

103^D CONGRESS
2^D SESSION

H. R. 4690

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, to assist providers of emergency medical services in such areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 1994

Mr. BEREUTER introduced the following bill; which was referred jointly to the Committees on Energy and Commerce, Ways and Means, Education and Labor, and the Judiciary

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, to assist providers of emergency medical 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 Care Improvement Act of 1994”.

- 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 underserved 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. Modification in criteria for designation as health professional shortage area.

Sec. 203. Other provisions regarding national health service corps.

Subtitle B—Incentives Under Other Programs

Sec. 211. Extension of additional payment under medicare for physicians' services furnished in former shortage areas.

Sec. 212. Refinement of geographic adjustment factor for medicare physicians' services.

Sec. 213. Extension of student loan deferments.

Sec. 214. Development of model State scope of practice law.

TITLE III—ASSISTANCE FOR INSTITUTIONAL PROVIDERS

Subtitle A—Emergency Medical Systems

Sec. 301. Emergency medical services.

Sec. 302. Grants to states regarding aircraft for transporting rural victims of medical emergencies.

Subtitle B—Assistance to Rural Providers Under Medicare

PART 1—MEDICARE ESSENTIAL ACCESS COMMUNITY HOSPITALS

Sec. 311. Amendments to essential access community hospital (EACH) program under medicare.

PART 2—ESTABLISHMENT OF RURAL EMERGENCY ACCESS CARE HOSPITALS

Sec. 321. Rural emergency access care hospitals described.

Sec. 322. Coverage of and payment for services.

Sec. 323. Effective date.

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

Sec. 331. State and consortium demonstration projects.
 Sec. 332. Goals for projects.
 Sec. 333. Definitions.

TITLE IV—HOSPITAL ANTITRUST FAIRNESS

Sec. 401. Antitrust exemption.
 Sec. 402. Requirements.
 Sec. 403. Definition.

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

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

7 (3) AMOUNT OF ASSISTANCE.—

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

13 (i) for the first year of the period, an
14 amount equal to 100% of the amounts ex-
15 pended by the State during the year to im-
16 plement the plan described in paragraph
17 (1) (as reported to the Secretary in accord-
18 ance with such requirements as the Sec-
19 retary may impose);

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

24 (iii) for the third year of the period,
25 an amount equal to 33% of the amounts

1 expended by the State during the year to
2 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 peri-
22 ods.

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 health net-
8 work 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—

19 (1) not more than 10 regional centers acting as
20 clearinghouses for the distribution of such funds;

21 (2) State Offices of Rural Health,
22 or any combination of such centers and Offices.

23 (e) AUTHORIZATION OF APPROPRIATIONS.—There
24 are authorized to be appropriated \$10,000,000 for each
25 of fiscal years 1995 through 1999 to carry out this sec-

1 tion. Amounts appropriated under this section shall be
2 available until expended.

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

4 (a) IN GENERAL.—The Secretary shall provide finan-
5 cial assistance to eligible entities in order to provide for
6 the development and implementation of community rural
7 health networks.

8 (b) ELIGIBLE ENTITIES.—

9 (1) IN GENERAL.—An entity is eligible to re-
10 ceive financial assistance under this section only if
11 the entity—

12 (A) is (i) based in a rural area or (ii) is
13 described in paragraph (2), (3), or (4) of sec-
14 tion 102(b),

15 (B) is undertaking to develop and imple-
16 ment a community rural health network in an
17 underserved rural area (or underserved rural
18 areas) with the active participation of at least
19 3 health care providers or facilities in the area,
20 and

21 (C) has consulted with the local govern-
22 ments of the area to be served by the network
23 and with individuals who reside in the area.

24 (2) COORDINATION WITH PROVIDERS OUTSIDE
25 OF AREA PERMITTED.—Nothing in this section shall

1 be construed as preventing an entity that coordi-
2 nates the delivery of services in an underserved rural
3 area with an entity outside the area from qualifying
4 for financial assistance under this section, or as pre-
5 venting an entity consisting of a consortia of mem-
6 bers located in adjoining States from qualifying for
7 such assistance.

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

16 (c) USE OF FUNDS.—

17 (1) IN GENERAL.—Financial assistance made
18 available to eligible entities under this section may
19 be used only—

20 (A) for the development of a community
21 health network and the submission of the plan
22 for the network to the Secretary; and

23 (B) after the Secretary approves the plan
24 for the network, for activities to implement the
25 network, including (but not limited to)—

- 1 (i) establishing information systems,
2 including telecommunications,
- 3 (ii) recruiting health care providers,
- 4 (iii) providing services to enable indi-
5 viduals to have access to health care serv-
6 ices, including transportation and language
7 interpretation services (including interpre-
8 tation services for the hearing-impaired),
9 and
- 10 (iv) establishing and operating a com-
11 munity health advisor program described
12 in paragraph (2).

13 (2) COMMUNITY HEALTH ADVISOR PROGRAM.—

14 (A) PROGRAM DESCRIBED.—In paragraph
15 (1), a “community health advisor program” is
16 a program under which community health advi-
17 sors carry out the following activities:

- 18 (i) Collaborating efforts with health
19 care providers and related entities to facili-
20 tate the provision of health services and
21 health-related social services.
- 22 (ii) Providing public education on
23 health promotion and disease prevention
24 and efforts to facilitate the use of available

1 health services and health-related social
2 services.

3 (iii) Providing health-related counsel-
4 ing.

5 (iv) Making referrals for available
6 health services and health-related social
7 services.

8 (v) Improving the ability of individ-
9 uals to use health services and health-relat-
10 ed social services under Federal, State,
11 and local programs through assisting indi-
12 viduals in establishing eligibility under the
13 programs.

14 (vi) Providing outreach services to in-
15 form the community of the availability of
16 the services provided under the program.

17 (B) COMMUNITY HEALTH ADVISOR DE-
18 FINED.—In subparagraph (A), the term “com-
19 munity health advisor” means, with respect to
20 a community health advisor program, an indi-
21 vidual—

22 (i) who has demonstrated the capacity
23 to carry out one or more of the activities
24 carried out under the program; and

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

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

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

10 (B) For construction or remodeling of
11 health care facilities.

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

18 (d) APPLICATION.—

19 (1) IN GENERAL.—No financial assistance shall
20 be provided under this section to an entity unless
21 the entity has submitted to the Secretary, in a time
22 and manner specified by the Secretary, and had ap-
23 proved by the Secretary an application.

24 (2) INFORMATION TO BE INCLUDED.—Each
25 such application shall include—

1 (A) a description of the community rural
2 health network, including service area and ca-
3 pacity, and

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

7 (e) AUTHORIZATION OF APPROPRIATIONS.—

8 (1) IN GENERAL.—There are authorized to be
9 appropriated \$100,000,000 for each of fiscal years
10 1995 through 1999 to carry out this section.
11 Amounts appropriated under this section shall be
12 available until expended.

13 (2) INTEGRATION OF OTHER AUTHORIZA-
14 TIONS.—In order to provide for the authorization of
15 appropriations under paragraph (1), notwithstanding
16 any other provision of law, no funds are authorized
17 to be appropriated to carry out the following pro-
18 grams in fiscal years after fiscal year 1994:

19 (A) The rural health transition grant pro-
20 gram (under section 4005(e) of the Omnibus
21 Budget Reconciliation Act of 1987).

22 (B) The rural health outreach program
23 (for which appropriations were annually pro-
24 vided under the Departments of Labor, Health

1 and Human Services, and Education, and Re-
2 lated Agencies Appropriation Acts).

3 (3) ANNUAL LIMIT ON ASSISTANCE TO GRANT-
4 EE.—The amount of financial assistance provided to
5 an entity under this section during a year may not
6 exceed \$250,000.

7 **SEC. 104. DEFINITIONS.**

8 For purposes of this title:

9 (1) COMMUNITY RURAL HEALTH NETWORK.—
10 The term “community rural health network” means
11 a formal cooperative arrangement between partici-
12 pating hospitals, physicians, and other health care
13 providers which—

14 (A) is located in an underserved rural
15 area;

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

18 (C) is governed by a board of directors se-
19 lected by participating health care providers
20 and residents of the area.

21 (2) RURAL AREA.—The term “rural area” has
22 the meaning given such term in section
23 1886(d)(2)(D) of the Social Security Act.

24 (3) SECRETARY.—The term “Secretary” means
25 the Secretary of Health and Human Services.

1 (4) STATE.—The term “State” means each of
 2 the several States, the District of Columbia, Puerto
 3 Rico, the Virgin Islands, Guam, the Northern Mari-
 4 ana Islands, and American Samoa.

5 (5) UNDERSERVED RURAL AREA.—The term
 6 “underserved rural area” means a rural area des-
 7 ignated—

8 (A) as a health professional shortage area
 9 under section 332(a) of the Public Health Serv-
 10 ice Act; or

11 (B) as a chronically underserved area
 12 under section 101.

13 **TITLE II—INCENTIVES FOR**
 14 **HEALTH PROFESSIONALS TO**
 15 **PRACTICE IN RURAL AREAS**
 16 **Subtitle A—National Health**
 17 **Service Corps Program**

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

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

1 **“SEC. 137. NATIONAL HEALTH SERVICE CORPS LOAN RE-**
2 **PAYMENTS.**

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

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

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

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

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

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to payments made under section
20 338B(g) of the Public Health Service Act after the date
21 of the enactment of this Act.

1 **SEC. 202. MODIFICATION IN CRITERIA FOR DESIGNATION**
2 **AS HEALTH PROFESSIONAL SHORTAGE AREA.**

3 (a) CONSIDERATIONS REGARDING MEDICARE AND
4 MEDICAID PROGRAMS AS MEANS OF PAYMENT.—Section
5 332(b) of the Public Health Service Act (42 U.S.C.
6 254e(b)) is amended by adding at the end the following
7 paragraph:

8 “(4) With respect to determining the need for
9 health services through the indicators of need under
10 paragraphs (1) and (2), consideration of the follow-
11 ing:

12 “(A) The number of individuals in the pop-
13 ulation involved whose means of payment for
14 health services is the program under title XVIII
15 of the Social Security Act.

16 “(B) The number of individuals in the
17 population whose means of payment for health
18 services is the program under title XIX of such
19 Act.

20 “(C) The number of individuals in the pop-
21 ulation who are uninsured with respect to
22 health policies or plans.

23 “(D) The percentage of the population
24 constituted by the aggregate number of individ-
25 uals under subparagraphs (A) through (C).

1 “(E) In the case of community-based phy-
2 sicians who provide primary health services and
3 who are accepting additional patients whose
4 means of payment is through the program es-
5 tablished in title XVIII or XIX of the Social
6 Security Act, the percentage constituted by the
7 ratio of the number of such physicians to the
8 number of individuals in the population.”.

9 (b) RELEVANCE OF TRAVEL TIMES WITHIN FRON-
10 TIER AREAS.—Section 332(a) of the Public Health Service
11 Act (42 U.S.C. 245e(a)) is amended by adding at the end
12 the following new paragraph:

13 “(4) With respect to meeting the criteria under
14 paragraph (1)(A) for an area to be designated as a
15 health professional shortage area, the Secretary
16 shall, in the case of a frontier area, make the deter-
17 mination of whether the frontier area is a rational
18 area for the delivery of health services without re-
19 gard to—

20 “(A) the travel time between population
21 centers in the frontier area; or

22 “(B) the travel time to contiguous area re-
23 sources in the frontier area.”.

24 (c) AGENCY RECOMMENDATIONS FOR IMPROVE-
25 MENTS.—Not later than February 1, 1995, the Secretary

1 of Health and Human Services shall submit to the Con-
2 gress a report specifying the recommendations of the Sec-
3 retary for improving the manner of determining the extent
4 to which a geographic area has a need for assignments
5 of members of the National Health Service Corps, and for
6 equitably allocating such assignments among the geo-
7 graphic areas with a need for such assignments.

8 (d) EFFECTIVE DATE.—This section shall take effect
9 on October 1, 1994, or upon the date of the enactment
10 of this Act, whichever occurs later.

11 **SEC. 203. OTHER PROVISIONS REGARDING NATIONAL**
12 **HEALTH SERVICE CORPS.**

13 (a) SCHOLARSHIP AND LOAN REPAYMENT PRO-
14 GRAMS.—

15 (1) AUTHORIZATION OF APPROPRIATIONS.—
16 Section 338H(b)(1) of the Public Health Service Act
17 (42 U.S.C. 254q(b)(1)) is amended—

18 (A) by striking “and” after “1991,”; and

19 (B) by striking “through 2000.” and in-
20 serting “through 1994, \$150,000,000 for fiscal
21 year 1995, \$175,000,000 for fiscal year 1996,
22 \$200,000,000 for fiscal year 1997,
23 \$225,000,000 for fiscal year 1998, and
24 \$250,000,000 for fiscal year 1999.”.

1 (2) ALLOCATION FOR PARTICIPATION OF
2 NURSES IN SCHOLARSHIP PROGRAM.—Section
3 338H(b)(2) of the Public Health Service Act (42
4 U.S.C. 254q(b)(2)) is amended by adding at the end
5 the following subparagraph:

6 “(C) Of the amounts appropriated under
7 paragraph (1) for fiscal year 1995 and subse-
8 quent fiscal years, the Secretary shall reserve
9 such amounts as may be necessary to ensure
10 that, of the aggregate number of individuals
11 who are participants in the Scholarship Pro-
12 gram, the total number who are being educated
13 as nurses or are serving as nurses, respectively,
14 is increased to 20 percent.”.

15 (b) INCREASE IN NUMBER OF MENTAL HEALTH
16 PROFESSIONALS IN SHORTAGE AREAS.—

17 (1) IN GENERAL.—Section 338H(b) of the Pub-
18 lic Health Service Act (42 U.S.C. 254q(b)) is
19 amended by adding at the end the following para-
20 graph:

21 “(3) MENTAL HEALTH PROFESSIONALS.—In
22 providing contracts under this subpart for scholar-
23 ships and loan repayments, the Secretary shall en-
24 sure that an appropriate number of mental health

1 professionals is assigned under section 333 for
2 health professional shortage areas.”.

3 (2) APPLICABILITY.—With respect to contracts
4 for scholarships and loan repayments under subpart
5 III of part D of title III of the Public Health Service
6 Act, the amendment made by subsection (a) applies
7 with respect to contracts entered into on or after Oc-
8 tober 1, 1994.

9 **Subtitle B—Incentives Under Other** 10 **Programs**

11 **SEC. 211. EXTENSION OF ADDITIONAL PAYMENT UNDER** 12 **MEDICARE FOR PHYSICIANS’ SERVICES FUR-** 13 **NISHED IN FORMER SHORTAGE AREAS.**

14 (a) IN GENERAL.—Section 1833(m) of the Social Se-
15 curity Act (42 U.S.C. 1395l(m)) is amended by striking
16 “area,” and inserting “area (or, in the case of an area
17 for which the designation as a health professional shortage
18 area under such section is withdrawn, in the case of physi-
19 cians’ services furnished to such an individual during the
20 3-year period beginning on the effective date of the with-
21 drawal of such designation),”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) shall apply to physicians’ services furnished
24 in an area for which the designation as a health profes-
25 sional shortage area under section 332(a)(1)(A) of the

1 Public Health Service Act is withdrawn on or after Janu-
2 ary 1, 1995.

3 **SEC. 212. REFINEMENT OF GEOGRAPHIC ADJUSTMENT**
4 **FACTOR FOR MEDICARE PHYSICIANS' SERV-**
5 **ICES.**

6 (a) DEADLINE FOR INITIAL REVIEW AND REVI-
7 SION.—Section 1848(e)(1)(C) of the Social Security Act
8 (42 U.S.C. 1395w–4(e)(1)(C)) is amended by adding at
9 the end the following: “The first such review and revision
10 shall apply to services furnished on or after January 1,
11 1997.”.

12 (b) AUTHORITY TO ADJUST INDEX VALUE FOR
13 INPUT COMPONENT UNDER CERTAIN CIRCUMSTANCES.—
14 (1) Section 1848(e)(1) of the Social Security Act (42
15 U.S.C. 1395w–4(e)(1)) is amended—

16 (A) in subparagraph (A), by striking “(B) and
17 (C)” and inserting “(B), (C), and (D)”;

18 (B) by redesignating subparagraph (C) as sub-
19 paragraph (D); and

20 (C) by inserting after subparagraph (B) the fol-
21 lowing:

22 “(C) SPECIAL ADJUSTMENT TO CORRECT
23 FOR UNIQUE LOCAL CIRCUMSTANCES.—The
24 Secretary may adjust the value assigned to an
25 input component of an index in a fee schedule

1 area if the Secretary determines that the value
2 that would otherwise apply in such area does
3 not accurately reflect the relative costs of such
4 input for such area because of unique local cir-
5 cumstances.”.

6 (2) Section 1848(i)(1)(D) of the Social Security Act
7 (42 U.S.C. 1395w-4(i)(1)(D)) is amended by inserting
8 “(including any adjustment under subparagraph (C)
9 thereof)” after “subsection (e)”.

10 (c) REPORT ON REVIEW PROCESS.—Not later than
11 April 1, 1996, the Secretary of Health and Human Serv-
12 ices (in this section referred to as the “Secretary”) shall
13 study and report to the Committee on Finance of the Sen-
14 ate and the Committees on Ways and Means and Energy
15 and Commerce of the House of Representatives on—

16 (1) the data necessary to review and revise the
17 indices established under section 1848(e)(1)(A) of
18 the Social Security Act, including—

19 (A) the shares allocated to physicians’
20 work effort, practice expenses (other than mal-
21 practice expenses), and malpractice expenses;

22 (B) the weights assigned to the input com-
23 ponents of such shares; and

24 (C) the index values assigned to such com-
25 ponents;

1 (2) any limitations on the availability of data
2 necessary to review and revise such indices at least
3 every three years;

4 (3) ways of addressing such limitations, with
5 particular attention to the development of alternative
6 data sources for input components for which current
7 index values are based on data collected less fre-
8 quently than every three years; and

9 (4) the costs of developing more accurate and
10 timely data sources.

11 (d) STUDY ON LOW-VOLUME ADJUSTMENT IN ISO-
12 LATED AREAS.—(1) Not later than July 1, 1996, the Phy-
13 sician Payment Review Commission shall study and report
14 to the Committee on Finance of the Senate and the Com-
15 mittees on Ways and Means and Energy and Commerce
16 of the House of Representatives on the feasibility and de-
17 sirability of providing for a special adjustment to the index
18 value of the medical equipment and supplies input compo-
19 nent of the index used under section 1848(e) of the Social
20 Security Act with respect to services described in para-
21 graph (2).

22 (2) Services described in this paragraph are serv-
23 ices—

24 (A) furnished by a physician who practices in
25 an isolated area;

- 1 (B) requiring the presence of expensive medical
2 equipment and supplies in the physician's office; and
3 (C) with respect to which the cost per service
4 of operating the equipment is increased because of
5 the low volume of patients of such physician.

6 **SEC. 213. EXTENSION OF STUDENT LOAN DEFERMENTS.**

7 (a) STAFFORD LOANS.—

8 (1) GSL LOANS.—Section 428(b)(1)(M) of the
9 Higher Education Act of 1965 (20 U.S.C.
10 1078(b)(1)(M)) is amended—

11 (A) by striking “or” at the end of clause
12 (ii);

13 (B) by inserting “or” after the semicolon
14 at the end of clause (iii); and

15 (C) by adding at the end thereof the fol-
16 lowing new clause:

17 “(iv) during which the borrower is
18 serving in an internship or residency pro-
19 gram in preparation for practice in an area
20 of primary care (including internal medi-
21 cine, pediatrics, obstetrics/gynecology, fam-
22 ily medicine, and osteopathy);”.

23 (2) FISL LOANS.—Section 427(a)(2)(C) of
24 such Act (20 U.S.C. 1077(a)(2)(C)) is amended—

1 (A) by striking “or” at the end of clause
2 (ii);

3 (B) by inserting “or” after the semicolon
4 at the end of clause (iii); and

5 (C) by adding at the end thereof the fol-
6 lowing new clause:

7 “(iv) during which the borrower is
8 serving in an internship or residency pro-
9 gram in preparation for practice in an area
10 of primary care (including internal medi-
11 cine, pediatrics, obstetrics/gynecology, fam-
12 ily medicine, and osteopathy);”.

13 (b) PERKINS LOANS.—Section 464(c)(2)(A) of such
14 Act (20 U.S.C. 1087dd(c)(2)(A)) is amended—

15 (1) by striking “or” at the end of clause (iii);

16 (2) by inserting “or” after the semicolon at the
17 end of clause (iv); and

18 (3) by adding at the end thereof the following
19 new clause:

20 “(v) during which the borrower is
21 serving in an internship or residency pro-
22 gram in preparation for practice in an area
23 of primary care (including internal medi-
24 cine, pediatrics, obstetrics/gynecology, fam-
25 ily medicine, and osteopathy);”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply on and after the date of the enact-
3 ment of this Act with respect to loans made under the
4 Higher Education Act of 1965 before, on, or after that
5 date.

6 **SEC. 214. DEVELOPMENT OF MODEL STATE SCOPE OF**
7 **PRACTICE LAW.**

8 (a) IN GENERAL.—The Secretary of Health and
9 Human Services shall develop and publish a model law
10 that may be adopted by States to increase the access of
11 individuals residing in underserved rural areas to health
12 care services by expanding the services which non-physi-
13 cian health care professionals may provide in such areas.

14 (b) DEADLINE.—The Secretary shall publish the
15 model law developed under subsection (a) not later than
16 1 year after the date of the enactment of this Act.

17 **TITLE III—ASSISTANCE FOR**
18 **INSTITUTIONAL PROVIDERS**
19 **Subtitle A—Emergency Medical**
20 **Systems**

21 **SEC. 301. EMERGENCY MEDICAL SERVICES.**

22 (a) ESTABLISHMENT OF FEDERAL OFFICE.—Title
23 XII of the Public Health Service Act (42 U.S.C. 300d et
24 seq.) is amended—

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

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

7 (3) by amending section 1201 to read as fol-
8 lows:

9 **“SEC. 1201. ESTABLISHMENT OF OFFICE OF EMERGENCY**
10 **MEDICAL SERVICES.**

11 “(a) IN GENERAL.—The Secretary shall establish an
12 office to be known as the Office of Emergency Medical
13 Services, which shall be headed by a director appointed
14 by the Secretary. The Secretary shall carry out this title
15 acting through the Director of such Office.

16 “(b) GENERAL AUTHORITIES AND DUTIES.—With
17 respect to emergency medical services (including trauma
18 care), the Secretary shall—

19 “(1) conduct and support research, training,
20 evaluations, and demonstration projects;

21 “(2) foster the development of appropriate,
22 modern systems of such services through the sharing
23 of information among agencies and individuals in-
24 volved in the study and provision of such services;

1 “(3) foster the development of regional systems
2 for the provision of such services;

3 “(4) sponsor workshops and conferences;

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

7 “(6) provide technical assistance to State and
8 local agencies;

9 “(7) coordinate activities of the Department of
10 Health and Human Services; and

11 “(8) as appropriate, coordinate activities of
12 such Department with activities of other Federal
13 agencies.

14 “(c) CERTAIN REQUIREMENTS.—With respect to
15 emergency medical services (including trauma care), the
16 Secretary shall ensure that activities under subsection (b)
17 are carried out regarding—

18 “(1) maintaining an adequate number of health
19 professionals with expertise in the provision of the
20 services, including hospital-based professionals and
21 prehospital-based professionals;

22 “(2) developing, periodically reviewing, and re-
23 vising as appropriate, in collaboration with appro-
24 priate public and private entities, guidelines for the
25 provision of such services (including, for various typ-

1 ical circumstances, guidelines on the number and va-
2 riety of professionals, on equipment, and on train-
3 ing);

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

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

8 “(d) GRANTS, COOPERATIVE AGREEMENTS, AND
9 CONTRACTS.—In carrying out subsections (b) and (c), the
10 Secretary may make grants and enter into cooperative
11 agreements and contracts.

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

13 “(1) The term ‘hospital-based professional’
14 means a health professional (including an allied
15 health professional) who has expertise in providing
16 one or more emergency medical services and who
17 normally provides the services at a medical facility.

18 “(2) The term ‘prehospital-based professional’
19 means a health professional (including an allied
20 health professional) who has expertise in providing
21 one or more emergency medical services and who
22 normally provides the services at the site of the med-
23 ical emergency or during transport to a medical fa-
24 cility.”.

1 (b) STATE OFFICES OF EMERGENCY MEDICAL SERV-
2 ICES; DEMONSTRATION PROGRAM REGARDING TELE-
3 COMMUNICATIONS.—Part A of title XII of the Public
4 Health Service Act (42 U.S.C. 300d et seq.), as amended
5 by section 601(b) of Public Law 103–183 (107 Stat.
6 2238), is amended—

7 (1) by redesignating sections 1202 and 1203 as
8 sections 1203 and 1204, respectively;

9 (2) by inserting after section 1201 the following
10 section:

11 **“SEC. 1202. STATE OFFICES OF EMERGENCY MEDICAL**
12 **SERVICES.**

13 “(a) PROGRAM OF GRANTS.—The Secretary may
14 make grants to States for the purpose of improving the
15 availability and quality of emergency medical services
16 through the operation of State offices of emergency medi-
17 cal services.

18 “(b) REQUIREMENT OF MATCHING FUNDS.—

19 “(1) IN GENERAL.—The Secretary may not
20 make a grant under subsection (a) unless the State
21 involved agrees, with respect to the costs to be in-
22 curred by the State in carrying out the purpose de-
23 scribed in such subsection, to provide non-Federal
24 contributions toward such costs in an amount that—

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

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

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

10 “(2) DETERMINATION OF AMOUNT OF NON-
11 FEDERAL CONTRIBUTION.—

12 “(A) Subject to subparagraph (B), non-
13 Federal contributions required in paragraph (1)
14 may be in cash or in kind, fairly evaluated, in-
15 cluding plant, equipment, or services. Amounts
16 provided by the Federal Government, or serv-
17 ices assisted or subsidized to any significant ex-
18 tent by the Federal Government, may not be in-
19 cluded in determining the amount of such non-
20 Federal contributions.

21 “(B) The Secretary may not make a grant
22 under subsection (a) unless the State involved
23 agrees that—

24 “(i) for the first fiscal year of pay-
25 ments under the grant, 100 percent or less

1 of the non-Federal contributions required
2 in paragraph (1) will be provided in the
3 form of in-kind contributions;

4 “(ii) for any second fiscal year of such
5 payments, not more than 50 percent of
6 such non-Federal contributions will be pro-
7 vided in the form of in-kind contributions;
8 and

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

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

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

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

20 “(3) identifying Federal and State programs re-
21 garding emergency medical services and providing
22 technical assistance to public and nonprofit private
23 entities regarding participation in such programs.

24 “(d) REQUIREMENT REGARDING ANNUAL BUDGET
25 FOR OFFICE.—The Secretary may not make a grant

1 under subsection (a) unless the State involved agrees that,
2 for any fiscal year for which the State receives such a
3 grant, the office operated pursuant to subsection (a) will
4 be provided with an annual budget of not less than
5 \$50,000.

6 “(e) CERTAIN USES OF FUNDS.—

7 “(1) RESTRICTIONS.—The Secretary may not
8 make a grant under subsection (a) unless the State
9 involved agrees that—

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

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

17 “(2) ESTABLISHMENT OF OFFICE.—Activities
18 for which a State may expend a grant under sub-
19 section (a) include paying the costs of establishing
20 an office of emergency medical services for purposes
21 of such subsection.

22 “(f) REPORTS.—The Secretary may not make a
23 grant under subsection (a) unless the State involved
24 agrees to submit to the Secretary reports containing such

1 information as the Secretary may require regarding activi-
2 ties carried out under this section by the State.

3 “(g) REQUIREMENT OF APPLICATION.—The Sec-
4 retary may not make a grant under subsection (a) unless
5 an application for the grant is submitted to the Secretary
6 and the application is in such form, is made in such man-
7 ner, and contains such agreements, assurances, and infor-
8 mation as the Secretary determines to be necessary to
9 carry out this section.”; and

10 (3) in section 1204 (as redesignated by para-
11 graph (1) of this subsection)—

12 (A) by redesignating subsection (c) as sub-
13 section (d); and

14 (B) by inserting after subsection (b) the
15 following new subsection:

16 “(c) DEMONSTRATION PROGRAM REGARDING TELE-
17 COMMUNICATIONS.—

18 “(1) LINKAGES FOR RURAL FACILITIES.—
19 Projects under subsection (a)(1) shall include dem-
20 onstration projects to establish telecommunications
21 between rural medical facilities and medical facilities
22 that have expertise or equipment that can be utilized
23 by the rural facilities through the telecommuni-
24 cations.

1 “(2) MODES OF COMMUNICATION.—The Sec-
2 retary shall ensure that the telecommunications
3 technologies demonstrated under paragraph (1) in-
4 clude interactive video telecommunications, static
5 video imaging transmitted through the telephone
6 system, and facsimiles transmitted through such sys-
7 tem.”.

8 (c) FUNDING.—Section 1232 of the Public Health
9 Service Act (42 U.S.C. 300d–32) is amended by striking
10 subsections (a) and (b) and inserting the following:

11 “(a) EMERGENCY MEDICAL SERVICES GEN-
12 ERALLY.—

13 “(1) IN GENERAL.—For the purpose of carry-
14 ing out section 1201 other than with respect to trau-
15 ma care, and for the purpose of carrying out section
16 1204(c), there are authorized to be appropriated
17 \$2,000,000 for fiscal year 1995, and such sums as
18 may be necessary for each of the fiscal years 1996
19 and 1997.

20 “(2) STATE OFFICES.—For the purpose of car-
21 rying out section 1202, there are authorized to be
22 appropriated \$3,000,000 for fiscal year 1995, and
23 such sums as may be necessary for each of the fiscal
24 years 1996 and 1997.

1 “(b) TRAUMA CARE AND CERTAIN OTHER ACTIVITIES.—

2 “(1) IN GENERAL.—For the purpose of carrying out part A with respect to trauma care, and for the purpose of carrying out part B, there are authorized to be appropriated \$60,000,000 for fiscal year 1995, and such sums as may be necessary for each of the fiscal years 1996 and 1997.

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

4 “(A) For the purpose of carrying out part A with respect to trauma care, the Secretary shall make available 10 percent of the amounts appropriated for a fiscal year under paragraph (1).

5 “(B) For the purpose of carrying out section 1204 (other than subsection (c) of such section), the Secretary shall make available 10 percent of the amounts appropriated for a fiscal year under paragraph (1).

6 “(C)(i) For the purpose of making allotments under section 1211(a), the Secretary shall, subject to subsection (c), make available 80 percent of the amounts appropriated for a fiscal year under paragraph (1).

1 “(ii) Amounts paid to a State under sec-
2 tion 1211(a) for a fiscal year shall, for the pur-
3 poses for which the amounts were paid, remain
4 available for obligation until the end of the fis-
5 cal year immediately following the fiscal year
6 for which the amounts were paid.”.

7 **SEC. 302. GRANTS TO STATES REGARDING AIRCRAFT FOR**
8 **TRANSPORTING RURAL VICTIMS OF MEDICAL**
9 **EMERGENCIES.**

10 Part E of title XII of the Public Health Service Act
11 (42 U.S.C. 300d–51 et seq.) is amended by adding at the
12 end the following new section:

13 **“SEC. 1252. GRANTS FOR SYSTEMS TO TRANSPORT RURAL**
14 **VICTIMS OF MEDICAL EMERGENCIES.**

15 “(a) IN GENERAL.—The Secretary shall make grants
16 to States to assist such States in the creation or enhance-
17 ment of air medical transport systems that provide victims
18 of medical emergencies in rural areas with access to treat-
19 ments for the injuries or other conditions resulting from
20 such emergencies.

21 “(b) APPLICATION AND PLAN.—

22 “(1) APPLICATION.—To be eligible to receive a
23 grant under subsection (a), a State shall prepare
24 and submit to the Secretary an application in such
25 form, made in such manner, and containing such

1 agreements, assurances, and information, including
2 a State plan as required in paragraph (2), as the
3 Secretary determines to be necessary to carry out
4 this section.

5 “(2) STATE PLAN.—An application submitted
6 under paragraph (1) shall contain a State plan that
7 shall—

8 “(A) describe the intended uses of the
9 grant proceeds and the geographic areas to be
10 served;

11 “(B) demonstrate that the geographic
12 areas to be served, as described under subpara-
13 graph (A), are rural in nature;

14 “(C) demonstrate that there is a lack of
15 facilities available and equipped to deliver ad-
16 vanced levels of medical care in the geographic
17 areas to be served;

18 “(D) demonstrate that in utilizing the
19 grant proceeds for the establishment or en-
20 hancement of air medical services the State
21 would be making a cost-effective improvement
22 to existing ground-based or air emergency medi-
23 cal service systems;

24 “(E) demonstrate that the State will not
25 utilize the grant proceeds to duplicate the capa-

1 bilities of existing air medical systems that are
2 effectively meeting the emergency medical needs
3 of the populations they serve;

4 “(F) demonstrate that in utilizing the
5 grant proceeds the State is likely to achieve a
6 reduction in the morbidity and mortality rates
7 of the areas to be served, as determined by the
8 Secretary;

9 “(G) demonstrate that the State, in utiliz-
10 ing the grant proceeds, will—

11 “(i) maintain the expenditures of the
12 State for air and ground medical transport
13 systems at a level equal to not less than
14 the level of such expenditures maintained
15 by the State for the fiscal year preceding
16 the fiscal year for which the grant is re-
17 ceived; and

18 “(ii) ensure that recipients of direct
19 financial assistance from the State under
20 such grant will maintain expenditures of
21 such recipients for such systems at a level
22 at least equal to the level of such expendi-
23 tures maintained by such recipients for the
24 fiscal year preceding the fiscal year for
25 which the financial assistance is received;

1 “(H) demonstrate that persons experienced
2 in the field of air medical service delivery were
3 consulted in the preparation of the State plan;
4 and

5 “(I) contain such other information as the
6 Secretary may determine appropriate.

7 “(c) CONSIDERATIONS IN AWARDING GRANTS.—In
8 determining whether to award a grant to a State under
9 this section, the Secretary shall—

10 “(1) consider the rural nature of the areas to
11 be served with the grant proceeds and the services
12 to be provided with such proceeds, as identified in
13 the State plan submitted under subsection (b); and

14 “(2) give preference to States with State plans
15 that demonstrate an effective integration of the pro-
16 posed air medical transport systems into a com-
17 prehensive network or plan for regional or statewide
18 emergency medical service delivery.

19 “(d) STATE ADMINISTRATION AND USE OF
20 GRANT.—

21 “(1) IN GENERAL.—The Secretary may not
22 make a grant to a State under subsection (a) unless
23 the State agrees that such grant will be adminis-
24 tered by the State agency with principal responsibil-
25 ity for carrying out programs regarding the provi-

1 sion of medical services to victims of medical emer-
2 gencies or trauma.

3 “(2) PERMITTED USES.—A State may use
4 amounts received under a grant awarded under this
5 section to award subgrants to public and private en-
6 tities operating within the State.

7 “(3) OPPORTUNITY FOR PUBLIC COMMENT.—
8 The Secretary may not make a grant to a State
9 under subsection (a) unless that State agrees that,
10 in developing and carrying out the State plan under
11 subsection (b)(2), the State will provide public notice
12 with respect to the plan (including any revisions
13 thereto) and facilitate comments from interested
14 persons.

15 “(e) NUMBER OF GRANTS.—The Secretary shall
16 award grants under this section to not less than 7 States.

17 “(f) REPORTS.—

18 “(1) REQUIREMENT.—A State that receives a
19 grant under this section shall annually (during each
20 year in which the grant proceeds are used) prepare
21 and submit to the Secretary a report that shall con-
22 tain—

23 “(A) a description of the manner in which
24 the grant proceeds were utilized;

1 “(B) a description of the effectiveness of
2 the air medical transport programs assisted
3 with grant proceeds; and

4 “(C) such other information as the Sec-
5 retary may require.

6 “(2) TERMINATION OF FUNDING.—In reviewing
7 reports submitted under paragraph (1), if the Sec-
8 retary determines that a State is not using amounts
9 provided under a grant awarded under this section
10 in accordance with the State plan submitted by the
11 State under subsection (b), the Secretary may termi-
12 nate the payment of amounts under such grant to
13 the State until such time as the Secretary deter-
14 mines that the State comes into compliance with
15 such plan.

16 “(g) DEFINITION.—As used in this section, the term
17 ‘rural areas’ means geographic areas that are located out-
18 side of standard metropolitan statistical areas, as identi-
19 fied by the Secretary.

20 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated to make grants under
22 this section, \$15,000,000 for fiscal year 1995, and such
23 sums as may be necessary for each of the fiscal years 1996
24 and 1997.”.

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

PART 1—MEDICARE ESSENTIAL ACCESS

COMMUNITY HOSPITALS

**SEC. 311. AMENDMENTS TO ESSENTIAL ACCESS COMMU-
NITY HOSPITAL (EACH) PROGRAM UNDER
MEDICARE.**

(a) INCREASING NUMBER OF PARTICIPATING
STATES.—Section 1820(a)(1) of the Social Security Act
(42 U.S.C. 1395i–4(a)(1)) is amended by striking “7” and
inserting “9”.

(b) TREATMENT OF INPATIENT HOSPITAL SERVICES
PROVIDED IN RURAL PRIMARY CARE HOSPITALS.—

(1) IN GENERAL.—Section 1820(f)(1)(F) of
such Act (42 U.S.C. 1395i–4(f)(1)(F)) is amended
to read as follows:

“(F) subject to paragraph (4), provides not
more than 6 inpatient beds (meeting such con-
ditions as the Secretary may establish) for pro-
viding inpatient care to patients requiring sta-
bilization before discharge or transfer to a hos-
pital, except that the facility may not provide
any inpatient hospital services—

“(i) to any patient whose attending
physician does not certify that the patient

1 may reasonably be expected to be dis-
2 charged or transferred to a hospital within
3 72 hours of admission to the facility; or

4 “(ii) consisting of surgery or any
5 other service requiring the use of general
6 anesthesia (other than surgical procedures
7 specified by the Secretary under section
8 1833(i)(1)(A)), unless the attending physi-
9 cian certifies that the risk associated with
10 transferring the patient to a hospital for
11 such services outweighs the benefits of
12 transferring the patient to a hospital for
13 such services.”.

14 (2) LIMITATION ON AVERAGE LENGTH OF
15 STAY.—Section 1820(f) of such Act (42 U.S.C.
16 1395i–4(f)) is amended by adding at the end the fol-
17 lowing new paragraph:

18 “(4) LIMITATION ON AVERAGE LENGTH OF IN-
19 PATIENT STAYS.—The Secretary may terminate a
20 designation of a rural primary care hospital under
21 paragraph (1) if the Secretary finds that the average
22 length of stay for inpatients at the facility during
23 the previous year in which the designation was in ef-
24 fect exceeded 72 hours. In determining the compli-
25 ance of a facility with the requirement of the pre-

1 vious sentence, there shall not be taken into account
2 periods of stay of inpatients in excess of 72 hours
3 to the extent such periods exceed 72 hours because
4 transfer to a hospital is precluded because of inclem-
5 ent weather or other emergency conditions.”.

6 (3) CONFORMING AMENDMENT.—Section
7 1814(a)(8) of such Act (42 U.S.C. 1395f(a)(8)) is
8 amended by striking “such services” and all that fol-
9 lows and inserting “the individual may reasonably be
10 expected to be discharged or transferred to a hos-
11 pital within 72 hours after admission to the rural
12 primary care hospital.”.

13 (4) GAO REPORTS.—Not later than 2 years
14 after the date of the enactment of this Act, the
15 Comptroller General shall submit reports to Con-
16 gress on—

17 (A) the application of the requirements
18 under section 1820(f) of the Social Security Act
19 (as amended by this subsection) that rural pri-
20 mary care hospitals provide inpatient care only
21 to those individuals whose attending physicians
22 certify may reasonably be expected to be dis-
23 charged within 72 hours after admission and
24 maintain an average length of inpatient stay

1 during a year that does not exceed 72 hours;
2 and

3 (B) the extent to which such requirements
4 have resulted in such hospitals providing inpa-
5 tient care beyond their capabilities or have lim-
6 ited the ability of such hospitals to provide
7 needed services.

8 (c) DESIGNATION OF HOSPITALS.—

9 (1) PERMITTING DESIGNATION OF HOSPITALS
10 LOCATED IN URBAN AREAS.—

11 (A) IN GENERAL.—Section 1820 of such
12 Act (42 U.S.C. 1395i–4) is amended—

13 (i) by striking paragraph (1) of sub-
14 section (e) and redesignating paragraphs
15 (2) through (6) as paragraphs (1) through
16 (5);

17 (ii) in subsection (e)(1)(A) (as redes-
18 ignated by subparagraph (A))—

19 (I) by striking “is located” and
20 inserting “except in the case of a hos-
21 pital located in an urban area, is lo-
22 cated”,

23 (II) by striking “, (ii)” and in-
24 serting “or (ii)”, and

1 (III) by striking “or (iii)” and all
2 that follows through “section,”; and
3 (iii) in subsection (i)(1)(B), by strik-
4 ing “paragraph (3)” and inserting “para-
5 graph (2)”.

6 (B) NO CHANGE IN MEDICARE PROSPEC-
7 TIVE PAYMENT.—Section 1886(d)(5)(D) of
8 such Act (42 U.S.C. 1395ww(d)(5)(D)) is
9 amended—

10 (i) in clause (iii)(III), by inserting “lo-
11 cated in a rural area and” after “that is”,
12 and

13 (ii) in clause (v), by inserting “located
14 in a rural area and” after “in the case of
15 a hospital”.

16 (2) PERMITTING HOSPITALS LOCATED IN AD-
17 JOINING STATES TO PARTICIPATE IN STATE PRO-
18 GRAM.—

19 (A) IN GENERAL.—Section 1820 of such
20 Act (42 U.S.C. 1395i–4) is amended—

21 (i) by redesignating subsection (k) as
22 subsection (l); and

23 (ii) by inserting after subsection (j)
24 the following new subsection:

1 “(k) ELIGIBILITY OF HOSPITALS NOT LOCATED IN
2 PARTICIPATING STATES.—Notwithstanding any other
3 provision of this section—

4 “(1) for purposes of including a hospital or fa-
5 cility as a member institution of a rural health net-
6 work, a State may designate a hospital or facility
7 that is not located in the State as an essential access
8 community hospital or a rural primary care hospital
9 if the hospital or facility is located in an adjoining
10 State and is otherwise eligible for designation as
11 such a hospital;

12 “(2) the Secretary may designate a hospital or
13 facility that is not located in a State receiving a
14 grant under subsection (a)(1) as an essential access
15 community hospital or a rural primary care hospital
16 if the hospital or facility is a member institution of
17 a rural health network of a State receiving a grant
18 under such subsection; and

19 “(3) a hospital or facility designated pursuant
20 to this subsection shall be eligible to receive a grant
21 under subsection (a)(2).”.

22 (B) CONFORMING AMENDMENTS.—(i) Sec-
23 tion 1820(c)(1) of such Act (42 U.S.C. 1395i-
24 4(c)(1)) is amended by striking “paragraph

1 (3)” and inserting “paragraph (3) or subsection
2 (k)”.

3 (ii) Paragraphs (1)(A) and (2)(A) of sec-
4 tion 1820(i) of such Act (42 U.S.C. 1395i–4(i))
5 are each amended—

6 (I) in clause (i), by striking “(a)(1)”
7 and inserting “(a)(1) (except as provided
8 in subsection (k))”, and

9 (II) in clause (ii), by striking “sub-
10 paragraph (B)” and inserting “subpara-
11 graph (B) or subsection (k)”.

12 (d) SKILLED NURSING SERVICES IN RURAL PRIMARY
13 CARE HOSPITALS.—Section 1820(f)(3) of such Act (42
14 U.S.C. 1395i–4(f)(3)) is amended by striking “because
15 the facility” and all that follows and inserting the follow-
16 ing: “because, at the time the facility applies to the State
17 for designation as a rural primary care hospital, there is
18 in effect an agreement between the facility and the Sec-
19 retary under section 1883 under which the facility’s inpa-
20 tient hospital facilities are used for the furnishing of ex-
21 tended care services, except that the number of beds used
22 for the furnishing of such services may not exceed the total
23 number of licensed inpatient beds at the time the facility
24 applies to the State for such designation (minus the num-
25 ber of inpatient beds used for providing inpatient care pur-

1 suant to paragraph (1)(F)). For purposes of the previous
2 sentence, the number of beds of the facility used for the
3 furnishing of extended care services shall not include any
4 beds of a unit of the facility that is licensed as a distinct-
5 part skilled nursing facility at the time the facility applies
6 to the State for designation as a rural primary care hos-
7 pital.”.

8 (e) DEADLINE FOR DEVELOPMENT OF PROSPECTIVE
9 PAYMENT SYSTEM FOR INPATIENT RURAL PRIMARY
10 CARE HOSPITAL SERVICES.—Section 1814(l)(2) of such
11 Act (42 U.S.C. 1395f(l)(2)) is amended by striking “Jan-
12 uary 1, 1993” and inserting “January 1, 1996”.

13 (f) PAYMENT FOR OUTPATIENT RURAL PRIMARY
14 CARE HOSPITAL SERVICES.—

15 (1) IMPLEMENTATION OF PROSPECTIVE PAY-
16 MENT SYSTEM.—Section 1834(g) of such Act (42
17 U.S.C. 1395m(g)) is amended—

18 (A) in paragraph (1), by striking “during
19 a year before 1993” and inserting “during a
20 year before the prospective payment system de-
21 scribed in paragraph (2) is in effect”; and

22 (B) in paragraph (2), by striking “January
23 1, 1993,” and inserting “January 1, 1996,”.

24 (2) NO USE OF CUSTOMARY CHARGE IN DETER-
25 MINING PAYMENT.—Section 1834(g)(1) of such Act

1 (42 U.S.C. 1395m(g)(1)) is amended by adding at
2 the end the following new flush sentence:

3 “The amount of payment shall be determined under
4 either method without regard to the amount of the
5 customary or other charge.”.

6 (g) CLARIFICATION OF PHYSICIAN STAFFING RE-
7 QUIREMENT FOR RURAL PRIMARY CARE HOSPITALS.—
8 Section 1820(f)(1)(H) of such Act (42 U.S.C. 1395i-
9 4(f)(1)(H)) is amended by striking the period and insert-
10 ing the following: “, except that in determining whether
11 a facility meets the requirements of this subparagraph,
12 subparagraphs (E) and (F) of that paragraph shall be ap-
13 plied as if any reference to a ‘physician’ is a reference
14 to a physician as defined in section 1861(r)(1).”.

15 (h) TECHNICAL AMENDMENTS RELATING TO PART
16 A DEDUCTIBLE, COINSURANCE, AND SPELL OF ILL-
17 NESS.—(1) Section 1812(a)(1) of such Act (42 U.S.C.
18 1395d(a)(1)) is amended—

19 (A) by striking “inpatient hospital services” the
20 first place it appears and inserting “inpatient hos-
21 pital services or inpatient rural primary care hos-
22 pital services”;

23 (B) by striking “inpatient hospital services” the
24 second place it appears and inserting “such serv-
25 ices”; and

1 (C) by striking “and inpatient rural primary
2 care hospital services”.

3 (2) Sections 1813(a) and 1813(b)(3)(A) of such Act
4 (42 U.S.C. 1395e(a), 1395e(b)(3)(A)) are each amended
5 by striking “inpatient hospital services” each place it ap-
6 pears and inserting “inpatient hospital services or inpa-
7 tient rural primary care hospital services”.

8 (3) Section 1813(b)(3)(B) of such Act (42 U.S.C.
9 1395e(b)(3)(B)) is amended by striking “inpatient hos-
10 pital services” and inserting “inpatient hospital services,
11 inpatient rural primary care hospital services”.

12 (4) Section 1861(a) of such Act (42 U.S.C. 1395x(a))
13 is amended—

14 (A) in paragraph (1), by striking “inpatient
15 hospital services” and inserting “inpatient hospital
16 services, inpatient rural primary care hospital serv-
17 ices”; and

18 (B) in paragraph (2), by striking “hospital”
19 and inserting “hospital or rural primary care hos-
20 pital”.

21 (i) AUTHORIZATION OF APPROPRIATIONS.—Section
22 1820(l) of such Act (42 U.S.C. 1395i–4(l)), as redesign-
23 nated by subsection (c)(2)(A), is amended by striking
24 “1990, 1991, and 1992” and inserting “1990 through
25 1995”.

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

4 **PART 2—ESTABLISHMENT OF RURAL**
5 **EMERGENCY ACCESS CARE HOSPITALS**

6 **SEC. 321. RURAL EMERGENCY ACCESS CARE HOSPITALS**
7 **DESCRIBED.**

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

11 “Rural Emergency Access Care Hospital; Rural
12 Emergency Access Care Hospital Services

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

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

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

21 “(C) The facility is in danger of closing due to
22 low inpatient utilization rates and negative operating
23 losses, and the closure of the facility would limit the
24 access of individuals residing in the facility’s service
25 area to emergency services.

1 “(D) The facility has entered into (or plans to
2 enter into) an agreement with a hospital with a par-
3 ticipation agreement in effect under section 1866(a),
4 and under such agreement the hospital shall accept
5 patients transferred to the hospital from the facility
6 and receive data from and transmit data to the facil-
7 ity.

8 “(E) There is a practitioner who is qualified to
9 provide advanced cardiac life support services (as de-
10 termined by the State in which the facility is lo-
11 cated) on-site at the facility on a 24-hour basis.

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

14 “(G) The facility meets such staffing require-
15 ments as would apply under section 1861(e) to a
16 hospital located in a rural area, except that—

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

24 “(ii) the facility may provide any services
25 otherwise required to be provided by a full-time,

1 on-site dietician, pharmacist, laboratory techni-
2 cian, medical technologist, or radiological tech-
3 nologist on a part-time, off-site basis.

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

20 “(2) The term ‘rural emergency access care hospital
21 services’ means the following services provided by a rural
22 emergency access care hospital:

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

1 “(B) Necessary stabilizing examination and
2 treatment services for an emergency medical condi-
3 tion and labor (as described in section 1867(b)).”.

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

10 **SEC. 322. COVERAGE OF AND PAYMENT FOR SERVICES.**

11 (a) COVERAGE UNDER PART B.—Section 1832(a)(2)
12 of the Social Security Act (42 U.S.C. 1395k(a)(2)) is
13 amended—

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

16 (2) by striking the period at the end of sub-
17 paragraph (J) and inserting “; and”; and

18 (3) by adding at the end the following new sub-
19 paragraph:

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

22 (b) PAYMENT BASED ON PAYMENT FOR OUTPATIENT
23 RURAL PRIMARY CARE HOSPITAL SERVICES.—

24 (1) IN GENERAL.—Section 1833(a)(6) of the
25 Social Security Act (42 U.S.C. 1395l(a)(6)) is

1 amended by striking “services,” and inserting “serv-
2 ices and rural emergency access care hospital serv-
3 ices,”.

4 (2) PAYMENT METHODOLOGY DESCRIBED.—
5 Section 1834(g) of such Act (42 U.S.C. 1395m(g))
6 is amended—

7 (A) in the heading, by striking “SERV-
8 ICES” and inserting “SERVICES AND RURAL
9 EMERGENCY ACCESS CARE HOSPITAL SERV-
10 ICES”;

11 (B) in paragraph (1), by striking “during
12 a year before 1993” and inserting “during a
13 year before the prospective payment system de-
14 scribed in paragraph (2) is in effect”;

15 (C) in paragraph (1), by adding at the end
16 the following:

17 “The amount of payment shall be determined under
18 either method without regard to the amount of the
19 customary or other charge.”;

20 (D) in paragraph (2), by striking “Janu-
21 ary 1, 1993,” and inserting “January 1,
22 1996,”; and

23 (E) by adding at the end the following new
24 paragraph:

1 “(3) APPLICATION OF METHODS TO PAYMENT
 2 FOR RURAL EMERGENCY ACCESS CARE HOSPITAL
 3 SERVICES.—The amount of payment for rural emer-
 4 gency access care hospital services provided during
 5 a year shall be determined using the applicable
 6 method provided under this subsection for determin-
 7 ing payment for outpatient rural primary care hos-
 8 pital services during the year.”.

9 **SEC. 323. EFFECTIVE DATE.**

10 The amendments made by this part shall apply to fis-
 11 cal years beginning on or after October 1, 1994.

12 **Subtitle D—Demonstration Proj-**
 13 **ects to Encourage Primary Care**
 14 **and Rural-Based Graduate Med-**
 15 **ical Education**

16 **SEC. 331. STATE AND CONSORTIUM DEMONSTRATION**
 17 **PROJECTS.**

18 (a) IN GENERAL.—

19 (1) PARTICIPATION OF STATES AND CONSOR-
 20 TIA.—The Secretary shall establish and conduct a
 21 demonstration project to increase the number and
 22 percentage of medical students entering primary
 23 care practice relative to those entering nonprimary
 24 care practice under which the Secretary shall make
 25 payments in accordance with subsection (d)—

1 (A) to not more than 10 States for the
2 purpose of testing and evaluating mechanisms
3 to meet the goals described in section 342; and

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

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

13 (b) APPLICATIONS.—

14 (1) IN GENERAL.—Each State and consortium
15 desiring to conduct a demonstration project under
16 this section shall prepare and submit to the Sec-
17 retary an application, at such time, in such manner,
18 and containing such information as the Secretary
19 may require to assure that the State or consortium
20 will meet the goals described in section 342. In the
21 case of an application of a State, the application
22 shall include—

23 (A) information demonstrating that the
24 State has consulted with interested parties with
25 respect to the project, including State medical

1 associations, State hospital associations, and
2 medical schools located in the State;

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

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

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

15 (A) upon approval of such application by
16 the Secretary; or

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

21 (3) NOTICE AND COMMENT.—A State or con-
22 sortium shall issue a public notice on the date it
23 submits an application under paragraph (1) which
24 contains a general description of the proposed dem-
25 onstration project. Any interested party may com-

1 ment on the proposed demonstration project to the
2 State or consortium or the Secretary during the 30-
3 day period beginning on the date the public notice
4 is issued.

5 (c) SPECIFIC REQUIREMENTS FOR PARTICIPANTS.—

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

14 (A) USE OF ALTERNATIVE WEIGHTING
15 FACTORS.—

16 (i) IN GENERAL.—The State may
17 make payments to hospitals in the State
18 for direct graduate medical education costs
19 in amounts determined under the meth-
20 odology provided under section 1886(h) of
21 the Social Security Act, except that the
22 State shall apply weighting factors that are
23 different than the weighting factors other-
24 wise set forth in section 1886(h)(4)(C) of
25 the Social Security Act.

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

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

22 (2) REQUIREMENTS FOR CONSORTIUM.—

23 (A) IN GENERAL.—In the case of a consor-
24 tium participating in the demonstration project
25 under this subtitle, the Secretary shall make

1 payments for graduate medical education costs
2 through a health care training consortium
3 whose members provide medical residency train-
4 ing (or through any entity identified by such a
5 consortium as appropriate for receiving pay-
6 ments on behalf of the consortium).

7 (B) USE OF PAYMENTS.—

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

18 (ii) PAYMENTS TO PARTICIPATING
19 PROGRAMS.—The consortium shall ensure
20 that the majority of the payments received
21 under subparagraph (A) are directed to
22 consortium members for primary care resi-
23 dency programs, and shall designate for
24 each resident assigned to the consortium a
25 hospital operating an approved medical

1 residency training program for purposes of
2 enabling the Secretary to calculate the con-
3 sortium's payment amount under the
4 project. Such hospital shall be the hospital
5 where the resident receives the majority of
6 the resident's hospital-based, non-
7 ambulatory training experience.

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

15 (1) In the case of a State—

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

21 (B) the Secretary shall pay the State an
22 amount equal to the Secretary's estimate of the
23 sum of the reductions made during the year
24 under subparagraph (A) (as adjusted by the
25 Secretary in subsequent years for over- or

1 under-estimations in the amount estimated
2 under this subparagraph in previous years).

3 (2) In the case of a consortium—

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

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

17 (e) ADDITIONAL GRANT FOR PLANNING AND EVAL-
18 UATION.—

19 (1) IN GENERAL.—The Secretary may award
20 grants to States and consortia participating in the
21 demonstration project under this section for the pur-
22 pose of developing and evaluating such projects. A
23 State or consortia may conduct such an evaluation
24 or contract with a private entity to conduct the eval-
25 uation. Each State and consortia desiring to receive

1 a grant under this paragraph shall prepare and sub-
2 mit to the Secretary an application, at such time, in
3 such manner, and containing such information as
4 the Secretary may require.

5 (2) AUTHORIZATION OF APPROPRIATIONS.—

6 There are authorized to be appropriated such sums
7 as may be necessary for grants under this paragraph
8 for fiscal years 1995 through 2000.

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

15 (g) EVALUATIONS AND REPORTS.—

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

22 (2) REPORTS TO CONGRESS.—Not later than
23 360 days after the first demonstration project under
24 this subtitle begins, and annually thereafter for each
25 year in which such a project is conducted, the Sec-

1 retary shall submit a report to Congress which eval-
2 uates the effectiveness of the State and consortium
3 activities conducted under such projects and includes
4 any legislative recommendations determined appro-
5 priate by the Secretary.

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

11 **SEC. 332. GOALS FOR PROJECTS.**

12 The goals referred to in this section for a State or
13 consortium participating in the demonstration project
14 under this subtitle are as follows:

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

17 (2) The recruiting of residents for graduate
18 medical education training programs who received a
19 portion of undergraduate training in a rural area.

20 (3) The allocation of not less than 50 percent
21 of the training spent in a graduate medical residency
22 training program at sites at which acute care inpa-
23 tient hospital services are not furnished.

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

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

9 **SEC. 333. DEFINITIONS.**

10 In this subtitle:

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

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

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

23 (B) A school of medicine or osteopathic
24 medicine.

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

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

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

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

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

16 **TITLE IV—HOSPITAL ANTITRUST** 17 **FAIRNESS**

18 **SEC. 401. ANTITRUST EXEMPTION.**

19 The antitrust laws shall not apply with respect to—

20 (1) the merger of, or the attempt to merge, 2
21 or more hospitals,

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

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

1 if each of such hospitals satisfies all of the requirements
2 of section 503 at the time such hospitals engage in the
3 conduct described in paragraph (1), (2), or (3), as the case
4 may be.

5 **SEC. 402. REQUIREMENTS.**

6 The requirements referred to in section 501 are as
7 follows:

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

12 (2) In the most recently concluded calendar
13 year, the hospital received more than 40 percent of
14 its gross revenue from payments made under Fed-
15 eral programs.

16 (3) There is in effect with respect to the hos-
17 pital a certificate issued by the Health Care Financ-
18 ing Administration specifying that such Administra-
19 tion has determined that Federal expenditures would
20 be reduced, consumer costs would not increase, and
21 access to health care services would not be reduced,
22 if the hospital and the other hospitals that requested
23 such certificate merge, or allocate the hospital serv-
24 ices specified in such request, as the case may be.

1 **SEC. 403. DEFINITION.**

2 For purposes of this title, the term “antitrust laws”
3 has the meaning given such term in subsection (a) of the
4 first section of the Clayton Act (15 U.S.C. 12), except that
5 such term includes section 5 of the Federal Trade Com-
6 mission Act (15 U.S.C. 45) to the extent that such section
7 5 applies with respect to unfair methods of competition.

○

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