide assistance in coordinating
25 the delivery of emergency services with the pro-

1 vision of other health care services in the area
2 served by the network;

3 (G) to provide assistance in coordinating
4 arrangements for mental health and substance
5 abuse treatment services; and

6 (H) to provide information regarding the
7 area or proposed network's eligibility for Fed-
8 eral and State assistance for health care-related
9 activities, together with information on funds
10 available through private sources.

11 (2) LIMITATION ON AMOUNT AVAILABLE FOR
12 DEVELOPMENT OF NETWORK.—The amount of fi-
13 nancial assistance available for activities described in
14 paragraph (1) may not exceed \$50,000 and may not
15 be available for a period of time exceeding 1 year.

16 (d) USE OF RURAL HEALTH OFFICES.—In carrying
17 out this section with respect to entities in rural areas, the
18 Secretary shall make funds available through the State of-
19 fices of rural health or through appropriate entities des-
20 ignated by such offices.

21 (e) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated \$10,000,000 for each
23 of fiscal years 1996 through 2000 to carry out this sec-
24 tion. Amounts appropriated under this section shall be
25 available until expended.

1 **SEC. 103. DEVELOPMENT GRANTS FOR NETWORKS.**

2 (a) IN GENERAL.—The Secretary shall provide finan-
3 cial assistance to eligible entities for the purpose of provid-
4 ing for the development and implementation of community
5 rural health networks (as defined in section 104). In pro-
6 viding such assistance, the Secretary shall give priority to
7 eligible entities that will carry out such purpose in States
8 that have developed a plan under section 101.

9 (b) ELIGIBLE ENTITIES.—

10 (1) IN GENERAL.—An entity is eligible to re-
11 ceive financial assistance under this section only if
12 the entity meets the requirements of subparagraphs
13 (A) through (C) as follows:

14 (A) The entity—

15 (i) is based in a rural area;

16 (ii) is described in paragraph (2), (3),
17 or (4) of section 102(b); or

18 (iii) is a hospital-affiliated primary
19 care center (as defined in section 104).

20 (B) The entity is undertaking to develop
21 and implement a community rural health net-
22 work in one or more underserved rural areas
23 (as defined in section 104) with the active par-
24 ticipation of at least 3 health care providers or
25 facilities in the area.

1 (C) The entity has consulted with the local
2 governments of the area to be served by the
3 network and with individuals who reside in the
4 area.

5 (2) COORDINATION WITH PROVIDERS OUTSIDE
6 OF AREA PERMITTED.—Nothing in this section shall
7 be construed as preventing an entity that coordi-
8 nates the delivery of services in an underserved rural
9 area with an entity outside the area from qualifying
10 for financial assistance under this section, or as pre-
11 venting an entity consisting of a consortia of mem-
12 bers located in adjoining States from qualifying for
13 such assistance.

14 (3) PERMITTING ENTITIES NOT RECEIVING
15 FUNDING FOR DEVELOPMENT OF PLAN TO RECEIVE
16 FUNDING FOR IMPLEMENTATION.—An entity that is
17 eligible to receive financial assistance under this sec-
18 tion may receive assistance to carry out activities de-
19 scribed in subsection (c)(1)(B) notwithstanding that
20 the entity does not receive assistance to carry out
21 activities described in subsection (c)(1)(A).

22 (c) USE OF FUNDS.—

23 (1) IN GENERAL.—Financial assistance made
24 available to eligible entities under this section may
25 be used only—

1 (A) for the development of a community
2 health network and the submission of the plan
3 for the network to the Secretary; and

4 (B) after the Secretary approves the plan
5 for the network, for activities to implement the
6 network, including (but not limited to)—

7 (i) establishing information systems,
8 including telecommunications,

9 (ii) recruiting health care providers,

10 (iii) providing services to enable indi-
11 viduals to have access to health care serv-
12 ices, including transportation and language
13 interpretation services (including interpre-
14 tation services for the hearing-impaired),
15 and

16 (iv) establishing and operating a com-
17 munity health advisor program described
18 in paragraph (2).

19 (2) COMMUNITY HEALTH ADVISOR PROGRAM.—

20 (A) PROGRAM DESCRIBED.—In paragraph
21 (1), a “community health advisor program” is
22 a program under which community health advi-
23 sors carry out the following activities:

24 (i) Collaborating efforts with health
25 care providers and related entities to facili-

1 tate the provision of health services and
2 health-related social services.

3 (ii) Providing public education on
4 health promotion and disease prevention
5 and efforts to facilitate the use of available
6 health services and health-related social
7 services.

8 (iii) Providing health-related counsel-
9 ing.

10 (iv) Making referrals for available
11 health services and health-related social
12 services.

13 (v) Improving the ability of individ-
14 uals to use health services and health-relat-
15 ed social services under Federal, State,
16 and local programs through assisting indi-
17 viduals in establishing eligibility under the
18 programs.

19 (vi) Providing outreach services to in-
20 form the community of the availability of
21 the services provided under the program.

22 (B) COMMUNITY HEALTH ADVISOR DE-
23 FINED.—In subparagraph (A), the term “com-
24 munity health advisor” means, with respect to

1 a community health advisor program, an indi-
2 vidual—

3 (i) who has demonstrated the capacity
4 to carry out one or more of the activities
5 carried out under the program; and

6 (ii) who, for not less than one year,
7 has been a resident of the community in
8 which the program is to be operated.

9 (3) LIMITATIONS ON ACTIVITIES FUNDED.—Fi-
10 nancial assistance made available under this section
11 may not be used for any of the following:

12 (A) For a telecommunications system un-
13 less such system is coordinated with, and does
14 not duplicate, a system existing in the area.

15 (B) For construction or remodeling of
16 health care facilities.

17 (4) LIMITATION ON AMOUNT AVAILABLE FOR
18 DEVELOPMENT OF NETWORK.—The amount of fi-
19 nancial assistance available for activities described in
20 paragraph (1)(A) may not exceed \$50,000 and may
21 not be made available for a period of time exceeding
22 1 year.

23 (d) APPLICATION.—

24 (1) IN GENERAL.—No financial assistance shall
25 be provided under this section to an entity unless

1 the entity has submitted to the Secretary, in a time
2 and manner specified by the Secretary, and had ap-
3 proved by the Secretary an application.

4 (2) INFORMATION TO BE INCLUDED.—Each
5 such application shall include—

6 (A) a description of the community rural
7 health network, including service area and ca-
8 pacity, and

9 (B) a description of how the proposed net-
10 work will utilize existing health care facilities in
11 a manner that avoids unnecessary duplication.

12 (e) AUTHORIZATION OF APPROPRIATIONS.—

13 (1) IN GENERAL.—There are authorized to be
14 appropriated \$100,000,000 for each of fiscal years
15 1996 through 2000 to carry out this section.
16 Amounts appropriated under this section shall be
17 available until expended.

18 (2) ANNUAL LIMIT ON ASSISTANCE TO GRANT-
19 EE.—The amount of financial assistance provided to
20 an entity under this section during a year may not
21 exceed \$250,000.

22 **SEC. 104. DEFINITIONS.**

23 (a) IN GENERAL.—

24 (1) COMMUNITY RURAL HEALTH NETWORK.—
25 For purposes of this title, the term “community

1 rural health network” means a formal cooperative
2 arrangement between participating hospitals, physi-
3 cians, and other health care providers which—

4 (A) is located in an underserved rural
5 area;

6 (B) furnishes health care services to indi-
7 viduals residing in the area; and

8 (C) is governed by a board of directors se-
9 lected by participating health care providers
10 and residents of the area.

11 (2) HOSPITAL-AFFILIATED PRIMARY CARE CEN-
12 TER.—

13 (A) IN GENERAL.—For purposes of this
14 title, the term “hospital-affiliated primary care
15 center” means a distinct administrative unit of
16 a community hospital (as defined in subpara-
17 graph (B)) meeting the following requirement:

18 (i) The unit is located in, or adjacent
19 to, the hospital.

20 (ii) The unit delivers primary health
21 services, as defined in paragraph (1) of
22 section 330(b) of the Public Health Service
23 Act to a catchment area determined by the
24 hospital and approved by the Secretary.

1 (iii) The unit provides referrals to
2 providers of supplemental health services,
3 as defined in paragraph (2) of such sec-
4 tion.

5 (iv) The services of the unit are deliv-
6 ered through a primary care group practice
7 (as defined in subparagraph (C)).

8 (v) To the extent practicable, primary
9 health services in the community hospital
10 are delivered only through the unit.

11 (vi) Qualified personnel trained in
12 triage are placed in the unit, the emer-
13 gency room, and the outpatient department
14 to screen and direct patients to the appro-
15 priate location for care.

16 (vii) Each patient of the unit has an
17 identified member of the group practice re-
18 sponsible for continuous management of
19 the patient, including emergency services
20 and referrals of the patients for inpatient
21 or outpatient services.

22 (viii) To the extent practicable, excess
23 facilities and equipment in or owned by the
24 community hospital are covered for use in
25 the unit.

1 (ix) The unit and the hospital avoid
2 unnecessary duplication of facilities and
3 equipment, except that the unit may install
4 appropriate support equipment for routine
5 primary health services.

6 (x) The unit is maintained as a sepa-
7 rate and distinct cost and revenue center
8 for accounting purposes.

9 (xi) The unit is operated in accord-
10 ance with all of the requirements specified
11 for community health centers in section
12 330(e)(3) of the Public Health Service Act
13 (other than subparagraph (G)).

14 (xii) The hospital has an advisory
15 committee that—

16 (I) is composed of individuals a
17 majority of whom are health consum-
18 ers in the catchment area of the hos-
19 pital; and

20 (II) meets at least 6 times a year
21 to review the operations of the pri-
22 mary care center and develop rec-
23 ommendations to the governing board
24 of the hospital about the operation of

1 the center and the types of services to
2 be provided.

3 (xiii) The unit maintains an informa-
4 tion program for its patients that fully dis-
5 closes—

6 (I) the covered professional serv-
7 ices and referral capabilities offered
8 by the unit; and

9 (II) the method by which pa-
10 tients of the unit may resolve griev-
11 ances about billing for covered profes-
12 sional services and the quality of such
13 services.

14 (B) COMMUNITY HOSPITAL.—For purposes
15 of this title, the term “community hospital”
16 means a public general hospital, owned and op-
17 erated by a State, county or local unit of gov-
18 ernment, or a private community hospital
19 that—

20 (A) has less than 50 beds; and

21 (B) primarily serves—

22 (i) a medically underserved popu-
23 lation, as defined in section 330(b)(3) of
24 the Public Health Service Act; or

1 (ii) a health professional shortage
2 area, as defined in section 332(a)(1) of
3 such Act.

4 (C) PRIMARY CARE GROUP PRACTICE.—
5 For purposes of this title, the term “primary
6 care group practice” means any combination of
7 3 or more primary care physicians who are—

8 (i) organized to provide primary
9 health services in a manner that is consist-
10 ent with the needs of the population
11 served;

12 (ii) located in, or adjacent to, the
13 community hospital;

14 (iii) who have admitting privileges at
15 the community hospital; and

16 (iv)(I) who are salaried by the hos-
17 pital such that a majority of the members
18 of the group practice is full time in the pri-
19 mary care center; or

20 (II) who are organized into a legal en-
21 tity (partnership, corporation, or profes-
22 sional association) that has a contract ap-
23 proved by the Secretary with the commu-
24 nity hospital to provide primary health
25 services.

1 (b) OTHER DEFINITIONS.—For purposes of this title:

2 (1) The term “rural area” has the meaning
3 given such term in section 1886(d)(2)(D) of the So-
4 cial Security Act.

5 (2) The term “Secretary” means the Secretary
6 of Health and Human Services.

7 (3) The term “State” means each of the several
8 States, the District of Columbia, Puerto Rico, the
9 Virgin Islands, Guam, the Northern Mariana Is-
10 lands, and American Samoa.

11 (4) The term “underserved rural area” means
12 a rural area designated—

13 (A) as a health professional shortage area
14 under section 332(a) of the Public Health Serv-
15 ice Act; or

16 (B) as a chronically underserved area
17 under section 101.

1 **TITLE II—INCENTIVES FOR**
2 **HEALTH PROFESSIONALS TO**
3 **PRACTICE IN RURAL AREAS**
4 **Subtitle A—National Health**
5 **Service Corps Program**

6 **SEC. 201. NATIONAL HEALTH SERVICE CORPS LOAN REPAY-**
7 **MENTS EXCLUDED FROM GROSS INCOME.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to
10 items specifically excluded from gross income) is amended
11 by redesignating section 137 as section 138 and by insert-
12 ing after section 136 the following new section:

13 **“SEC. 137. NATIONAL HEALTH SERVICE CORPS LOAN RE-**
14 **PAYMENTS.**

15 “(a) GENERAL RULE.—Gross income shall not in-
16 clude any qualified loan repayment.

17 “(b) QUALIFIED LOAN REPAYMENT.—For purposes
18 of this section, the term ‘qualified loan repayment’ means
19 any payment made on behalf of the taxpayer by the Na-
20 tional Health Service Corps Loan Repayment Program
21 under section 338B(g) of the Public Health Service Act.”.

22 (b) CONFORMING AMENDMENT.—Paragraph (3) of
23 section 338B(g) of the Public Health Service Act is
24 amended by striking “Federal, State, or local” and insert-
25 ing “State or local”.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for part III of subchapter B of chapter 1 of the Internal
3 Revenue Code of 1986 is amended by striking the item
4 relating to section 137 and inserting the following:

“Sec. 137. National Health Service Corps loan repayments.
“Sec. 138. Cross references to other Acts.”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to payments made under section
7 338B(g) of the Public Health Service Act after the date
8 of the enactment of this Act.

9 **SEC. 202. STUDY REGARDING DESIGNATION AS HEALTH**
10 **PROFESSIONAL SHORTAGE AREA; ALLOCA-**
11 **TION OF CORPS MEMBERS AMONG SHORT-**
12 **AGE AREAS.**

13 (a) IN GENERAL.—The Secretary of Health and
14 Human Services (in this section referred to as the “Sec-
15 retary”) shall conduct a study for the purpose of determin-
16 ing the following:

17 (1) With respect to the designation of health
18 professional shortage areas under subpart II of part
19 D of title III of the Public Health Service Act—

20 (A) whether the statutory and administra-
21 tive criteria for the designation of such areas
22 should be modified to ensure that all areas with
23 significant shortages of health professionals re-
24 ceive such a designation; and

1 (B) if so, the recommendations of the Sec-
2 retary for modifications in the criteria.

3 (2) With respect to the assignment of members
4 of the National Health Service Corps under such
5 subpart—

6 (A) whether the statutory and administra-
7 tive criteria for the assignment of Corps mem-
8 bers should be modified in order to ensure that
9 the members are equitably allocated among
10 health professional shortage areas; and

11 (B) if so, the recommendations of the Sec-
12 retary for modifications in the criteria.

13 (b) REPORT.—Not later than May 1, 1996, the Sec-
14 retary shall complete the study required in subsection (a)
15 and submit to the Congress a report describing the find-
16 ings made in the study.

17 **SEC. 203. OTHER PROVISIONS REGARDING NATIONAL**
18 **HEALTH SERVICE CORPS.**

19 (a) PRIORITY IN ASSIGNMENT OF CORPS MEMBERS;
20 COMMUNITY RURAL HEALTH NETWORKS.—Section
21 333A(a)(1)(B) of the Public Health Service Act (42
22 U.S.C. 254f-1(a)(1)(B)) is amended—

23 (1) in clause (iii), by striking “and” after the
24 semicolon at the end;

1 (2) in clause (iv), by adding “and” after the
2 semicolon at the end; and

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

4 “(v) is a participant in a community
5 rural health network, as defined in section
6 104 of the Rural Health Development
7 Act.”.

8 (b) ALLOCATION FOR PARTICIPATION OF NURSES IN
9 SCHOLARSHIP PROGRAM.—Section 338H(b)(2) of the
10 Public Health Service Act (42 U.S.C. 254q(b)(2)) is
11 amended by adding at the end the following subparagraph:

12 “(C) Of the amounts appropriated under
13 paragraph (1) for fiscal year 1996 and subse-
14 quent fiscal years, the Secretary shall reserve
15 such amounts as may be necessary to ensure
16 that, of the aggregate number of individuals
17 who are participants in the Scholarship Pro-
18 gram, the total number who are being educated
19 as nurses or are serving as nurses, respectively,
20 is increased to 20 percent.”.

1 **Subtitle B—Incentives Under Other**
2 **Programs**

3 **SEC. 211. ADDITIONAL PAYMENTS UNDER MEDICARE FOR**
4 **PHYSICIANS' SERVICES FURNISHED IN**
5 **SHORTAGE AREAS.**

6 (a) INCREASE IN AMOUNT OF ADDITIONAL PAY-
7 MENT.—Section 1833(m) of the Social Security Act (42
8 U.S.C. 1395l(m)) is amended by striking “10 percent”
9 and inserting “20 percent”.

10 (b) RESTRICTION TO PRIMARY CARE SERVICES.—
11 Section 1833(m) of such Act (42 U.S.C. 1395l(m)) is
12 amended by inserting after “physicians’ services” the fol-
13 lowing: “consisting of primary care services (as defined in
14 section 1842(i)(4))”.

15 (c) EXTENSION OF PAYMENT FOR FORMER SHORT-
16 AGE AREAS.—

17 (1) IN GENERAL.—Section 1833(m) of the So-
18 cial Security Act (42 U.S.C. 1395l(m)) is amended
19 by striking “area,” and inserting “area (or, in the
20 case of an area for which the designation as a health
21 professional shortage area under such section is
22 withdrawn, in the case of physicians’ services fur-
23 nished to such an individual during the 3-year pe-
24 riod beginning on the effective date of the with-
25 drawal of such designation),”.

1 (2) EFFECTIVE DATE.—The amendment made
2 by paragraph (1) shall apply to physicians' services
3 furnished in an area for which the designation as a
4 health professional shortage area under section
5 332(a)(1)(A) of the Public Health Service Act is
6 withdrawn on or after January 1, 1996.

7 (d) REQUIRING CARRIERS TO REPORT ON SERVICES
8 PROVIDED.—Section 1842(b)(3) of such Act (42 U.S.C.
9 1395u(b)(3)) is amended—

10 (1) by striking “and” at the end of subpara-
11 graph (I); and

12 (2) by inserting after subparagraph (I) the fol-
13 lowing new subparagraph:

14 “(J) will provide information to the Secretary
15 not later than 30 days after the end of the contract
16 year on the types of providers to whom the carrier
17 made additional payments during the year for cer-
18 tain physicians' services pursuant to section
19 1833(m), together with a description of the services
20 furnished by such providers during the year; and”.

21 (e) STUDY.—

22 (1) IN GENERAL.—The Secretary of Health and
23 Human Services shall conduct a study analyzing the
24 effectiveness of the provision of additional payments
25 under part B of the medicare program for physi-

1 cians' services provided in health professional short-
2 age areas in recruiting and retaining physicians to
3 provide services in such areas.

4 (2) REPORT.—Not later than 1 year after the
5 date of the enactment of this Act, the Secretary
6 shall submit to Congress a report on the study con-
7 ducted under paragraph (1), and shall include in the
8 report such recommendations as the Secretary con-
9 siders appropriate.

10 (f) EFFECTIVE DATE.—The amendments made by
11 subsections (a), (b), and (d) shall apply to physicians'
12 services furnished on or after January 1, 1996.

13 **SEC. 212. DEVELOPMENT OF MODEL STATE SCOPE OF**
14 **PRACTICE LAW.**

15 (a) IN GENERAL.—The Secretary of Health and
16 Human Services shall develop and publish a model law
17 that may be adopted by States to increase the access of
18 individuals residing in underserved rural areas to health
19 care services by expanding the services which non-physi-
20 cian health care professionals may provide in such areas.

21 (b) DEADLINE.—The Secretary shall publish the
22 model law developed under subsection (a) not later than
23 1 year after the date of the enactment of this Act.

1 **TITLE III—ASSISTANCE FOR**
2 **INSTITUTIONAL PROVIDERS**
3 **Subtitle A—Hospital-Affiliated**
4 **Primary Care Centers**

5 **SEC. 301. HOSPITAL-AFFILIATED PRIMARY CARE CENTERS.**

6 Section 330 of the Public Health Service Act (42
7 U.S.C. 254c) is amended by adding at the end the follow-
8 ing subsection:

9 “(l) Of the amounts appropriated under subsection
10 (g)(1)(A) for a fiscal year, the Secretary shall reserve not
11 less than 10 percent, and not more than 20 percent, for
12 the establishment and operation of hospital-affiliated pri-
13 mary care centers, as defined in section 104 of the Rural
14 Health Development Act.”.

15 **Subtitle B—Assistance to Rural**
16 **Providers Under Medicare**

17 **SEC. 311. ESTABLISHMENT OF RURAL EMERGENCY ACCESS**
18 **CARE HOSPITALS.**

19 (a) IN GENERAL.—Section 1861 of the Social Secu-
20 rity Act (42 U.S.C. 1395x) is amended by adding at the
21 end the following new subsection:

1 “Rural Emergency Access Care Hospital; Rural
2 Emergency Access Care Hospital Services

3 “(oo)(1) The term ‘rural emergency access care hos-
4 pital’ means, for a fiscal year, a facility with respect to
5 which the Secretary finds the following:

6 “(A) The facility is located in a rural area (as
7 defined in section 1886(d)(2)(D)).

8 “(B) The facility was a hospital under this title
9 at any time during the 5-year period that ends on
10 the date of the enactment of this subsection.

11 “(C) The facility is in danger of closing due to
12 low inpatient utilization rates and negative operating
13 losses, and the closure of the facility would limit the
14 access of individuals residing in the facility’s service
15 area to emergency services.

16 “(D) The facility has entered into (or plans to
17 enter into) an agreement with a hospital with a par-
18 ticipation agreement in effect under section 1866(a),
19 and under such agreement the hospital shall accept
20 patients transferred to the hospital from the facility
21 and receive data from and transmit data to the facil-
22 ity.

23 “(E) There is a practitioner who is qualified to
24 provide advanced cardiac life support services (as de-

1 terminated by the State in which the facility is lo-
2 cated) on-site at the facility on a 24-hour basis.

3 “(F) A physician is available on-call to provide
4 emergency medical services on a 24-hour basis.

5 “(G) The facility is a member of a community
6 rural health network under section 104 of the Rural
7 Health Development Act.

8 “(H) The facility meets such staffing require-
9 ments as would apply under section 1861(e) to a
10 hospital located in a rural area, except that—

11 “(i) the facility need not meet hospital
12 standards relating to the number of hours dur-
13 ing a day, or days during a week, in which the
14 facility must be open, except insofar as the fa-
15 cility is required to provide emergency care on
16 a 24-hour basis under subparagraphs (E) and
17 (F); and

18 “(ii) the facility may provide any services
19 otherwise required to be provided by a full-time,
20 on-site dietician, pharmacist, laboratory techni-
21 cian, medical technologist, or radiological tech-
22 nologist on a part-time, off-site basis.

23 “(I) The facility meets the requirements appli-
24 cable to clinics and facilities under subparagraphs
25 (C) through (J) of paragraph (2) of section

1 1861(aa) and of clauses (ii) and (iv) of the second
2 sentence of such paragraph (or, in the case of the
3 requirements of subparagraph (E), (F), or (J) of
4 such paragraph, would meet the requirements if any
5 reference in such subparagraph to a ‘nurse practi-
6 tioner’ or to ‘nurse practitioners’ was deemed to be
7 a reference to a ‘nurse practitioner or nurse’ or to
8 ‘nurse practitioners or nurses’); except that in deter-
9 mining whether a facility meets the requirements of
10 this subparagraph, subparagraphs (E) and (F) of
11 that paragraph shall be applied as if any reference
12 to a ‘physician’ is a reference to a physician as de-
13 fined in section 1861(r)(1).

14 “(2) The term ‘rural emergency access care hospital
15 services’ means the following services provided by a rural
16 emergency access care hospital:

17 “(A) An appropriate medical screening exam-
18 ination (as described in section 1867(a)).

19 “(B) Necessary stabilizing examination and
20 treatment services for an emergency medical condi-
21 tion and labor (as described in section 1867(b)).

22 “(3) The term ‘inpatient rural emergency access care
23 hospital services’ means services described in paragraph
24 (2), furnished to an individual over a continuous period
25 not to exceed 24 hours (except that such services may be

1 furnished over a longer period in the case of an individual
2 who is unable to leave the hospital because of inclement
3 weather) that would be inpatient hospital services if fur-
4 nished to an inpatient of a hospital by a hospital.”.

5 (b) REQUIRING RURAL EMERGENCY ACCESS CARE
6 HOSPITALS TO MEET HOSPITAL ANTI-DUMPING RE-
7 QUIREMENTS.—Section 1867(e)(5) of such Act (42 U.S.C.
8 1395dd(e)(5)) is amended by striking “1861(mm)(1))”
9 and inserting “1861(mm)(1)) and a rural emergency ac-
10 cess care hospital (as defined in section 1861(oo)(1))”.

11 **SEC. 312. COVERAGE OF AND PAYMENT FOR SERVICES.**

12 (a) UNDER PART A.—

13 (1) COVERAGE.—Section 1812(a)(1) of the So-
14 cial Security Act (42 U.S.C. 1395d(a)(1)) is amend-
15 ed by striking “or inpatient rural primary care hos-
16 pital services” and inserting “inpatient rural pri-
17 mary care hospital services, or inpatient rural emer-
18 gency access care hospital services”.

19 (2) APPLICATION OF DEDUCTIBLE AND COIN-
20 SURANCE.—(A) Sections 1813(a) and 1813(b)(3)(A)
21 of such Act (42 U.S.C. 1395e(a), 1395e(b)(3)(A))
22 are each amended by striking “services or inpatient
23 rural primary care hospital services” each place it
24 appears and inserting “services, inpatient rural pri-

1 ices,” after “inpatient rural primary care hos-
2 pital services”; and

3 (B) in paragraph (2), by striking “hospital
4 or rural primary care hospital” and inserting
5 “hospital, rural primary care hospital, or rural
6 emergency access care hospital”.

7 (b) UNDER PART B.—

8 (1) COVERAGE.—Section 1832(a)(2) of the So-
9 cial Security Act (42 U.S.C. 1395k(a)(2)) is amend-
10 ed—

11 (A) by striking “and” at the end of sub-
12 paragraph (I);

13 (B) by striking the period at the end of
14 subparagraph (J) and inserting “; and”; and

15 (C) by adding at the end the following new
16 subparagraph:

17 “(K) rural emergency access care hospital
18 services (as defined in section 1861(oo)(2)).”.

19 (2) PAYMENT BASED ON REASONABLE COSTS.—
20 Section 1833(a)(2) of such Act (42 U.S.C.
21 1395l(a)(2)) is amended—

22 (A) by striking “and” at the end of sub-
23 paragraph (D);

24 (B) by adding “and” at the end of sub-
25 paragraph (F); and

1 (C) by adding at the end the following new
2 subparagraph:

3 “(G) with respect to rural emergency ac-
4 cess care hospital services, the reasonable cost
5 of such services (as determined under section
6 1861(v)), less the amount the hospital may
7 charge as described in clause (ii) of section
8 1866(a)(2)(A), but in no case may the payment
9 for such services exceed 80 percent of such rea-
10 sonable cost;”.

11 **SEC. 313. EFFECTIVE DATE.**

12 The amendments made by this subtitle shall apply to
13 fiscal years beginning on or after October 1, 1995.

14 **Subtitle C—Demonstration Proj-**
15 **ects to Encourage Primary Care**
16 **and Rural-Based Graduate Med-**
17 **ical Education**

18 **SEC. 321. STATE AND CONSORTIUM DEMONSTRATION**
19 **PROJECTS.**

20 (a) IN GENERAL.—

21 (1) PARTICIPATION OF STATES AND CONSOR-
22 TIA.—The Secretary shall establish and conduct a
23 demonstration project to increase the number and
24 percentage of medical students entering primary
25 care practice relative to those entering nonprimary

1 care practice under which the Secretary shall make
2 payments in accordance with subsection (d)—

3 (A) to not more than 10 States for the
4 purpose of testing and evaluating mechanisms
5 to meet the goals described in section 322; and

6 (B) to not more than 10 health care train-
7 ing consortia for the purpose of testing and
8 evaluating mechanisms to meet such goals.

9 (2) EXCLUSION OF CONSORTIA IN PARTICIPAT-
10 ING STATES.—A consortia may not receive payments
11 under the demonstration project under paragraph
12 (1)(B) if any of its members is located in a State
13 receiving payments under the project under para-
14 graph (1)(A).

15 (b) APPLICATIONS.—

16 (1) IN GENERAL.—Each State and consortium
17 desiring to conduct a demonstration project under
18 this section shall prepare and submit to the Sec-
19 retary an application, at such time, in such manner,
20 and containing such information as the Secretary
21 may require to assure that the State or consortium
22 will meet the goals described in section 322. In the
23 case of an application of a State, the application
24 shall include—

1 (A) information demonstrating that the
2 State has consulted with interested parties with
3 respect to the project, including State medical
4 associations, State hospital associations, and
5 medical schools located in the State;

6 (B) an assurance that no hospital conduct-
7 ing an approved medical residency training pro-
8 gram in the State will lose more than 10 per-
9 cent of such hospital's approved medical resi-
10 dency positions in any year as a result of the
11 project; and

12 (C) an explanation of a plan for evaluating
13 the impact of the project in the State.

14 (2) APPROVAL OF APPLICATIONS.—A State or
15 consortium that submits an application under para-
16 graph (1) may begin a demonstration project under
17 this subsection—

18 (A) upon approval of such application by
19 the Secretary; or

20 (B) at the end of the 60-day period begin-
21 ning on the date such application is submitted,
22 unless the Secretary denies the application dur-
23 ing such period.

24 (3) NOTICE AND COMMENT.—A State or con-
25 sortium shall issue a public notice on the date it

1 submits an application under paragraph (1) which
2 contains a general description of the proposed dem-
3 onstration project. Any interested party may com-
4 ment on the proposed demonstration project to the
5 State or consortium or the Secretary during the 30-
6 day period beginning on the date the public notice
7 is issued.

8 (c) SPECIFIC REQUIREMENTS FOR PARTICIPANTS.—

9 (1) REQUIREMENTS FOR STATES.—Each State
10 participating in the demonstration project under this
11 subtitle shall use the payments provided under sub-
12 section (d) to test and evaluate either of the follow-
13 ing mechanisms to increase the number and percent-
14 age of medical students entering primary care prac-
15 tice relative to those entering nonprimary care prac-
16 tice:

17 (A) USE OF ALTERNATIVE WEIGHTING
18 FACTORS.—

19 (i) IN GENERAL.—The State may
20 make payments to hospitals in the State
21 for direct graduate medical education costs
22 in amounts determined under the meth-
23 odology provided under section 1886(h) of
24 the Social Security Act, except that the
25 State shall apply weighting factors that are

1 different than the weighting factors other-
2 wise set forth in section 1886(h)(4)(C) of
3 the Social Security Act.

4 (ii) USE OF PAYMENTS FOR PRIMARY
5 CARE RESIDENTS.—In applying different
6 weighting factors under clause (i), the
7 State shall ensure that the amount of pay-
8 ment made to hospitals for costs attrib-
9 utable to primary care residents shall be
10 greater than the amount that would have
11 been paid to hospitals for costs attributable
12 to such residents if the State had applied
13 the weighting factors otherwise set forth in
14 section 1886(h)(4)(C) of the Social Secu-
15 rity Act.

16 (B) PAYMENTS FOR MEDICAL EDUCATION
17 THROUGH CONSORTIUM.—The State may make
18 payments for graduate medical education costs
19 through payments to a health care training con-
20 sortium (or through any entity identified by
21 such a consortium as appropriate for receiving
22 payments on behalf of the consortium) that is
23 established in the State but that is not other-
24 wise participating in the demonstration project.

25 (2) REQUIREMENTS FOR CONSORTIUM.—

1 (A) IN GENERAL.—In the case of a consor-
2 tium participating in the demonstration project
3 under this subtitle, the Secretary shall make
4 payments for graduate medical education costs
5 through a health care training consortium
6 whose members provide medical residency train-
7 ing (or through any entity identified by such a
8 consortium as appropriate for receiving pay-
9 ments on behalf of the consortium).

10 (B) USE OF PAYMENTS.—

11 (i) IN GENERAL.—Each consortium
12 receiving payments under subparagraph
13 (A) shall use such funds to conduct activi-
14 ties which test and evaluate mechanisms to
15 increase the number and percentage of
16 medical students entering primary care
17 practice relative to those entering
18 nonprimary care practice, and may use
19 such funds for the operation of the consor-
20 tium.

21 (ii) PAYMENTS TO PARTICIPATING
22 PROGRAMS.—The consortium shall ensure
23 that the majority of the payments received
24 under subparagraph (A) are directed to
25 consortium members for primary care resi-

1 dency programs, and shall designate for
2 each resident assigned to the consortium a
3 hospital operating an approved medical
4 residency training program for purposes of
5 enabling the Secretary to calculate the con-
6 sortium's payment amount under the
7 project. Such hospital shall be the hospital
8 where the resident receives the majority of
9 the resident's hospital-based, non-
10 ambulatory training experience.

11 (d) ALLOCATION OF PORTION OF MEDICARE GME
12 PAYMENTS FOR ACTIVITIES UNDER PROJECT.—Notwith-
13 standing any provision of title XVIII of the Social Security
14 Act, the following rules apply with respect to each State
15 and each health care training consortium participating in
16 the demonstration project established under this section
17 during a year:

18 (1) In the case of a State—

19 (A) the Secretary shall reduce the amount
20 of each payment made to hospitals in the State
21 during the year for direct graduate medical
22 education costs under section 1886(h) of the
23 Social Security Act by 3 percent; and

24 (B) the Secretary shall pay the State an
25 amount equal to the Secretary's estimate of the

1 sum of the reductions made during the year
2 under subparagraph (A) (as adjusted by the
3 Secretary in subsequent years for over- or
4 under-estimations in the amount estimated
5 under this subparagraph in previous years).

6 (2) In the case of a consortium—

7 (A) the Secretary shall reduce the amount
8 of each payment made to hospitals who are
9 members of the consortium during the year for
10 direct graduate medical education costs under
11 section 1886(h) of the Social Security Act by 3
12 percent; and

13 (B) the Secretary shall pay the consortium
14 an amount equal to the Secretary's estimate of
15 the sum of the reductions made during the year
16 under subparagraph (A) (as adjusted by the
17 Secretary in subsequent years for over- or
18 under-estimations in the amount estimated
19 under this subparagraph in previous years).

20 (e) ADDITIONAL GRANT FOR PLANNING AND EVAL-
21 UATION.—

22 (1) IN GENERAL.—The Secretary may award
23 grants to States and consortia participating in the
24 demonstration project under this section for the pur-
25 pose of planning and evaluating such projects. A

1 State or consortia may conduct such planning and
2 evaluation activities or contract with a private entity
3 to conduct such activities. Each State and consortia
4 desiring to receive a grant under this paragraph
5 shall prepare and submit to the Secretary an appli-
6 cation, at such time, in such manner, and containing
7 such information as the Secretary may require.

8 (2) AUTHORIZATION OF APPROPRIATIONS.—
9 There are authorized to be appropriated for grants
10 under this paragraph \$250,000 for fiscal year 1996,
11 and \$100,000 for each of the fiscal years 1997
12 through 2001.

13 (f) DURATION.—A demonstration project under this
14 section shall be conducted for a period not to exceed 5
15 years. The Secretary may terminate a project if the Sec-
16 retary determines that the State or consortium conducting
17 the project is not in substantial compliance with the terms
18 of the application approved by the Secretary.

19 (g) EVALUATIONS AND REPORTS.—

20 (1) EVALUATIONS.—Each State or consortium
21 participating in the demonstration project shall sub-
22 mit to the Secretary a final evaluation within 360
23 days of the termination of the State or consortium's
24 participation and such interim evaluations as the
25 Secretary may require.

1 (2) REPORTS TO CONGRESS.—Not later than
2 360 days after the first demonstration project under
3 this subtitle begins, and annually thereafter for each
4 year in which such a project is conducted, the Sec-
5 retary shall submit a report to Congress which eval-
6 uates the effectiveness of the State and consortium
7 activities conducted under such projects and includes
8 any legislative recommendations determined appro-
9 priate by the Secretary.

10 (h) MAINTENANCE OF EFFORT.—Any funds available
11 for the activities covered by a demonstration project under
12 this subtitle shall supplement, and shall not supplant,
13 funds that are expended for similar purposes under any
14 State, regional, or local program.

15 **SEC. 322. GOALS FOR PROJECTS.**

16 The goals referred to in this section for a State or
17 consortium participating in the demonstration project
18 under this subtitle are as follows:

19 (1) The training of an equal number of physi-
20 cian and non-physician primary care providers.

21 (2) The recruiting of residents for graduate
22 medical education training programs who received a
23 portion of undergraduate training in a rural area.

24 (3) The allocation of not less than 50 percent
25 of the training spent in a graduate medical residency

1 training program at sites at which acute care inpa-
2 tient hospital services are not furnished.

3 (4) The rotation of residents in approved medi-
4 cal residency training programs among practices
5 that serve residents of rural areas.

6 (5) The development of a plan under which,
7 after a 5-year transition period, not less than 50
8 percent of the residents who begin an initial resi-
9 dency period in an approved medical residency train-
10 ing program shall be primary care residents.

11 **SEC. 323. DEFINITIONS.**

12 In this subtitle:

13 (1) APPROVED MEDICAL RESIDENCY TRAINING
14 PROGRAM.—The term “approved medical residency
15 training program” has the meaning given such term
16 in section 1886(h)(5)(A) of the Social Security Act.

17 (2) HEALTH CARE TRAINING CONSORTIUM.—
18 The term “health care training consortium” means
19 a State, regional, or local entity consisting of at
20 least one of each of the following:

21 (A) A hospital operating an approved med-
22 ical residency training program at which resi-
23 dents receive training at ambulatory training
24 sites located in rural areas.

1 (B) A school of medicine or osteopathic
2 medicine.

3 (C) A school of allied health or a program
4 for the training of physician assistants (as such
5 terms are defined in section 799 of the Public
6 Health Service Act).

7 (D) A school of nursing (as defined in sec-
8 tion 853 of the Public Health Service Act).

9 (3) PRIMARY CARE.—The term “primary care”
10 means family practice, general internal medicine,
11 general pediatrics, and obstetrics and gynecology.

12 (4) RESIDENT.—The term “resident” has the
13 meaning given such term in section 1886(h)(5)(H)
14 of the Social Security Act.

15 (5) RURAL AREA.—The term “rural area” has
16 the meaning given such term in section
17 1886(d)(2)(D) of the Social Security Act.

18 **TITLE IV—MEDICARE PAYMENT** 19 **METHODOLOGIES**

20 **SEC. 401. TELEMEDICINE SERVICES.**

21 The Secretary of Health and Human Services shall
22 establish a methodology for making payments under part
23 B of the medicare program for telemedicine services fur-
24 nished on an emergency basis to individuals residing in

1 an area designated as a health professional shortage area
2 (under section 332(a) of the Public Health Service Act).

3 **SEC. 402. HMO-RISK CONTRACT PROGRAM.**

4 (a) USE OF SINGLE NATIONAL AVERAGE PER CAP-
5 ITA COSTS FOR ORGANIZATIONS IN ALL GEOGRAPHIC
6 AREAS.—

7 (1) IN GENERAL.—Section 1876(a)(4) of the
8 Social Security Act (42 U.S.C. 1395mm(a)(4)) is
9 amended by striking “in a geographic area served by
10 an eligible organization or in a similar area,” and in-
11 sserting “for all areas in the United States served by
12 eligible organizations with contracts under this sec-
13 tion”.

14 (2) EFFECTIVE DATE.—The amendment made
15 by subsection (a) shall apply with respect to contract
16 years beginning with 1996.

17 (b) BUDGET NEUTRALITY.—The Secretary shall ad-
18 just the amount of payment made to eligible organizations
19 with a risk-sharing contract under section 1876 of the So-
20 cial Security Act for 1997 and subsequent years to ensure
21 that total payments to such organizations under such sec-
22 tion for the year do not exceed the amount which would
23 have been paid to such organizations during the year if
24 the amendment made by subsection (a) had not been en-
25 acted into law.

1 **TITLE V—HOSPITAL ANTITRUST**
2 **FAIRNESS**

3 **SEC. 501. ANTITRUST EXEMPTION.**

4 The antitrust laws shall not apply with respect to—

5 (1) the merger of, or the attempt to merge, 2
6 or more hospitals,

7 (2) a contract entered into solely by 2 or more
8 hospitals to allocate hospital services, or

9 (3) the attempt by only 2 or more hospitals to
10 enter into a contract to allocate hospital services,

11 if each of such hospitals satisfies all of the requirements
12 of section 502 at the time such hospitals engage in the
13 conduct described in paragraph (1), (2), or (3), as the case
14 may be.

15 **SEC. 502. REQUIREMENTS.**

16 The requirements referred to in section 501 are as
17 follows:

18 (1) The hospital is located outside of a city, or
19 in a city that has less than 150,000 inhabitants, as
20 determined in accordance with the most recent data
21 available from the Bureau of the Census.

22 (2) In the most recently concluded calendar
23 year, the hospital received more than 40 percent of
24 its gross revenue from payments made under Fed-
25 eral programs.

1 **“SEC. 59B. MEDICARE PART B PREMIUM TAX.**

2 “(a) IMPOSITION OF TAX.—In the case of an individ-
3 ual to whom this section applies for the taxable year, there
4 is hereby imposed (in addition to any other tax imposed
5 by this subtitle) a tax for such taxable year equal to the
6 aggregate of the Medicare part B premium taxes for each
7 of the months during such year that such individual is
8 covered by Medicare part B.

9 “(b) INDIVIDUALS TO WHOM SECTION APPLIES.—
10 This section shall apply to any individual for any taxable
11 year if—

12 “(1) such individual is covered under Medicare
13 part B for any month during such year, and

14 “(2) the modified adjusted gross income of the
15 taxpayer for such taxable year exceeds the threshold
16 amount.

17 “(c) MEDICARE PART B PREMIUM TAX FOR
18 MONTH.—

19 “(1) IN GENERAL.—The Medicare part B pre-
20 mium tax for any month is $\frac{2}{3}$ the amount equal to
21 the excess of—

22 “(A) 200 percent of the monthly actuarial
23 rate for enrollees age 65 and over determined
24 for that calendar year under section 1839(b) of
25 the Social Security Act, over

1 “(B) the total monthly premium under sec-
2 tion 1839 of the Social Security Act (deter-
3 mined without regard to subsections (b) and (f)
4 of section 1839 of such Act).

5 “(2) PHASEIN OF TAX.—If the modified ad-
6 justed gross income of the taxpayer for any taxable
7 years exceeds the threshold amount by less than
8 \$25,000, the Medicare part B premium tax for any
9 month during such taxable year shall be an amount
10 which bears the same ratio to the amount deter-
11 mined under paragraph (1) (without regard to this
12 paragraph) as such excess bears to \$25,000. The
13 preceding sentence shall not apply to any individual
14 whose threshold amount is zero.

15 “(d) OTHER DEFINITIONS AND SPECIAL RULES.—
16 For purposes of this section—

17 “(1) THRESHOLD AMOUNT.—The term ‘thresh-
18 old amount’ means—

19 “(A) except as otherwise provided in this
20 paragraph, \$100,000,

21 “(B) \$125,000 in the case of a joint re-
22 turn, and

23 “(C) zero in the case of a taxpayer who—

1 “(i) is married at the close of the tax-
2 able year but does not file a joint return
3 for such year, and

4 “(ii) does not live apart from his
5 spouse at all times during the taxable year.

6 “(2) MODIFIED ADJUSTED GROSS INCOME.—
7 The term ‘modified adjusted gross income’ means
8 adjusted gross income—

9 “(A) determined without regard to sections
10 135, 911, 931, and 933, and

11 “(B) increased by the amount of interest
12 received or accrued by the taxpayer during the
13 taxable year which is exempt from tax.

14 “(3) MEDICARE PART B COVERAGE.—An indi-
15 vidual shall be treated as covered under Medicare
16 part B for any month if a premium is paid under
17 part B of title XVIII of the Social Security Act for
18 the coverage of the individual under such part for
19 the month.

20 “(4) MARRIED INDIVIDUAL.—The determina-
21 tion of whether an individual is married shall be
22 made in accordance with section 7703.”

1 (b) CLERICAL AMENDMENT.—The table of parts for
2 subchapter A of chapter 1 of such Code is amended by
3 adding at the end thereof the following new item:

“Part VIII. Medicare Part B Premiums For High-Income Individ-
uals.”

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to months after December 1995
6 in taxable years ending after December 31, 1995.

7 **SEC. 602. TERMINATION OF CERTAIN GRANT PROGRAMS.**

8 Notwithstanding any other provision of law, no funds
9 are authorized to be appropriated to carry out the follow-
10 ing programs for fiscal year 1996 or any subsequent fiscal
11 year:

12 (A) The grant program for rural health
13 transition under section 4005(e) of the Omni-
14 bus Budget Reconciliation Act of 1987.

15 (B) The program for rural outreach grants
16 (which program was, for fiscal year 1995, car-
17 ried out by the Health Resources and Services
18 Administration with funds made available under
19 Public Law 103–333 for such grants).

20 (C) The telemedicine grant program
21 (which program was, for fiscal year 1995, car-
22 ried out by the Health Resources and Services
23 Administration with funds made available under
24 Public Law 103–333 for rural health research).

1 (D) The program under section 338J of
2 the Public Health Service Act (relating to State
3 offices of rural health).

4 (E) The programs under parts A through
5 C of title XII of the Public Health Service Act
6 (relating to trauma care).

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