

104TH CONGRESS
1ST SESSION

S. 308

To increase access to, control the costs associated with, and improve the quality of health care in States through health insurance reform, State innovation, public health, medical research, and reduction of fraud and abuse, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 1 (legislative day, JANUARY 30), 1995

Mr. GRAHAM (for himself and Mr. HATFIELD) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To increase access to, control the costs associated with, and improve the quality of health care in States through health insurance reform, State innovation, public health, medical research, and reduction of fraud and abuse, 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 “Health Partnership Act of 1995”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Definitions.

TITLE I—HEALTH INSURANCE REFORM

- Sec. 1001. Establishment of standards.
- Sec. 1002. Expansion and revision of medicare select policies.
- Sec. 1003. Effective dates.

TITLE II—STATE INNOVATION

Subtitle A—State Waiver Authority

- Sec. 2001. State health reform projects.

Subtitle B—State Laws

PART A—EXISTING WAIVERS AND HAWAII PREPAID HEALTH CARE ACT

- Sec. 2101. Continuance of existing Federal law waivers.
- Sec. 2102. Preemption of Hawaii Prepaid Health Care Act.

PART B—ERISA REVIEW

- Sec. 2110. Specific exemption from ERISA preemption.
- Sec. 2111. Discretionary exemptions from ERISA preemptions.
- Sec. 2112. Procedures for adopting discretionary exemptions.
- Sec. 2113. Operation of the Commission.

TITLE III—PUBLIC HEALTH AND RURAL AND UNDERSERVED
ACCESS IMPROVEMENT

- Sec. 3001. Short title.
- Sec. 3002. Establishment of new title XXVII regarding public health programs.

TITLE IV—MEDICAL AND HEALTH RESEARCH

- Sec. 4001. Short title.
- Sec. 4002. Findings.
- Sec. 4003. National Fund for Health Research.

TITLE V—FRAUD AND ABUSE

- Sec. 5001. Short title.

Subtitle A—All-Payer Fraud and Abuse Control Program

- Sec. 5101. All-payer fraud and abuse control program.
- Sec. 5102. Application of certain Federal health anti-fraud and abuse sanctions to fraud and abuse against any health plan.

Subtitle B—Revisions to Current Sanctions for Fraud and Abuse

- Sec. 5201. Mandatory exclusion from participation in medicare and State health care programs.
- Sec. 5202. Establishment of minimum period of exclusion for certain individuals and entities subject to permissive exclusion from medicare and State health care programs.

- Sec. 5203. Permissive exclusion of individuals with ownership or control interest in sanctioned entities.
- Sec. 5204. Sanctions against practitioners and persons for failure to comply with statutory obligations.
- Sec. 5205. Intermediate sanctions for medicare health maintenance organizations.
- Sec. 5206. Effective date.

Subtitle C—Civil Monetary Penalties

- Sec. 5301. Civil monetary penalties.

Subtitle D—Payments for State Health Care Fraud Control Units

- Sec. 5401. Establishment of State fraud units.
- Sec. 5402. Requirements for State fraud units.
- Sec. 5403. Scope and purpose.
- Sec. 5404. Payments to States.

TITLE VI—REVENUE PROVISIONS

- Sec. 6000. Amendment of 1986 Code.

Subtitle A—Financing Provisions

PART I—INCREASE IN TAX ON TOBACCO PRODUCTS

- Sec. 6001. Increase in excise taxes on tobacco products.
- Sec. 6002. Modifications of certain tobacco tax provisions.
- Sec. 6003. Imposition of excise tax on manufacture or importation of roll-your-own tobacco.

Subtitle B—Health Care Reform Trust Fund

- Sec. 6101. Establishment of Health Care Reform Trust Fund.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) Americans support universal coverage. The
4 people of this country agree that all Americans
5 should be guaranteed access to affordable, high-
6 quality health care.

7 (2) Although there is common agreement on the
8 goal of universal coverage, there are many different
9 ways to achieve this goal. The States can play an
10 important role in achieving universal coverage for

1 our population, demonstrating additional health re-
2 forms that may be needed on a national level to en-
3 hance access to affordable, high-quality health care.
4 A number of States have already initiated health
5 care reform that takes into account their special eco-
6 nomic, demographic, and financial conditions. These
7 State models combine unique reform innovations
8 with the various strengths of their existing State
9 health care systems, including market competition,
10 employer pools and association plans, technology re-
11 view and public health outreach projects. The States
12 can also serve as testing grounds to identify effective
13 alternatives for making the transition to universal
14 coverage, while maintaining the strengths of the cur-
15 rent health care system.

16 (3) Maintaining the high quality of health care
17 Americans expect and controlling costs are also im-
18 portant goals of health care reform. As payers of
19 health care, the States have a strong incentive to en-
20 sure that such States purchase high-quality, cost-ef-
21 fective services for the residents of such States. The
22 States can develop and test alternative payment and
23 delivery systems to ensure that these goals are
24 achieved.

1 (4) In light of the success of various State-initi-
2 ated reforms and in the absence of comprehensive
3 Federal health reform, there are many health-related
4 issues that should be addressed at the State level.
5 As with social security and child labor protections,
6 States can lead the way in testing ideas for national
7 application or application in other States.

8 (5) The States should have the flexibility to test
9 alternative health reforms with the objectives of in-
10 creasing access to care, controlling health care costs,
11 and maintaining or improving the quality of health
12 care.

13 **SEC. 3. DEFINITIONS.**

14 Unless specifically provided otherwise, as used in this
15 Act:

16 (1) NAIC.—The term “NAIC” means the Na-
17 tional Association of Insurance Commissioners.

18 (2) PERFORMANCE MEASURES.—The term
19 “performance measures” means measurable indica-
20 tors that are used to assess progress towards achiev-
21 ing the broad goals of increasing access to care, con-
22 trolling health care costs, and maintaining or im-
23 proving the quality of health care.

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, the Northern Marina Is-
4 lands, and America Samoa.

5 **TITLE I—HEALTH INSURANCE**
6 **REFORM**

7 **SEC. 1001. ESTABLISHMENT OF STANDARDS.**

8 (a) IN GENERAL.—The Secretary shall request that
9 the NAIC develop, not later than 6 months after the date
10 of enactment of this Act, standards for health insurance
11 plans with respect to—

12 (1) the renewability of coverage under such
13 plans;

14 (2) the portability of coverage under such plans,
15 including—

16 (A) limitations on the use of pre-existing
17 conditions;

18 (B) the concept of an “amnesty period”
19 during which limitations on pre-existing condi-
20 tions would be suspended; and

21 (C) the advisability of open enrollment pe-
22 riods;

23 (3) guaranteed issue with respect to all health
24 insurance coverage products;

1 (4) the establishment of an adjusted community
2 rating system with adjustment factors limited to age
3 (with no more than a 2:1 variation in premiums
4 based on age) and geography;

5 (5) solvency standards for health insurance
6 plans regulations under Federal and State law, in-
7 cluding the development of risk-based capital stand-
8 ards for health plans, solvency standards for health
9 plans, self-funded employer-sponsored health plans,
10 and multi-employer welfare arrangements and asso-
11 ciation plans;

12 (6) stop-loss standards for self-funded health
13 insurance plans and multi-employer welfare arrange-
14 ments and association plans;

15 (7) the identification of minimum employer size
16 for self-funding and the interrelationship between
17 self-funding and the community-rated pool of enroll-
18 ees; and

19 (8) any other areas determined appropriate by
20 the Secretary, including enforcement of standards
21 under this section.

22 (b) REVIEW.—Not later than 60 days after receipt
23 of the standards developed by the NAIC under subsection
24 (a), the Secretary shall complete a review of such stand-
25 ards. If the Secretary, based on such review, approves

1 such standards, such standards shall apply with respect
2 to all health insurance plans offered or operating in a
3 State on and after the date specified in subsection (d)
4 herein.

5 (c) FAILURE TO DEVELOP STANDARDS OR FAILURE
6 TO APPROVE.—If the NAIC fails to develop standards
7 within the 6-month period referred to in subsection (a),
8 or the Secretary fails to approve any standards developed
9 under such subsection, the Secretary shall develop, not
10 later than 15 months after the date of enactment of this
11 Act, standards applicable to health insurance plans, in-
12 cluding standards related to the matter described in para-
13 graphs (1) through (8) of subsection (a) (“Federal stand-
14 ards”) and such standards shall apply with respect to all
15 health insurance plans offered or operating in a State on
16 and after the date specified in subsection (d) herein.

17 (d) EFFECTIVE DATE.—

18 (1) IN GENERAL.—Except as provided in para-
19 graph (2), the effective date specified in this sub-
20 section for a State is the date the State adopts the
21 standards developed under this section or 1 year
22 after the date the NAIC or the Secretary first
23 adopts such standards, whichever is earlier.

1 (2) EXCEPTION.—In the case of a State which
2 the Secretary, in consultation with the NAIC, identi-
3 fies as—

4 (A) requiring State legislation (other than
5 legislation appropriating funds) in order for
6 health insurance policies to meet the standards
7 developed under this section, but

8 (B) having a legislature which is not
9 scheduled to meet in 1996 in a legislative ses-
10 sion in which such legislation may be consid-
11 ered,

12 the date specified in this subsection is the first day
13 of the first calendar quarter beginning after the
14 close of the first legislative session of the State legis-
15 lature that begins on or after January 1, 1996. For
16 purposes of the previous sentence, in the case of a
17 State that has a 2-year legislative session, each year
18 of such session shall be deemed to be a separate reg-
19 ular session of the State legislature.

20 (e) WORKING GROUP.—In promulgating standards
21 under this section, the NAIC or Secretary shall consult
22 with a working group composed of representatives of issu-
23 ers of health insurance policies, consumer groups, health
24 insurance beneficiaries, and other qualified individuals.
25 Such representatives shall be selected in a manner so as

1 to assure balanced representation among the interested
2 groups.

3 (f) EFFECT ON STATE LAW.—Nothing in this section
4 shall be construed to preempt any State law to the extent
5 that such State law implements more progressive reforms
6 than those implemented under the standards developed
7 under this section, as determined by the Secretary.

8 **SEC. 1002. EXPANSION AND REVISION OF MEDICARE SE-**
9 **LECT POLICIES.**

10 (a) PERMITTING MEDICARE SELECT POLICIES IN
11 ALL STATES.—

12 (1) IN GENERAL.—Subsection (c) of section
13 4358 of the Omnibus Budget Reconciliation Act of
14 1990 (42 U.S.C. 1320c–3 note) is hereby repealed.

15 (2) CONFORMING AMENDMENT.—Section 4358
16 of such Act (42 U.S.C. 1320c–3 note) is amended
17 by redesignating subsection (d) as subsection (c).

18 (b) REQUIREMENTS OF MEDICARE SELECT POLI-
19 CIES.—Section 1882(t)(1) of the Social Security Act (42
20 U.S.C. 1395ss(t)(1)) is amended to read as follows:

21 “(1)(A) If a medicare supplemental policy meets the
22 1991 NAIC Model Regulation or 1991 Federal Regulation
23 and otherwise complies with the requirements of this sec-
24 tion except that—

1 “(i) the benefits under such policy are re-
2 stricted to items and services furnished by certain
3 entities (or reduced benefits are provided when items
4 or services are furnished by other entities), and

5 “(ii) in the case of a policy described in sub-
6 paragraph (C)(i)—

7 “(I) the benefits under such policy are not
8 one of the groups or packages of benefits de-
9 scribed in subsection (p)(2)(A),

10 “(II) except for nominal copayments im-
11 posed for services covered under part B of this
12 title, such benefits include at least the core
13 group of basic benefits described in subsection
14 (p)(2)(B), and

15 “(III) an enrollee’s liability under such pol-
16 icy for physician’s services covered under part
17 B of this title is limited to the nominal
18 copayments described in subclause (II),

19 the policy shall nevertheless be treated as meeting those
20 standards if the policy meets the requirements of subpara-
21 graph (B).

22 “(B) A policy meets the requirements of this sub-
23 paragraph if—

24 “(i) full benefits are provided for items and
25 services furnished through a network of entities

1 which have entered into contracts or agreements
2 with the issuer of the policy;

3 “(ii) full benefits are provided for items and
4 services furnished by other entities if the services are
5 medically necessary and immediately required be-
6 cause of an unforeseen illness, injury, or condition
7 and it is not reasonable given the circumstances to
8 obtain the services through the network;

9 “(iii) the network offers sufficient access;

10 “(iv) the issuer of the policy has arrangements
11 for an ongoing quality assurance program for items
12 and services furnished through the network;

13 “(v)(I) the issuer of the policy provides to each
14 enrollee at the time of enrollment an explanation of
15 the matters described in subparagraph (D), and

16 “(II) each enrollee prior to enrollment acknowl-
17 edges receipt of the explanation provided under
18 subclause (I); and

19 “(vi) the issuer of the policy makes available to
20 individuals, in addition to the policy described in this
21 subsection, any policy (otherwise offered by the is-
22 suer to individuals in the State) that meets the 1991
23 Model NAIC Regulation or 1991 Federal Regulation
24 and other requirements of this section without re-
25 gard to this subsection.

1 “(C)(i) A policy described in this subparagraph—

2 “(I) is offered by an eligible organization (as
3 defined in section 1876(b)),

4 “(II) is not a policy or plan providing benefits
5 pursuant to a contract under section 1876 or an ap-
6 proved demonstration project described in section
7 603(c) of the Social Security Amendments of 1983,
8 section 2355 of the Deficit Reduction Act of 1984,
9 or section 9412(b) of the Omnibus Budget Reconcili-
10 ation Act of 1986, and

11 “(III) provides benefits which, when combined
12 with benefits which are available under this title, are
13 substantially similar to benefits under policies of-
14 fered to individuals who are not entitled to benefits
15 under this title.

16 “(ii) In making a determination under subclause (III)
17 of clause (i) as to whether certain benefits are substan-
18 tially similar, there shall not be taken into account, except
19 in the case of preventive services, benefits provided under
20 policies offered to individuals who are not entitled to bene-
21 fits under this title which are in addition to the benefits
22 covered by this title and which are benefits an entity must
23 provide in order to meet the definition of an eligible orga-
24 nization under section 1876(b)(1).

1 “(D) The matters described in this subparagraph,
2 with respect to a policy, are as follows:

3 “(i) The restrictions on payment under the pol-
4 icy for services furnished other than by or through
5 the network.

6 “(ii) Out of area coverage under the policy.

7 “(iii) The policy’s coverage of emergency serv-
8 ices and urgently needed care.

9 “(iv) The availability of a policy through the en-
10 tity that meets the 1991 Model NAIC Regulation or
11 1991 Federal Regulation without regard to this sub-
12 section and the premium charged for such policy.”.

13 (c) RENEWABILITY OF MEDICARE SELECT POLI-
14 CIES.—Section 1882(q)(1) of the Social Security Act (42
15 U.S.C. 1395ss(q)(1)) is amended—

16 (1) by striking “(1) Each” and inserting
17 “(1)(A) Except as provided in subparagraph (B),
18 each”;

19 (2) by redesignating subparagraphs (A) and
20 (B) as clauses (i) and (ii), respectively; and

21 (3) by adding at the end the following new sub-
22 paragraph:

23 “(B)(i) Except as provided in clause (ii), in the
24 case of a policy that meets the requirements of sub-
25 section (t), an issuer may cancel or nonrenew such

1 policy with respect to an individual who leaves the
2 service area of such policy.

3 “(ii) If an individual described in clause (i)
4 moves to a geographic area where the issuer de-
5 scribed in clause (i), or where an affiliate of such is-
6 suer, is issuing medicare supplemental policies, such
7 individual must be permitted to enroll in any medi-
8 care supplemental policy offered by such issuer or
9 affiliate that provides benefits comparable to or less
10 than the benefits provided in the policy being can-
11 celed or nonrenewed. An individual whose coverage
12 is canceled or nonrenewed under this subparagraph
13 shall, as part of the notice of termination or
14 nonrenewal, be notified of the right to enroll in other
15 medicare supplemental policies offered by the issuer
16 or its affiliates.

17 “(iii) For purposes of this subparagraph, the
18 term ‘affiliate’ shall have the meaning given such
19 term by the 1991 NAIC Model Regulation.”.

20 (d) CIVIL MONEY PENALTY.—Section 1882(t)(2) of
21 the Social Security Act (42 U.S.C. 1395ss(t)(2)) is
22 amended—

23 (1) by striking “(2)” and inserting “(2)(A)”;

1 (2) by redesignating subparagraphs (A), (B),
2 (C), and (D) as clauses (i), (ii), (iii), and (iv), re-
3 spectively;

4 (3) in clause (iv), as so redesignated—

5 (A) by striking “paragraph (1)(E)(i)” and
6 inserting “paragraph (1)(B)(v)(I), and

7 (B) by striking “paragraph (1)(E)(ii)” and
8 inserting “paragraph (1)(B)(v)(II)”;

9 (4) by striking “the previous sentence” and in-
10 serting “this subparagraph”; and

11 (5) by adding at the end the following new sub-
12 paragraph:

13 “(B) If the Secretary determines that an issuer of
14 a policy approved under paragraph (1) has made a mis-
15 representation to the Secretary or has provided the Sec-
16 retary with false information regarding such policy, the
17 issuer is subject to a civil money penalty in an amount
18 not to exceed \$100,000 for each such determination. The
19 provisions of section 1128A (other than the first sentence
20 of subsection (a) and other than subsection (b)) shall
21 apply to a civil money penalty under this subparagraph
22 in the same manner as such provisions apply to a penalty
23 or proceeding under section 1128A(a).”.

1 **SEC. 1003. EFFECTIVE DATES.**

2 (a) NAIC STANDARDS.—If, within 6 months after
3 the date of the enactment of this Act, the NAIC makes
4 changes in the 1991 NAIC Model Regulation (as defined
5 in section 1882(p)(1)(A) of the Social Security Act) to in-
6 corporate the additional requirements imposed by the
7 amendments made by section 1002, section 1882(g)(2)(A)
8 of such Act shall be applied in each State, effective for
9 policies issued to policyholders on and after the date speci-
10 fied in subsection (c), as if the reference to the Model Reg-
11 ulation adopted on June 6, 1979, were a reference to the
12 1991 NAIC Model Regulation (as so defined) as changed
13 under this subsection (such changed Regulation referred
14 to in this section as the “1995 NAIC Model Regulation”).

15 (b) SECRETARY STANDARDS.—If the NAIC does not
16 make changes in the 1991 NAIC Model Regulation (as
17 so defined) within the 6-month period specified in sub-
18 section (a), the Secretary of Health and Human Services
19 (in this subsection as the “Secretary”) shall promulgate
20 a regulation and section 1882(g)(2)(A) of the Social Secu-
21 rity Act shall be applied in each State, effective for policies
22 issued to policyholders on and after the date specified in
23 subsection (c), as if the reference to the Model Regulation
24 adopted in June 6, 1979, were a reference to the 1991
25 NAIC Model Regulation (as so defined) as changed by the
26 Secretary under this subsection (such changed Regulation

1 referred to in this section as the “1995 Federal Regula-
2 tion”).

3 (c) DATE SPECIFIED.—

4 (1) IN GENERAL.—Subject to paragraph (2),
5 the date specified in this subsection for a State is
6 the earlier of—

7 (A) the date the State adopts the 1995
8 NAIC Model Regulation or the 1995 Federal
9 Regulation; or

10 (B) 1 year after the date the NAIC or the
11 Secretary first adopts such regulations.

12 (2) ADDITIONAL LEGISLATIVE ACTION RE-
13 QUIRED.—In the case of a State which the Secretary
14 identifies, in consultation with the NAIC, as—

15 (A) requiring State legislation (other than
16 legislation appropriating funds) in order for
17 medicare supplemental policies to meet the
18 1995 NAIC Model Regulation or the 1995 Fed-
19 eral Regulation, but

20 (B) having a legislature which is not
21 scheduled to meet in 1995 in a legislative ses-
22 sion in which such legislation may be consid-
23 ered,

24 the date specified in this subsection is the first day
25 of the first calendar quarter beginning after the

1 close of the first legislative session of the State legis-
2 lature that begins on or after January 1, 1995. For
3 purposes of the previous sentence, in the case of a
4 State that has a 2-year legislative session, each year
5 of such session shall be deemed to be a separate reg-
6 ular session of the State legislature.

7 **TITLE II—STATE INNOVATION**

8 **Subtitle A—State Waiver Authority**

9 **SEC. 2001. STATE HEALTH REFORM PROJECTS.**

10 (a) OBJECTIVES.—The objectives of the waiver pro-
11 grams approved under this section shall include, but not
12 be limited to—

13 (1) achieving the goals of increased health cov-
14 erage and access;

15 (2) containing the annual rate of growth in
16 public and private health care expenditures;

17 (3) ensuring that patients receive high-quality,
18 appropriate health care; and

19 (4) testing alternative reforms, such as building
20 on the private health insurance system or creating
21 new systems, to achieve the objectives of this Act.

22 (b) STATE HEALTH REFORM APPLICATIONS.—

23 (1) IN GENERAL.—A State, in consultation with
24 local governments involved in the provision of health
25 care, may apply for—

1 (A) an alternative State health program
2 waiver under paragraph (2); or

3 (B) a limited State health care waiver
4 under paragraph (3).

5 (2) ALTERNATIVE STATE HEALTH PROGRAM
6 WAIVERS.—

7 (A) IN GENERAL.—In accordance with this
8 paragraph, each State desiring to implement an
9 alternative State health program may submit
10 an application for waiver to the Secretary for
11 approval.

12 (B) WAIVER REQUIREMENTS SPECIFIED.—
13 A State that desires to receive a program waiv-
14 er under this paragraph shall prepare and sub-
15 mit to the Secretary, as part of the application,
16 a State health care plan that shall—

17 (i) provide and describe the manner in
18 which the State will ensure that individuals
19 residing within the State have expanded
20 access to health care coverage;

21 (ii) describe the number and percent-
22 age of current uninsured individuals who
23 will achieve coverage under the alternative
24 State health program;

1 (iii) describe the benefits package that
2 will be provided to all classes of bene-
3 ficiaries under the alternative State health
4 program;

5 (iv) identify Federal, State, or local
6 programs that currently provide health
7 care services in the State and describe how
8 such programs could be incorporated into
9 or coordinated with the alternative State
10 health program, to the extent practicable;

11 (v) provide that the State will develop
12 and implement health care cost contain-
13 ment procedures;

14 (vi) describe the public and private
15 sector financing to be provided for the al-
16 ternative State health program;

17 (vii) estimate the amount of Federal,
18 State, and local expenditures, as well as,
19 the costs to business and individuals under
20 the alternative State health program;

21 (viii) describe how the State plan will
22 ensure the financial solvency of the alter-
23 native State health program;

24 (ix) describe any changes in eligibility
25 for public subsidies;

1 (x) provide assurances that Federal
2 expenditures under the alternative State
3 health program shall not exceed the Fed-
4 eral expenditures, other than expenditures
5 made available under this Act, which would
6 otherwise be made in the aggregate for the
7 entire program period;

8 (xi) provide quality control assur-
9 ances, agreements, and performance meas-
10 ures as required by the Secretary;

11 (xii) provide for the development and
12 implementation of a State health care de-
13 livery system that provides increased ac-
14 cess to care in areas of the State where
15 there is an inadequate supply of health
16 care providers;

17 (xiii) identify all Federal law waivers
18 required to implement the alternative State
19 health program, including such waivers
20 necessary to achieve the access, cost con-
21 tainment, and quality goals of this Act and
22 the alternative State health program; and

23 (xiv) provide that the State will pre-
24 pare and submit the Secretary such re-

1 ports as the Secretary may require to carry
2 out program evaluations.

3 (C) PROJECT WAIVERS.—

4 (i) CRITERIA FOR SELECTION.—In se-
5 lecting from among the applications for al-
6 ternative State health program waivers,
7 the Secretary shall be satisfied that each
8 approved State alternative State health
9 program—

10 (I) will not have a negative effect
11 on quality of care;

12 (II) increase coverage of or ac-
13 cess for the State's population; and

14 (III) will—

15 (aa) provide quality of care
16 and premium comparisons di-
17 rectly to employers and individ-
18 uals in an easy-to-use format,

19 (bb) contract with an exter-
20 nal peer review organization to
21 monitor the quality of health care
22 plans, and

23 (cc) establish a mechanism
24 within the State's grievance proc-
25 ess that allows members of a

1 health plan to disenroll at any
2 time if it can be shown that such
3 members were provided erroneous
4 information that biased their
5 health plan selection.

6 (ii) WAIVER APPROVAL.—The Sec-
7 retary shall approve applications submitted
8 by States that meet the access, cost con-
9 tainment, and quality goals established in
10 this Act and shall waive to the extent nec-
11 essary to conduct each alternative State
12 health program any of the requirements of
13 this Act, including, but not limited to, eli-
14 gibility requirements; alternative data col-
15 lection systems and sampling designs that
16 focus on measuring health status, patient
17 treatment outcomes, and patient satisfac-
18 tion with health plans, rather than on the
19 collection of 100 percent of patient encoun-
20 ters; and benefit designs; and any provi-
21 sions of Federal law contained in the fol-
22 lowing:

23 (I) Titles V, XIX, and XX of the
24 Social Security Act.

1 (II) Title XVIII of the Social Se-
2 curity Act, to the extent such a waiver
3 is granted only for the operation of an
4 all-payor system or a long-term care
5 system.

6 (III) The Public Health Service
7 Act.

8 (IV) Any other Federal law au-
9 thorizing a Federal health care pro-
10 gram that the Secretary identifies as
11 providing health care services to quali-
12 fied recipients.

13 (3) LIMITED STATE HEALTH CARE WAIVERS.—
14 Each State which does not receive or apply for an
15 approved application under paragraph (2) may apply
16 for a limited State health care waiver. The Secretary
17 shall award limited State health care waivers to en-
18 sure State demonstrations of health reforms that
19 could address, but are not limited to addressing, the
20 following issues that are likely to provide guidance
21 for the development of additional national health re-
22 forms:

23 (A) Integration of acute and long-term
24 care systems, including delivery and financing
25 systems.

1 (B) Establishment of methodologies that
2 limit expenditures or establish global budgets,
3 including rate setting and provider reimburse-
4 ments.

5 (C) Implementation of a quality manage-
6 ment and improvement system.

7 (D) Strategies to improve the proper spe-
8 ciality and geographic distribution of the health
9 care work force.

10 (E) Initiatives to improve the population's
11 health status.

12 (F) Development of uniform health data
13 sets that emphasize the measurement of patient
14 satisfaction, treatment outcomes, and health
15 status.

16 (G) Methods for coordinating or integrat-
17 ing State-funded programs that provide services
18 for low-income individuals, including programs
19 authorized by this Act.

20 (H) Programs to improve public health.

21 (I) Reforms intended to reduce health care
22 fraud and abuse.

23 (J) Reforms to reduce the incidence of de-
24 fensive medicine and practitioner liability costs
25 associated with medical malpractice.

1 (K) Development of a uniform billing sys-
2 tem.

3 (c) ADDITIONAL RULES REGARDING APPLICA-
4 TIONS.—

5 (1) TECHNICAL ASSISTANCE.—The Secretary
6 shall, if requested, provide technical assistance to
7 States to assist such States in developing waiver ap-
8 plications under this section.

9 (2) INITIAL REVIEW.—The Secretary shall com-
10 plete an initial review of each State application for
11 a waiver under paragraph (2) or (3) of subsection
12 (b) within 40 days of the receipt of such application,
13 analyze the scope of the proposal, and determine
14 whether additional information is needed from the
15 State. The Secretary shall issue a preliminary opin-
16 ion concerning the likelihood that the application will
17 be approved within such 40-day period and shall ad-
18 vise the State within such period of the need to sub-
19 mit additional information.

20 (3) FINAL DECISION.—The Secretary shall,
21 within 90 days of the later of—

22 (A) the receipt of a State application for a
23 waiver under paragraph (2) or (3) of subsection
24 (b), or

1 (B) the date on which the Secretary re-
2 ceives additional information requested from a
3 State under paragraph (1),
4 issue a final decision concerning such application.

5 (4) WAIVER PERIOD.—A State waiver may be
6 approved for a period of 5 years and may be ex-
7 tended for subsequent 5-year periods upon approval
8 by the Secretary, except that a shorter period may
9 be requested by a State and granted by the Sec-
10 retary.

11 (d) QUALIFICATION FOR FEDERAL FUNDS.—For
12 purposes of this Act, a State with an approved alternative
13 health care system under subsection (b)(2) shall be consid-
14 ered a participating State and shall maintain such status
15 if such State meets the requirements established by the
16 Secretary in the waiver approval and in this section.

17 (e) EVALUATION, MONITORING, AND COMPLIANCE.—

18 (1) STATE HEALTH REFORM ADVISORY COMMIS-
19 SION.—

20 (A) IN GENERAL.—Within 90 days after
21 the date of the enactment of this Act, the Sec-
22 retary shall establish, and appoint the members
23 of, a 17-member State Health Reform Advisory
24 Commission (hereafter in this subsection re-
25 ferred to as the “Commission”) that shall—

1 (i) be comprised of members rep-
2 resenting relevant participants in State
3 programs, including representatives of
4 State government, employers, consumers,
5 providers, and insurers;

6 (ii) be responsible for monitoring the
7 status and progress achieved under waivers
8 granted under this section;

9 (iii) report to the public concerning
10 progress made by States with respect to
11 the performance measures and goals estab-
12 lished under this Act and the State project
13 application procedures, by region and State
14 jurisdiction;

15 (iv) promote information exchange be-
16 tween States and the Federal Government;
17 and

18 (v) be responsible for making rec-
19 ommendations to the Secretary and the
20 Congress, using equivalency or minimum
21 standards, for minimizing the negative ef-
22 fect of State waivers on national employer
23 groups, provider organizations, and insur-
24 ers because of differing State requirements
25 under the waivers.

1 (B) PERIOD OF APPOINTMENT; VACAN-
2 CIES.—Members shall be appointed for the life
3 of the Commission. Any vacancy in the Com-
4 mission shall not affect its powers, but shall be
5 filled in the same manner as the original ap-
6 pointment.

7 (C) CHAIRPERSON, MEETINGS.—

8 (i) CHAIRPERSON.—The Commission
9 shall select a Chairperson from among its
10 members.

11 (ii) QUORUM.—A majority of the
12 members of the Commission shall con-
13 stitute a quorum, but a lesser number of
14 members may hold hearings.

15 (iii) MEETINGS.—Not later than 30
16 days after the date on which all members
17 of the Commission have been appointed,
18 the Commission shall hold its first meet-
19 ing. The Commission shall meet at the call
20 of the Chairperson.

21 (D) POWERS OF THE COMMISSION.—

22 (i) HEARINGS.—The Commission may
23 hold such hearings, sit and act at such
24 times and places, take such testimony, and
25 receive such evidence as the Commission

1 considers advisable to carry out the pur-
2 poses of this subsection.

3 (ii) INFORMATION.—The Commission
4 may secure directly from any Federal de-
5 partment or agency such information as
6 the Commission considers necessary to
7 carry out the provisions of this subsection.
8 Upon request of the Chairperson of the
9 Commission, the head of such department
10 or agency shall furnish such information to
11 the Commission.

12 (iii) POSTAL SERVICES.—The Com-
13 mission may use the United States mails
14 in the same manner and under the same
15 conditions as other departments and agen-
16 cies of the Federal Government.

17 (iv) GIFTS.—The Commission may ac-
18 cept, use, and dispose of gifts or donations
19 of services or property.

20 (E) PERSONNEL MATTERS.—

21 (i) COMPENSATION.—Each member of
22 the Commission who is not an officer or
23 employee of the Federal Government shall
24 be compensated at a rate equal to the daily
25 equivalent of the annual rate of basic pay

1 prescribed for level IV of the Executive
2 Schedule under section 5315 of title 5,
3 United States Code, for each day (includ-
4 ing travel time) during which such member
5 is engaged in the performance of the duties
6 of the Commission. All members of the
7 Commission who are officers or employees
8 of the United States shall serve without
9 compensation in addition to that received
10 for their services as officers or employees
11 of the United States.

12 (ii) TRAVEL EXPENSES.—The mem-
13 bers of the Commission shall be allowed
14 travel expenses, including per diem in lieu
15 of subsistence, at rates authorized for em-
16 ployees of agencies under subchapter I of
17 chapter 57 of title 5, United States Code,
18 while away from their homes or regular
19 places of business in the performance of
20 services for the Commission.

21 (iii) STAFF.—The Chairperson of the
22 Commission may, without regard to the
23 civil service laws and regulations, appoint
24 and terminate an executive director and
25 such other additional personnel as may be

1 necessary to enable the Commission to per-
2 form its duties. The employment of an ex-
3 ecutive director shall be subject to con-
4 firmation by the Commission.

5 (iv) DETAIL OF GOVERNMENT EM-
6 PLOYEES.—Any Federal Government em-
7 ployee may be detailed to the Commission
8 without reimbursement, and such detail
9 shall be without interruption or loss of civil
10 service status or privilege.

11 (v) TEMPORARY AND INTERMITTENT
12 SERVICES.—The Chairperson of the Com-
13 mission may procure temporary and inter-
14 mittent services under section 3109(b) of
15 title 5, United States Code, at rates for in-
16 dividuals which do not exceed the daily
17 equivalent of the annual rate of basic pay
18 prescribed for level V of the Executive
19 Schedule under section 5316 of such title.

20 (F) FUNDING.—For the purpose of carry-
21 ing out this subsection, there are authorized to
22 be appropriated from the Fund established
23 under section 9551 of the Internal Revenue
24 Code of 1986, \$1,000,000 for each of the fiscal
25 years 1996 through 2000.

1 (2) ANNUAL REPORTS BY STATES.—Each State
2 that has received a waiver approval shall submit to
3 the Secretary an annual report based on the period
4 representing the respective State’s fiscal year, detail-
5 ing compliance with the requirements established by
6 the Secretary in the waiver approval and in this sec-
7 tion.

8 (3) CORRECTIVE ACTION PLANS.—If a State is
9 not in compliance, the Secretary shall develop, in
10 conjunction with all the approved States, a correc-
11 tive action plan.

12 (4) TERMINATION.—For good cause, the Sec-
13 retary may revoke any waiver of Federal law granted
14 under this section, and if necessary, may terminate
15 any alternative State health program. Such decisions
16 shall be subject to a petition for reconsideration and
17 appeal pursuant to regulations established by the
18 Secretary.

19 (5) EVALUATIONS BY SECRETARY.—The Sec-
20 retary shall prepare and submit to the Committee on
21 Finance and the Committee on Labor and Human
22 Resources of the Senate and the Committee on Com-
23 merce and the Committee on Ways and Means of
24 the House of Representatives annual reports that
25 shall contain—

1 (A) a description of the effects of the re-
2 forms undertaken in States receiving waiver ap-
3 provals under this section;

4 (B) an evaluation of the effectiveness of
5 such reforms in—

6 (i) expanding health care coverage for
7 State residents;

8 (ii) providing health care to State
9 residents with special needs;

10 (iii) reducing or containing health
11 care costs in the States; and

12 (iv) improving the quality of health
13 care provided in the States; and

14 (C) recommendations regarding the advis-
15 ability of increasing Federal financial assistance
16 for State alternative State health program ini-
17 tiatives, including the amount and source of
18 such assistance.

19 (f) STATE COMMISSIONS.—The Secretary shall en-
20 courage States to establish a State commission to gather,
21 review and report to the public concerning the progress
22 the State is making in meeting the project goals of im-
23 proved access, cost containment and quality and estab-
24 lished performance measures.

25 (g) FUNDING.—

1 (1) IN GENERAL.—The Secretary may provide a
2 grant to a State that has an application for a waiver
3 approved under subsection (b)(2) to enable such
4 State to carry out an alternative State health pro-
5 gram in the State.

6 (2) AMOUNT OF GRANT.—The amount of a
7 grant provided to a State under paragraph (1) shall
8 be determined pursuant to an allocation formula es-
9 tablished by the Secretary.

10 (3) PERFORMANCE-BASED FUNDING ALLOCA-
11 TION AND PRIORITIZATION.—In awarding grants
12 under paragraph (1), the Secretary shall—

13 (A) give priority to those State projects
14 that the Secretary determines have the greatest
15 opportunity to succeed in providing expanded
16 health insurance coverage and access without
17 penalizing those States that have been success-
18 ful in expanding coverage and access through
19 reform efforts in prior years;

20 (B) give priority to those State projects
21 that the Secretary determines have the greatest
22 opportunity to succeed in providing expanded
23 health insurance coverage and in providing chil-
24 dren, youth, and vulnerable populations with
25 access to health care items and services; and

1 (C) attempt to link allocations to the State
2 to the meeting of the goals and performance
3 measures relating to health care coverage and
4 access, health care costs, health care outcomes
5 and vulnerable populations established under
6 this Act through the State project application
7 process.

8 (4) MAINTENANCE OF EFFORT.—A State, in
9 utilizing the proceeds of a grant received under
10 paragraph (1), shall maintain the expenditures of
11 the State for health care coverage purposes at a level
12 equal to not less than the level of such expenditures
13 maintained by the State for the fiscal year preceding
14 the fiscal year for which the grant is received. The
15 requirement of this paragraph shall not apply in the
16 case of a State that desires to alter health care cov-
17 erage funding levels within the scope of the State's
18 alternative health program.

19 (5) REPORT.—At the end of the 5-year period
20 beginning on the date on which the Secretary
21 awards the first grant under paragraph (1), the
22 State Health Reform Advisory Board established
23 under subsection (e)(1) shall prepare and submit to
24 the appropriate committees of Congress, a report on
25 the progress made by States receiving grants under

1 paragraph (1) in meeting the goals of expanded ac-
2 cess, cost containment and quality through perform-
3 ance measures established during the 5-year period
4 of the grant. Such report shall contain the rec-
5 ommendation of the Board concerning any future
6 action that Congress should take concerning health
7 care reform, including whether or not to extend the
8 program established under this subsection.

9 (h) LOCAL GOVERNMENT APPLICATIONS.—

10 (1) IN GENERAL.—Where a State fails to sub-
11 mit an application under this section, a unit of local
12 government of such State, or a consortium of such
13 units of local governments, may submit an applica-
14 tion directly to the Secretary for programs or
15 projects under subsection (b). Such an application
16 shall be subject to the requirements of this section.

17 (2) OTHER APPLICATIONS.—Subject to such
18 additional guidelines as the Secretary may prescribe,
19 a unit of local government may submit an applica-
20 tion under this section, whether or not the State
21 submits such an application, if such unit of local
22 government can demonstrate unique demographic
23 needs or a significant population size that warrants
24 a substate waiver under subsection (b).

1 (i) AVAILABILITY OF FUNDS.—With respect to each
2 of the calendar years 1996 through 2000,
3 \$10,000,000,000 shall be available for a calendar year to
4 carry out this section from the Health Care Reform Trust
5 Fund established under section 9551(a)(2)(A) of the In-
6 ternal Revenue Code of 1986. Amounts made available in
7 a calendar year under this paragraph and not expended
8 may be used in subsequent calendar years to carry out
9 this section.

10 (h) CRIMINAL PENALTIES FOR ACTS INVOLVING
11 MEDICARE OR STATE HEALTH CARE PROGRAMS.—

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

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

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

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

20 “(F)(i) any premium payment made to a health
21 insurer or health maintenance organization by a
22 State agency in connection with a demonstration
23 project operated under the State medicaid program
24 pursuant to section 1115 or the Health Partnership

1 Act of 1995 with respect to individuals participating
2 in such project; or

3 “(ii) any payment made by a health insurer or
4 a health maintenance organization to a sales rep-
5 resentative or a licensed insurance agent for the pur-
6 pose of servicing, marketing, or enrolling individuals
7 participating in such demonstration project in a
8 health plan offered by such an insurer or organiza-
9 tion.”.

10 **Subtitle B—State Laws**

11 **PART A—EXISTING WAIVERS AND HAWAII**

12 **PREPAID HEALTH CARE ACT**

13 **SEC. 2101. CONTINUANCE OF EXISTING FEDERAL LAW** 14 **WAIVERS.**

15 Nothing in this Act shall preempt any feature of a
16 State health care system operating under a waiver granted
17 before the date of the enactment of this Act under titles
18 XVIII or XIX of the Social Security Act (42 U.S.C. 1395
19 et seq. or 1396 et seq.) or under an exemption from pre-
20 emption under section 514(b) of the Employee Retirement
21 Income Security Act of 1974 (29 U.S.C. 1144(b)).

1 **SEC. 2102. PREEMPTION OF HAWAII PREPAID HEALTH**
2 **CARE ACT.**

3 Section 514(b)(5) of the Employee Retirement In-
4 come Security Act of 1974 (29 U.S.C. 1144(b)(5)) is
5 amended to read as follows:

6 “(5)(A) Except as provided in subparagraphs
7 (B) and (C), subsection (a) shall not apply to the
8 Hawaii Prepaid Health Care Act (Haw. Rev. Stat.
9 Chapter 393, as amended) or any insurance law of
10 the State.

11 “(B) Nothing in subparagraph (A) shall be con-
12 strued to exempt from subsection (a) any State tax
13 law relating to employee benefits plans.

14 “(C) If the Secretary of Labor notifies the Gov-
15 ernor of the State of Hawaii that as the result of
16 an amendment to the Hawaii Prepaid Health Care
17 Act enacted after the date of the enactment of this
18 paragraph—

19 “(i) the proportion of the population with
20 health care coverage under such Act is less than
21 such proportion on such date, or

22 “(ii) the level of benefit coverage provided
23 under such Act is less than the actuarial equiv-
24 alent of such level of coverage on such date,

1 subparagraph (A) shall not apply with respect to the
2 application of such amendment to such Act after the
3 date of such notification.”.

4 **PART B—ERISA REVIEW**

5 **SEC. 2110. SPECIFIC EXEMPTION FROM ERISA PREEMP-**
6 **TION.**

7 (a) IN GENERAL.—Section 514(b) of the Employee
8 Retirement Income Security Act of 1974 (29 U.S.C.
9 1144(b)) is amended by adding at the end the following
10 new paragraph:

11 “(9) Upon application by a State, subsection
12 (a) shall not apply to any State program that—

13 “(A) requires participation in an uncom-
14 pensated care pool, including a program which
15 imposes a tax on health care providers to fund
16 an uncompensated care pool; or

17 “(B) provides for the imposition of a tax
18 on health care providers as permitted under
19 section 1903(w) of the Social Security Act.”

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to applications filed on and after
22 the date of the enactment of this Act.

1 **SEC. 2111. DISCRETIONARY EXEMPTIONS FROM ERISA PRE-**
2 **EMPTIONS.**

3 (a) IN GENERAL.—Section 514(b) of the Employee
4 Retirement Income Security Act of 1974 (29 U.S.C.
5 1144(b)), as amended by section 2110, is amended by
6 adding at the end the following new paragraph:

7 “(10) Upon application by a State, subsection
8 (a) shall not apply to any State program which the
9 Secretary finds to be a State program implementing
10 an exemption from subsection (a) established under
11 section 2116 of the Health Partnership Act of
12 1995.”

13 (b) EFFECTIVE DATE.—The amendment made by
14 subsection (a) shall apply to applications filed on and after
15 the date of the enactment of this Act.

16 **SEC. 2112. PROCEDURES FOR ADOPTING DISCRETIONARY**
17 **EXEMPTIONS.**

18 (a) COMMISSION RECOMMENDATIONS.—The ERISA
19 Review Commission shall—

20 (1) within 6 months after its establishment,
21 make recommendations to the Secretary of Labor
22 with respect to the issues described in subsection (c),
23 and

24 (2) within 18 months after its establishment,
25 make recommendations to the Secretary of Labor

1 with respect to the issues described in subsection
2 (d).

3 (b) ACTION BY SECRETARY OF LABOR.—

4 (1) IN GENERAL.—The Secretary of Labor
5 shall, within 6 months of the receipt of any rec-
6 ommendation under subsection (a), implement the
7 recommendation with or without modification or no-
8 tify the Commission that the Secretary does not in-
9 tend to implement the recommendation.

10 (2) NOTIFICATION.—The Secretary of Labor
11 shall notify the appropriate committees of Congress
12 of its decisions under this subsection.

13 (3) IMPLEMENTATION.—If the Secretary of
14 Labor decides to implement any recommendation of
15 the Commission, such recommendation shall take ef-
16 fect on—

17 (A) the 60th day after notification to the
18 Congress under paragraph (2), or

19 (B) such later date as the Secretary of
20 Labor determines appropriate.

21 (4) FAILURE TO IMPLEMENT.—If the Secretary
22 of Labor under paragraph (1) elects not to imple-
23 ment the recommendations, the Secretary shall in-
24 clude in the notification to Congress under para-
25 graph (2) the recommendations of the Commission.

1 (c) INITIAL ISSUES TO BE ACTED UPON.—The is-
2 sues described in this subsection are as follows:

3 (1) UNIFORM DATA COLLECTION.—The estab-
4 lishment of uniform data collection with respect to
5 use, cost, and quality information and to require
6 common claims processing.

7 (2) MINIMUM BENEFITS.—The authority of the
8 States to establish interim minimum benefits pack-
9 ages until the implementation of any recommenda-
10 tion under subsection (d)(4), including an exemption
11 for self-insured plans which provide benefits which
12 are actuarially equivalent to the minimum benefits
13 package.

14 (3) MINIMUM SIZE.—The application of the
15 preemption rules only to self-insured employers
16 which have more than a minimum number of em-
17 ployees.

18 (4) MANAGED CARE.—The authority of the
19 States to regulate the quality of managed care plans
20 which contract with self-insured plans.

21 (5) STATE HEALTH CARE FINANCING PRO-
22 GRAMS.—The establishment of State programs
23 which—

24 (i) provide for the imposition of a broad-
25 based, nondiscriminatory premium tax, or a

1 broad-based, nondiscriminatory tax on health
2 services, the proceeds of which are used to in-
3 crease health insurance coverage of State resi-
4 dents or to pay for the uncompensated care of
5 such residents, or

6 (ii) provide for the imposition of a tax on
7 employers to provide for health care coverage of
8 their employees, but only if the program allows
9 a credit to employers for health care coverage
10 provided by the employers to their employees.

11 (6) RATE SETTING.—A requirement that the
12 State participate in a hospital reimbursement system
13 or other system which sets rates for health care pro-
14 viders in the State.

15 (d) OTHER ISSUES.—The issues described in this
16 subsection are as follows:

17 (1) MANDATES.—The authority of States to re-
18 quire employers to pay for or offer health benefits.

19 (2) REMEDIES.—The authority of the Federal
20 Government of the States to provide remedies and
21 consumer protections to beneficiaries of self-insured
22 plans.

23 (3) PURCHASING COOPERATIVES.—The author-
24 ity of the States to require self-insured plans to par-

1 participate in purchasing cooperatives and risk adjust-
2 ment systems.

3 (4) UNIFORM BENEFITS.—The development of
4 a national uniform benefits plan applicable to all
5 health plans, including self-insured plans.

6 (5) UNRESOLVED ISSUES.—Those issues unre-
7 solved under subsection (c).

8 **SEC. 2113. OPERATION OF THE COMMISSION.**

9 (a) MEMBERSHIP.—

10 (1) IN GENERAL.—The ERISA Review Com-
11 mission shall be composed of 17 members. Members
12 shall be appointed not later than 90 days after the
13 date of the enactment of this Act.

14 (2) CHAIRPERSON.—The President shall des-
15 ignate 1 individual described in paragraph (1) who
16 shall serve as Chairperson of the Commission.

17 (b) COMPOSITION.—The membership of the Commis-
18 sion shall include—

19 (1) 9 individuals appointed by the President, 3
20 of whom shall be Federal officials representing the
21 Departments of Labor, Health and Human Services,
22 and the Treasury, 2 of whom shall represent busi-
23 ness, 2 of whom shall represent labor, and 2 of
24 whom shall represent State and local governments,

1 (2) 4 appointed by the Majority Leader of the
2 Senate, in consultation with the Minority Leader, 2
3 of whom shall represent business and 2 of whom
4 shall represent State and local governments, and

5 (3) 4 appointed by the Majority Leader of the
6 House of Representatives, in consultation with the
7 Minority Leader, 2 of whom shall represent business
8 and 2 of whom shall represent State and local gov-
9 ernments.

10 (c) TERMS.—The terms of members of the Commis-
11 sion shall be for the life of the Commission.

12 (d) VACANCIES.—

13 (1) IN GENERAL.—A vacancy in the Commis-
14 sion shall be filled in the same manner as the origi-
15 nal appointment.

16 (2) NO IMPAIRMENT OF FUNCTION.—A vacancy
17 in the membership of the Commission does not im-
18 pair the authority of the remaining members to exer-
19 cise all of the powers of the Commission.

20 (3) ACTING CHAIRPERSON.—The Commission
21 may designate a member to act as Chairperson dur-
22 ing any period in which there is no Chairperson des-
23 ignated by the President.

24 (e) MEETINGS; QUORUM.—

1 (1) MEETINGS.—The Chairperson shall preside
2 at meetings of the Commission, and in the absence
3 of the Chairperson, the Commission shall elect a
4 member to act as Chairperson pro tempore.

5 (2) QUORUM.—Nine members of the Commis-
6 sion shall constitute a quorum thereof.

7 (f) ADMINISTRATIVE PROVISIONS.—

8 (1) PAY AND TRAVEL EXPENSES.—

9 (A) PAY.—Each member shall be paid at
10 a rate equal to the daily equivalent of the mini-
11 mum annual rate of basic pay payable for level
12 IV of the Executive Schedule under section
13 5315 of title 5, United States Code, for each
14 day (including travel time) during which the
15 member is engaged in the actual performance of
16 duties vested in the Commission.

17 (B) TRAVEL EXPENSES.—Members shall
18 receive travel expenses, including per diem in
19 lieu of subsistence, in accordance with sections
20 5702 and 5703 of title 5, United States Code.

21 (2) EXECUTIVE DIRECTOR.—

22 (A) IN GENERAL.—The Commission shall,
23 without regard to section 5311(b) of title 5,
24 United States Code, appoint an Executive Di-
25 rector.

1 (B) PAY.—The Executive Director shall be
2 paid at a rate equivalent to a rate for the Sen-
3 ior Executive Service.

4 (3) STAFF.—

5 (A) IN GENERAL.—Subject to subpara-
6 graphs (B) and (C), the Executive Director,
7 with the approval of the Commission, may ap-
8 point and fix the pay of additional personnel.

9 (B) PAY.—The Executive Director may
10 make such appointments without regard to the
11 provisions of title 5, United States Code, gov-
12 erning appointments in the competitive service,
13 and any personnel so appointed may be paid
14 without regard to the provisions of chapter 51
15 and subchapter III of chapter 53 of such title,
16 relating to classification and General Schedule
17 pay rates, except that an individual so ap-
18 pointed may not receive pay in excess of 120
19 percent of the annual rate of basic pay payable
20 for level GS-15 of the General Schedule.

21 (C) DETAILED PERSONNEL.—Upon re-
22 quest of the Executive Director, the head of any
23 Federal department or agency may detail any
24 of the personnel of that department or agency

1 to the Commission to assist the Commission in
2 carrying out its duties under this Act.

3 (4) OTHER AUTHORITY.—

4 (A) CONTRACT SERVICES.—The Commis-
5 sion may procure by contract, to the extent
6 funds are available, the temporary or intermit-
7 tent services of experts or consultants pursuant
8 to section 3109 of title 5, United States Code.

9 (B) LEASES AND PROPERTY.—The Com-
10 mission may lease space and acquire personal
11 property to the extent funds are available.

12 (g) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated from the Fund estab-
14 lished under section 9551 of the Internal Revenue Code
15 of 1986, \$1,000,000 for the operation of the Commission.

16 (h) EXPIRATION.—The Commission shall terminate
17 2 years after the date on which all of its members are
18 appointed.

19 **TITLE III—PUBLIC HEALTH AND**
20 **RURAL AND UNDERSERVED**
21 **ACCESS IMPROVEMENT**

22 **SEC. 3001. SHORT TITLE.**

23 This title may be cited as the “Public Health and
24 Rural and Underserved Access Improvement Act of
25 1995”.

1 **SEC. 3002. ESTABLISHMENT OF NEW TITLE XXVII REGARD-**
2 **ING PUBLIC HEALTH PROGRAMS.**

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

5 **“TITLE XXVII—PUBLIC HEALTH**
6 **PROGRAMS IMPROVEMENT**

7 **“Subtitle A—Core Functions of**
8 **Public Health Programs**

9 **“PART 1—FORMULA GRANTS TO STATES**

10 **“SEC. 2711. AUTHORIZATIONS OF APPROPRIATIONS FROM**
11 **FUND.**

12 “For the purpose of carrying out this subtitle, there
13 are authorized to be appropriated from the Health Care
14 Reform Trust Fund established under section
15 9551(a)(2)(A) of the Internal Revenue Code of 1986
16 (hereafter referred to in this title as the “Fund”),
17 \$200,000,000 for fiscal year 1996, \$350,000,000 for fis-
18 cal year 1997, \$500,000,000 for fiscal year 1998,
19 \$650,000,000 for fiscal year 1999, and \$700,000,000 for
20 fiscal year 2000.

21 **“SEC. 2712. FORMULA GRANTS TO STATES FOR CORE**
22 **HEALTH FUNCTIONS.**

23 “(a) IN GENERAL.—In the case of each State that
24 submits to the Secretary an application in accordance with
25 section 2715 for a fiscal year, the Secretary of Health and
26 Human Services, acting through the Director of the Cen-

1 ters for Disease Control and Prevention, shall make a
2 grant to the State for carrying out the activities described
3 in subsection (c). The award shall consist of the allotment
4 determined under section 2716 for the State.

5 “(b) GENERAL PURPOSE.—The purpose of this sub-
6 title is to provide for improvements in the health status
7 of the public through carrying out the activities described
8 in subsection (b) toward attaining the Healthy People
9 2000 Objectives (as defined in section 2799). A funding
10 agreement for a grant under subsection (a) is that—

11 “(1) the grant will be expended for such activi-
12 ties; and

13 “(2) the activities will be carried out by the
14 State in collaboration with local public health de-
15 partments, health education and training centers,
16 neighborhood health centers, and other community
17 health providers.

18 “(c) CORE FUNCTIONS OF PUBLIC HEALTH PRO-
19 GRAMS.—Subject to the purpose described in subsection
20 (b), the activities referred to in subsection (a) are the fol-
21 lowing:

22 “(1) Data collection, and analytical activities,
23 related to population-based status and outcomes
24 monitoring, including the following:

1 “(A) The regular collection and analysis of
2 public health data (including the 10 leading
3 causes of death and their costs to society).

4 “(B) Vital statistics.

5 “(C) Personal health services data.

6 “(D) The supply and distribution of health
7 professionals.

8 “(2) Activities to reduce environmental risk and
9 to assure the safety of housing, schools, workplaces,
10 day-care centers, food and water, including the fol-
11 lowing activities:

12 “(A) Monitoring the overall public health
13 status and safety of communities.

14 “(B) Assessing exposure to high lead levels
15 and other environmental contaminants; and ac-
16 tivities for abatement of toxicant hazards, in-
17 cluding lead-related hazards.

18 “(C) Monitoring the quality of community
19 water supplies used for consumption or for rec-
20 reational purposes.

21 “(D) Monitoring sewage and solid waste
22 disposal, radiation exposure, radon exposure,
23 and noise levels.

1 “(E) Monitoring indoor and ambient air
2 quality and related risks to vulnerable popu-
3 lations.

4 “(F) Assuring recreation, worker, and
5 school safety.

6 “(G) Enforcing public health safety and
7 sanitary codes.

8 “(H) Monitoring community access to ap-
9 propriate health services.

10 “(I) Other activities relating to promoting
11 and protecting the public health of commu-
12 nities.

13 “(3) Investigation, control, and public-aware-
14 ness activities regarding adverse health conditions
15 (such as emergency treatment preparedness, commu-
16 nity efforts to reduce violence, outbreaks of commu-
17 nicable diseases within communities, chronic disease
18 and dysfunction exposure-related conditions, toxic
19 environmental pollutants, occupational and rec-
20 reational hazards, motor vehicle accidents, and other
21 threats to the health status of individuals).

22 “(4) Public information and education pro-
23 grams to reduce risks to health (such as use of to-
24 bacco; alcohol and other drugs; unintentional injury
25 from accidents, including motor vehicle accidents;

1 sexual activities that increase the risk to HIV trans-
2 mission and sexually transmitted diseases; poor diet;
3 physical inactivity; stress-related illness; mental
4 health problems; genetic disorders; and low child-
5 hood immunization levels).

6 “(5) Provision of public health laboratory serv-
7 ices to complement private clinical laboratory serv-
8 ices and that screen for diseases and conditions
9 (such as metabolic diseases in newborns, provide as-
10 sements of blood lead levels and other environ-
11 mental toxicants, diagnose and contact tracing of
12 sexually transmitted diseases, tuberculosis and other
13 diseases requiring partner notification, test for infec-
14 tious and food-borne diseases, and monitor the safe-
15 ty of water and food supplies).

16 “(6) Training and education of new and exist-
17 ing health professionals in the field of public health,
18 with special emphasis on epidemiology, biostatistics,
19 health education, public health administration, pub-
20 lic health nursing and dentistry, environmental and
21 occupational health sciences, public health nutrition,
22 social and behavioral health sciences, operations re-
23 search, and laboratory technology.

24 “(7) Leadership, policy development and admin-
25 istration activities, including assessing needs and the

1 supply and distribution of health professionals; the
2 setting of public health standards; the development
3 of community public health policies; and the develop-
4 ment of community public health coalitions.

5 “(d) RESTRICTIONS ON USE OF GRANT.—

6 “(1) IN GENERAL.—A funding agreement for a
7 grant under subsection (a) for a State is that the
8 grant will not be expended—

9 “(A) to provide inpatient services;

10 “(B) to make cash payments to intended
11 recipients of health services;

12 “(C) to purchase or improve land, pur-
13 chase, construct, or permanently improve (other
14 than minor remodeling) any building or other
15 facility, or purchase major medical equipment;

16 “(D) to satisfy any requirement for the ex-
17 penditure of non-Federal funds as a condition
18 for the receipt of Federal funds; or

19 “(E) to provide financial assistance to any
20 entity other than a public or nonprofit private
21 entity.

22 “(2) LIMITATION ON ADMINISTRATIVE EX-
23 PENSES.—A funding agreement for a grant under
24 subsection (a) is that the State involved will not ex-

1 pend more than 20 percent of the grant for adminis-
2 trative expenses with respect to the grant.

3 “(e) MAINTENANCE OF EFFORT.—A funding agree-
4 ment for a grant under subsection (a) is that the State
5 involved will maintain expenditures of non-Federal
6 amounts for core health functions at a level that is not
7 less than the level of such expenditures maintained by the
8 State for the fiscal year preceding the first fiscal year for
9 which the State receives such a grant.

10 **“SEC. 2713. NUMBER OF FUNCTIONS; PLANNING.**

11 “(a) NUMBER OF FUNCTIONS.—Subject to sub-
12 section (b), a funding agreement for a grant under section
13 2712 is that the State involved will carry out each of the
14 activities described in subsection (c) of such section.

15 “(b) PLANNING.—In making grants under section
16 2712, the Secretary shall for each State designate a period
17 during which the State is to engage in planning to meet
18 the responsibilities of the State under subsection (a). The
19 period so designated may not exceed 18 months. With re-
20 spect to such period for a State, a funding agreement for
21 a grant under section 2712 for any fiscal year containing
22 any portion of the period is that, during the period, the
23 State will expend the grant only for such planning.

1 **“SEC. 2714. SUBMISSION OF INFORMATION; REPORTS.**

2 “(a) SUBMISSION OF INFORMATION.—The Secretary
3 may make a grant under section 2712 only if the State
4 involved submits to the Secretary the following informa-
5 tion:

6 “(1) A description of the relationship between
7 community health providers, public and private
8 health plans, and the public health system of the
9 State.

10 “(2) A description of existing deficiencies in the
11 public health system at the State level and the local
12 level, using standards under the Healthy People
13 2000 Objectives.

14 “(3) A description of public health priorities
15 identified at the State level and local levels, includ-
16 ing the 10 leading causes of death and their respec-
17 tive direct and indirect costs to the State and the
18 Federal Government.

19 “(4) Measurable outcomes and process objec-
20 tives (using criteria under the Healthy People 2000
21 Objectives) which indicate improvements in health
22 status as a result of the activities carried out under
23 section 2712(c).

24 “(5) Information regarding each such activity,
25 which—

1 “(A) identifies the amount of State and
2 local funding expended on each such activity for
3 the fiscal year preceding the fiscal year for
4 which the grant is sought; and

5 “(B) provides a detailed description of how
6 additional Federal funding will improve each
7 such activity by both the State and local public
8 health agencies.

9 “(6) A description of activities under section
10 2712(c) to be carried out at the local level, and a
11 specification for each such activity of—

12 “(A) the communities in which the activity
13 will be carried out and any collaborating agen-
14 cies; and

15 “(B) the amount of the grant to be ex-
16 pended for the activity in each community so
17 specified.

18 “(7) A description of how such activities have
19 been coordinated with activities supported under
20 title V of the Social Security Act (relating to mater-
21 nal and child health).

22 “(b) REPORTS.—A funding agreement for a grant
23 under section 2712 is that the States involved will, not
24 later than the date specified by the Secretary, submit to
25 the Secretary a report describing—

1 “(1) the purposes for which the grant was ex-
2 pended;

3 “(2) the health status of the population of the
4 State, as measured by criteria under the Healthy
5 People 2000 Objectives; and

6 “(3) the progress achieved and obstacles en-
7 countered in using uniform data sets under such Ob-
8 jectives.

9 **“SEC. 2715. APPLICATION FOR GRANT.**

10 “The Secretary may make a grant under section
11 2712 only if an application for the grant is submitted to
12 the Secretary, the application contains each agreement de-
13 scribed in this part, the application contains the informa-
14 tion required in section 2712(c), and the application is in
15 such form, is made in such manner, and contains such
16 agreements, assurances, and information as the Secretary
17 determines to be necessary to carry out this part.

18 **“SEC. 2716. DETERMINATION OF AMOUNT OF ALLOTMENT.**

19 “For purposes of section 2712, the allotment under
20 this section for a State for a fiscal year shall be deter-
21 mined through a formula established by the Secretary on
22 the basis of the population, economic indicators, and
23 health status of each State. Such allotment shall be the
24 product of—

1 “(1) a percentage determined under the for-
2 mula; and

3 “(2) the amount appropriated under section
4 2711 for the fiscal year, less any amounts reserved
5 under section 2717.

6 **“SEC. 2717. ALLOCATIONS FOR CERTAIN ACTIVITIES.**

7 “Of the amounts made available under section 2711
8 for a fiscal year for carrying out this part, the Secretary
9 may reserve not more than 15 percent for carrying out
10 the following activities:

11 “(1) Technical assistance with respect to plan-
12 ning, development, and operation of activities under
13 section 2712(b), including provision of biostatistical
14 and epidemiological expertise, provision of laboratory
15 expertise, and the development of uniform data sets
16 under the Health People 2000 Objectives.

17 “(2) Development and operation of a national
18 information network among State and local health
19 agencies for utilizing such uniform data sets.

20 “(3) Program monitoring and evaluation of ac-
21 tivities carried out under section 2712(b).

22 “(4) Development of a unified electronic report-
23 ing mechanism to improve the efficiency of adminis-
24 trative management requirements regarding the pro-

1 vision of Federal grants to State public health agen-
2 cies.

3 **“PART 2—COMPREHENSIVE EVALUATION OF DIS-**
4 **EASE PREVENTION AND HEALTH PRO-**
5 **MOTION PROGRAMS**

6 **“SEC. 2718. AUTHORIZATIONS OF APPROPRIATIONS FROM**
7 **FUND.**

8 “For the purpose of carrying out this part, there are
9 authorized to be appropriated from the Fund,
10 \$100,000,000 for fiscal year 1996, and \$150,000,000 for
11 each of the fiscal years 1997 through 2000.

12 **“SEC. 2719. EVALUATION OF PROGRAMS.**

13 “(a) GRANTS.—The Secretary may make grants to,
14 or enter into cooperative agreements or contracts with, eli-
15 gible entities for the purpose of enabling such entities to
16 carry out evaluations of the type described in subsection
17 (c). The Secretary shall carry out this section acting
18 through the Director of the Centers for Disease Control
19 and Prevention, subject to subsection (g).

20 “(b) REQUIREMENTS.—

21 “(1) ELIGIBLE ENTITIES.—To be eligible to re-
22 ceive an award of a grant, cooperative agreement, or
23 contract under subsection (a), an entity must—

24 “(A) be a public, nonprofit, or private en-
25 tity or a university;

1 “(B) prepare and submit to the Secretary
2 an application at such time, in such form, and
3 containing such information as the Secretary
4 may require, including a plan for the conduct of
5 the evaluation under the grant;

6 “(C) provide assurances that any informa-
7 tion collected while conducting evaluations
8 under this section will be maintained in a con-
9 fidential manner with respect to the identities
10 of the individuals from which such information
11 is obtained; and

12 “(D) meet any other requirements that the
13 Secretary determines to be appropriate.

14 “(2) TYPES OF ENTITIES.—In making awards
15 under subsection (a), the Secretary shall consider
16 applications from entities proposing to conduct eval-
17 uations using community programs, managed care
18 programs, State and county health departments,
19 public education campaigns, school programs, and
20 other appropriate programs. The Secretary shall en-
21 sure that not less than 25 percent of the amounts
22 appropriated under section 2718 for a fiscal year are
23 used for making such awards to entities that will use
24 the amounts to conduct evaluations in the work-
25 place.

1 “(c) USE OF FUNDS.—

2 “(1) EVALUATIONS.—An award under sub-
3 section (a) shall be used to—

4 “(A) conduct evaluations to determine the
5 extent to which clinical preventive services,
6 health promotion and unintentional injury pre-
7 vention activities, and interpersonal and com-
8 munity violence prevention activities, achieve
9 short-term and long-term health care cost re-
10 ductions and health status improvement with
11 respect to the Healthy People 2000 Objectives;
12 and

13 “(B) evaluate other areas determined ap-
14 propriate by the Secretary.

15 “(2) INCLUSION OF CERTAIN POPULATION
16 GROUPS.—In carrying out this section, the Secretary
17 shall ensure that data concerning women, children,
18 minorities, older individuals with different income
19 levels, retirees, and individuals from diverse geo-
20 graphical backgrounds, are obtained.

21 “(3) MINIMUM SERVICES.—The evaluations
22 that the Secretary may provide for under this sec-
23 tion include (but are not limited to) evaluations of
24 programs that provide one or more of the following
25 services:

1 “(A) Blood pressure screening and control
2 (to detect and control hypertension and coro-
3 nary health disease).

4 “(B) Early cancer screening.

5 “(C) Blood cholesterol screening and con-
6 trol.

7 “(D) Smoking cessation programs.

8 “(E) Substance abuse programs.

9 “(F) Dietary and nutrition counseling, in-
10 cluding nutrition.

11 “(G) Physical fitness counseling.

12 “(H) Stress management.

13 “(I) Diabetes education and screening.

14 “(J) Intraocular pressure screening.

15 “(K) Monitoring of prescription drug use.

16 “(L) Violence and injury prevention pro-
17 grams.

18 “(M) Health education.

19 “(N) Immunization rates.

20 “(4) ENVIRONMENTAL DATA.—Evaluations con-
21 ducted under this section may consider the health ef-
22 fects and cost-effectiveness of certain environmental
23 programs, including fluoridation programs, traffic
24 safety programs, pollution control programs, acci-

1 dent prevention programs, and antismoking pro-
2 grams.

3 “(5) PUBLIC POLICIES.—Evaluations conducted
4 under this section may consider the effects of pre-
5 vention-oriented social and economic policies on im-
6 provement of health status and their long-term cost
7 effectiveness.

8 “(6) USE OF EXISTING DATA.—In conducting
9 evaluations under this section, entities shall use ex-
10 isting data and health promotion and screening pro-
11 grams where practicable.

12 “(7) COOPERATION.—In providing for an eval-
13 uation under this section, the Secretary shall encour-
14 age the recipient of the award and public and pri-
15 vate entities with relevant expertise (including State
16 and local agencies) to collaborate for purposes of
17 conducting the evaluation.

18 “(d) SITES.—Recipients of awards under subsection
19 (a) shall select evaluation sites under the award that
20 present the greatest potential for new and relevant knowl-
21 edge. Such recipients, in selecting such sites, shall ensure
22 that—

23 “(1) the sites provide evidence of pilot testing,
24 process evaluation, formative evaluation, availability
25 assessment strategies and results;

1 “(2) the sites provide evidence of a clear defini-
2 tion of the program and protocols for the implemen-
3 tation of the evaluation; and

4 “(3) the sites provide evidence of valid, appro-
5 priate and feasible assessment methods and tools
6 and a willingness to use common data items and in-
7 struments across such sites.

8 “(e) REPORTING REQUIREMENTS.—Not later than 1
9 year after an entity first receives an award under sub-
10 section (a), and not less than once during each 1-year pe-
11 riod thereafter for which such an award is made to the
12 entity, the entity shall prepare and submit to the Sec-
13 retary a report containing a description of the activities
14 under this section conducted during the period for which
15 the report is prepared, and the findings derived as a result
16 of such activities.

17 “(f) TERM OF EVALUATIONS.—Evaluations con-
18 ducted under this section shall be for a period of not less
19 than 3 years and may continue as necessary to permit the
20 grantee to adequately measure the full benefit of the eval-
21 uations.

22 “(g) DISSEMINATION AND GUIDELINES.—

23 “(1) CONSULTATION.—The Secretary shall
24 carry out this subsection acting through the Director
25 of the Centers for Disease Control and Prevention

1 and the Administrator for Health Care Policy and
2 Research.

3 “(2) GUIDELINES.—The Secretary shall, where
4 feasible and practical, develop and issue practice
5 guidelines that are based on the results of evalua-
6 tions conducted under this section. The practice
7 guidelines shall be developed by the Secretary utiliz-
8 ing expert practitioners to assist in the development
9 and implementation of these guidelines.

10 “(3) DATA.—

11 “(A) IN GENERAL.—The Secretary shall
12 collect, store, analyze, and make available data
13 related to the formulation of the guidelines that
14 is provided to the Centers for Disease Control
15 and Prevention by entities conducting evalua-
16 tions under this section.

17 “(B) USE OF DATA.—The Secretary
18 shall—

19 “(i) identify activities that prevent
20 disease, illness, injury and disability, and
21 promote good health practices; ascertain
22 their cost-effectiveness; and identify their
23 potential to overall health status with re-
24 spect to Healthy People 2000 Objectives;

1 “(ii) disseminate practice guidelines to
 2 State and county health departments,
 3 State insurance departments, insurance
 4 companies, employers, professional medical
 5 organizations, and others determined ap-
 6 propriate by the Secretary; and

7 “(iii) provide information with respect
 8 to recidivism rates of participation in the
 9 evaluations.

10 “(4) DISSEMINATION.—The Secretary may dis-
 11 seminate information collected from evaluations
 12 under this section.

13 “(h) LIMITATION.—Amounts appropriated for carry-
 14 ing out this section shall not be utilized to provide services.

15 **“Subtitle B—Opportunities for**
 16 **Education and Training in Pub-**
 17 **lic Health**

18 **“PART 1—SCHOLARSHIP AND LOAN REPAYMENT**
 19 **PROGRAMS REGARDING SERVICE IN PUBLIC**
 20 **HEALTH POSITIONS**

21 **“SEC. 2721. AUTHORIZATIONS OF APPROPRIATIONS FROM**
 22 **FUND.**

23 “For the purpose of carrying out this part, there are
 24 authorized to be appropriated from the Fund,

1 \$50,000,000 for each of the fiscal years 1996 through
2 2000.

3 **“SEC. 2722. SCHOLARSHIP PROGRAM.**

4 “(a) IN GENERAL.—The Secretary, acting through
5 the Administrator of the Health Resources and Services
6 Administration and in consultation with the Director of
7 the Centers for Disease Control and Prevention, shall
8 carry out a program under which the Secretary awards
9 scholarships to individuals described in subsection (b) for
10 the purpose of assisting the individuals with the costs of
11 attending public and nonprofit private schools of public
12 health (or other public or nonprofit private institutions
13 providing graduate or specialized training in public
14 health).

15 “(b) ELIGIBLE INDIVIDUALS.—An individual re-
16 ferred to in subsection (a) is any individual meeting the
17 following conditions:

18 “(1) The individual is enrolled (or accepted for
19 enrollment) at a school or other institution referred
20 to in subsection (a) as a full-time or part-time stu-
21 dent in a program providing training in a health
22 profession in a field of public health (including the
23 fields of epidemiology, biostatistics, environmental
24 health, health administration and planning, behav-
25 ioral sciences, maternal and child health, occupa-

1 tional safety, public health nursing, nutrition, and
2 toxicology).

3 “(2) The individual enters into the contract re-
4 quired pursuant to subsection (d) as a condition of
5 receiving the scholarship (relating to an agreement
6 to provide services in approved public health posi-
7 tions, as defined in section 2724).

8 “(c) ELIGIBLE SCHOOLS.—For fiscal year 1996 and
9 subsequent fiscal years, the Secretary may make an award
10 of a scholarship under subsection (a) only if the Secretary
11 determines that—

12 “(1) the school or other institution with respect
13 to which the award is to be provided has coordinated
14 the activities of the school or institution with rel-
15 evant activities of the Health Resources and Services
16 Administration and the Centers for Disease Control
17 and Prevention; and

18 “(2) not fewer than 60 percent of the graduates
19 of the school or institution are in public health posi-
20 tions determined by the Secretary to be consistent
21 with the needs of the United States regarding such
22 professionals.

23 “(d) APPLICABILITY OF CERTAIN PROVISIONS.—Ex-
24 cept as inconsistent with this section or section 2724, the
25 provisions of subpart III of part D of title III (relating

1 to the Scholarship and Loan Repayment Programs of the
2 National Health Service Corps) apply to an award of a
3 scholarship under subsection (a) to the same extent and
4 in the same manner as such provisions apply to an award
5 of a scholarship under section 338A.

6 **“SEC. 2723. LOAN REPAYMENT PROGRAM.**

7 “(a) IN GENERAL.—The Secretary, acting through
8 the Administrator of the Health Resources and Services
9 Administration and in consultation with the Director of
10 the Centers for Disease Control and Prevention, shall
11 carry out a program under which the Federal Government
12 enters into agreements to repay all or part of the edu-
13 cational loans of individuals meeting the following condi-
14 tions:

15 “(1) The individual involved is a graduate of a
16 school or other institution described in section
17 2722(a).

18 “(2) The individual meets the applicable legal
19 requirements to provide services as a public health
20 professional (including a professional in any of the
21 fields specified in section 2722(b)(1)).

22 “(3) The individual enters into the contract re-
23 quired pursuant to subsection (b) as a condition of
24 the Federal Government repaying such loans (relat-

1 ing to an agreement to provide services in approved
2 public health positions, as defined in section 2724).

3 “(b) APPLICABILITY OF CERTAIN PROVISIONS.—Ex-
4 cept as inconsistent with this section or section 2724, the
5 provisions of subpart III of part D of title III (relating
6 to the Scholarship and Loan Repayment Programs of the
7 National Health Service Corps) apply to an agreement re-
8 garding repayment under subsection (a) to the same ex-
9 tent and in the same manner as such provisions apply to
10 an agreement regarding repayment under section 338B.

11 “(c) AMOUNT OF REPAYMENTS.—For each year for
12 which an individual contracts to serve in an approved pub-
13 lic health position pursuant to subsection (b), the Sec-
14 retary may repay not more than \$20,000 of the principal
15 and interest of the educational loans of the individual.

16 **“SEC. 2724. APPROVED PUBLIC HEALTH POSITIONS.**

17 “(a) POSITION REGARDING POPULATIONS WITH SIG-
18 NIFICANT NEED FOR SERVICES.—

19 “(1) IN GENERAL.—With respect to the pro-
20 grams under this part, the obligated service of a
21 program participant pursuant to sections 2722(d)
22 and 2723(b) shall be provided through an assign-
23 ment, to an entity described in subsection (b), for a
24 position in which the participant provides services as
25 a public health professional to a population deter-

1 mined by the Secretary to have a significant unmet
2 need for the services of such a professional.

3 “(2) PERIOD OF SERVICE.—For purposes of
4 sections 2722(d) and 2723(d), the period of obli-
5 gated service is the following, as applicable to the
6 program participant involved:

7 “(A) In the case of scholarships under sec-
8 tion 2722 for full-time students, the greater
9 of—

10 “(i) 1 year for each year for which
11 such a scholarship is provided; or

12 “(ii) 2 years.

13 “(B) In the case of scholarships under sec-
14 tion 2722 for part-time students, a period de-
15 termined by the Secretary on the basis of the
16 number of hours of education or training re-
17 ceived under the scholarship, considering the
18 percentage constituted by the ratio of such
19 number to the number of hours for a full-time
20 student in the program involved.

21 “(C) In the case of the loan repayments
22 under section 2723, such period as the Sec-
23 retary and the participant may agree, except
24 that the period may not be less than 2 years.

1 “(b) APPROVAL OF ENTITIES FOR ASSIGNMENT OF
2 PROGRAM PARTICIPANTS.—The entities referred to in
3 subsection (a) are public and nonprofit private entities ap-
4 proved by the Secretary as meeting such requirements for
5 the assignment of a program participant as the Secretary
6 may establish. The entities that the Secretary may so ap-
7 prove include State and local departments of health, public
8 hospitals, community and neighborhood health clinics, mi-
9 grant health clinics, community-based health-related orga-
10 nizations, certified regional poison control centers, pur-
11 chasing cooperatives regarding health insurance, and any
12 other public or nonprofit private entity.

13 “(c) DEFINITIONS.—For purposes of this part:

14 “(1) The term ‘approved public health position’,
15 with respect to a program participant, means a posi-
16 tion to which the participant is assigned pursuant to
17 subsection (a).

18 “(2) The term ‘program participant’ means an
19 individual who enters into a contract pursuant to
20 section 2722(b)(2) or 2723(a)(3).

21 **“SEC. 2725. ALLOCATION OF FUNDS; SPECIAL CONSIDER-**
22 **ATIONS.**

23 “(a) ALLOCATIONS REGARDING NEW PARTICIPANTS
24 IN SCHOLARSHIP PROGRAM.—Of the amounts appro-
25 priated under section 2721 for a fiscal year, the Secretary

1 shall obligate not less than 30 percent for the purpose of
2 providing awards for scholarships under section 2722 to
3 individuals who have not previously received such scholar-
4 ships.

5 “(b) SPECIAL CONSIDERATION FOR CERTAIN INDI-
6 VIDUALS.—In making awards of scholarships under sec-
7 tion 2722 and making repayments under section 2723, the
8 Secretary shall give special consideration to individuals
9 who are in the armed forces of the United States or who
10 are veterans of the armed forces.

11 **“PART 2—EDUCATIONAL INSTITUTIONS**

12 **REGARDING PUBLIC HEALTH**

13 **“SEC. 2731. AUTHORIZATIONS OF APPROPRIATIONS FROM**
14 **FUND.**

15 “For the purpose of carrying out this part from the
16 Fund, there are authorized to be appropriated from the
17 Fund, \$100,000,000 for each of the fiscal years 1996
18 through 2000.

19 **“SEC. 2732. GRANTS FOR EXPANDING CAPACITY OF INSTI-**
20 **TUTIONS.**

21 “(a) IN GENERAL.—The Secretary may make grants
22 to institutions described in subsection (b) for the purpose
23 of expanding the educational capacities of the institutions
24 through recruiting and retaining faculty, curriculum devel-

1 opment, and coordinating the activities of the institutions
2 regarding education, training, and field placements.

3 “(b) RELEVANT INSTITUTIONS.—The institutions re-
4 ferred to in subsection (a) are public and nonprofit pri-
5 vate—

6 “(1) schools of public health;

7 “(2) departments of community and preventive
8 medicine that—

9 “(A) are within schools of medicine and
10 schools of osteopathic medicine; and

11 “(B) have established formal arrangements
12 with schools of public health in order to award
13 joint degrees in public health and another
14 health profession; and

15 “(3) schools of nursing or dentistry that have
16 established formal arrangements with schools of
17 public health in order to carry out educational pro-
18 grams in public health at the schools of nursing or
19 dentistry, respectively.

20 “(c) REQUIREMENTS REGARDING CURRICULUM DE-
21 VELOPMENT.—A funding agreement for a grant under
22 subsection (a) for an institution is that, to the extent de-
23 termined to be appropriate by the Secretary, the curricu-
24 lum of institution will include the following:

1 “(1) Subject to subsection (d)(1), part-time
2 nondegree programs for public health professionals
3 who need further training in fields of public health.

4 “(2) With respect to the program of community
5 health advisors established in part 5 of subtitle E,
6 a program to train individuals to serve as super-
7 visors under such part (including training and evalu-
8 ating the community health advisors), which pro-
9 gram is carried out in collaboration with local public
10 health departments and health education and train-
11 ing centers.

12 “(d) ADDITIONAL REQUIREMENTS.—Funding agree-
13 ments for a grant under subsection (a) for an institution
14 are as follows:

15 “(1) In developing the curriculum under the
16 grant, the institution will consult with the health de-
17 partments in the State involved, and will follow the
18 relevant priorities of such departments.

19 “(2) The institution will, as appropriate in the
20 determination of the Secretary, coordinate the activi-
21 ties of the institution under the grant with relevant
22 activities of the Health Resources and Services Ad-
23 ministration and the Centers for Disease Control
24 and Prevention.

1 **“SEC. 2733. COORDINATION OF GRANT ACTIVITIES WITH**
2 **NATIONAL PRIORITIES.**

3 “The Secretary shall—

4 “(1) determine the needs of the United States
5 regarding the education and geographic distribution
6 of public health professionals;

7 “(2) determine priorities among such needs;
8 and

9 “(3) in making grants under section 2732, en-
10 sure that the curricula developed under such section,
11 and the expertise of the faculty recruited and re-
12 tained under such section, are consistent with such
13 priorities.

14 **“SEC. 2734. CERTAIN REQUIREMENTS FOR GRANTS.**

15 “For fiscal year 1997 and subsequent fiscal years,
16 the Secretary may make a grant under section 2732 only
17 if the institution involved is in compliance with the follow-
18 ing:

19 “(1) The institution has coordinated the activi-
20 ties of the school or institution with relevant activi-
21 ties of the Health Resources and Services Adminis-
22 tration and the Centers for Disease Control and
23 Prevention.

24 “(2) A significant number of the faculty of the
25 institution has served as practitioners in public
26 health.

1 “(3) The institution has consulted with public
2 health departments and public hospital systems in
3 the State involved in order to develop a curriculum
4 that reflects the needs and priorities of the State re-
5 garding the public health.

6 “(4) The institution has coordinated the activi-
7 ties of the institution with the activities of the health
8 departments and of community groups.

9 “(5) The institution carries out a program for
10 part-time students to receive training in fields of
11 public health.

12 “(6) Not less than 60 percent of the graduates
13 of the school or institution are in public health posi-
14 tions determined by the Secretary to be consistent
15 with the needs of the United States regarding such
16 professionals.

17 **“PART 3—EXPANSION OF COMPETENCY IN**
18 **PUBLIC HEALTH**

19 **“SEC. 2736. AUTHORIZATIONS OF APPROPRIATIONS FROM**
20 **FUND.**

21 “For the purpose of carrying out this section, there
22 is authorized to be appropriated from the Fund,
23 \$60,000,000 for each of the fiscal years 1996 through
24 2000.

1 **“SEC. 2737. GRANTS TO STATES.**

2 “(a) STATES LACKING ADEQUATE TRAINING PRO-
3 GRAMS.—

4 “(1) IN GENERAL.—The Secretary may make
5 grants to States in which there is one or no program
6 of training in a field of public health but in which
7 there are 1 or more schools of medicine, osteopathic
8 medicine, nursing, dentistry, social work, pharmacy,
9 or health administration. A funding agreement for
10 such a grant is that the purpose of the grant is for
11 the State involved to assist 1 or more of such
12 schools in developing and integrating public health
13 curricula for the schools.

14 “(2) SPECIAL CONSIDERATIONS IN MAKING
15 GRANTS.—In making grants under paragraph (1),
16 the Secretary shall give special consideration to
17 States that agree to consult with 1 or more schools
18 of public health in carrying out the purpose de-
19 scribed in such subsection.

20 “(b) STATES WITH NONACCREDITED SCHOOLS.—
21 The Secretary may make grants to States in which there
22 are 1 or more nonaccredited schools of public health. A
23 funding agreement for such a grant is that the purpose
24 of the grant is for the State involved to assist 1 or more
25 of such schools in improving the schools.

1 “(c) AMOUNT OF GRANT; LIMITATION REGARDING
2 INDIVIDUAL EDUCATIONAL ENTITIES.—

3 “(1) AMOUNT.—The amount of a grant under
4 this section to a State may not exceed \$6,000,000.

5 “(2) LIMITATION.—A funding agreement for a
6 grant under this section for a State is that, with re-
7 spect to the school involved, the State will not pro-
8 vide more than 2 years of assistance to the school
9 from grants under this section.

10 **“PART 4—AREA HEALTH EDUCATION CENTERS**

11 **“SEC. 2738. AUTHORIZATIONS OF APPROPRIATIONS FROM**
12 **FUND.**

13 “(a) ADDITIONAL FUNDING.—For the purpose of
14 carrying out programs under section 746, there are au-
15 thorized to be appropriated from the Fund, \$35,000,000
16 for each of the fiscal years 1996 through 2000.

17 “(b) RELATION TO OTHER FUNDS.—The authoriza-
18 tions of appropriations established in subsection (a) are
19 in addition to any other authorizations of appropriations
20 that are available for the purpose described in such sub-
21 section.

1 **“PART 5—HEALTH EDUCATION TRAINING**

2 **CENTER**

3 **“SEC. 2739. AUTHORIZATIONS OF APPROPRIATIONS FROM**

4 **FUND.**

5 “(a) **ADDITIONAL FUNDING.**—For the purpose of
6 carrying out Health Education Training Center programs,
7 there are authorized to be appropriated from the Fund,
8 \$20,000,000 for each of the fiscal years 1996 through
9 2000.

10 “(b) **RELATION TO OTHER FUNDS.**—The authoriza-
11 tions of appropriations established in subsection (a) are
12 in addition to any other authorizations of appropriations
13 that are available for the purpose described in such sub-
14 section.

15 **“Subtitle C—Regional Poison**
16 **Control Centers**

17 **“SEC. 2741. AUTHORIZATIONS OF APPROPRIATIONS FROM**

18 **FUND.**

19 “For the purpose of carrying out this subtitle, there
20 is authorized to be appropriated from the Fund,
21 \$50,000,000 for each of the fiscal years 1996 through
22 2000.

23 **“SEC. 2742. GRANTS FOR REGIONAL CENTERS.**

24 “(a) **IN GENERAL.**—The Secretary may make grants
25 to public and nonprofit private entities for centers to carry
26 out activities regarding—

1 “(1) the prevention and treatment of poisoning;
2 and

3 “(2) such other activities regarding the control
4 of poisons as the Secretary determines to be appro-
5 priate.

6 “(b) REGIONAL CONSIDERATIONS.—In making
7 grants under subsection (a), the Secretary shall determine
8 the need in each of the principal geographic regions of
9 the United States for a center under such subsection, and
10 shall make the grants according to priorities established
11 by the Secretary on the basis of the extent of such need
12 in each of the regions. In carrying out the preceding sen-
13 tence, the Secretary shall ensure that no two centers re-
14 ceive grants for the same geographic service area.

15 “(c) MATCHING FUNDS.—

16 “(1) IN GENERAL.—With respect to the costs of
17 an entity in providing for centers under subsection
18 (a), the Secretary may make a grant under such
19 subsection only if the State in which the center is to
20 operate, or other public entities in the State, agree
21 to make available (directly or through donations
22 from public or private entities) non-Federal con-
23 tributions toward such costs in an amount deter-
24 mined by the Secretary.

1 “(2) DETERMINATION OF AMOUNT CONTRIB-
2 UTED.—Non-Federal contributions required under
3 paragraph (1) may be in cash or in kind, fairly eval-
4 uated, including plant, equipment, or services.
5 Amounts provided by the Federal Government, or
6 services assisted or subsidized to any significant ex-
7 tent by the Federal Government, may not be in-
8 cluded in determining the amount of such non-Fed-
9 eral contributions.

10 **“SEC. 2743. REQUIREMENTS REGARDING CERTIFICATION.**

11 “(a) IN GENERAL.—Subject to subsection (b), the
12 Secretary may make a grant under section 2742 only if
13 the center involved has been certified by a professional or-
14 ganization in the field of poison control, and the Secretary
15 has approved the organization as having in effect stand-
16 ards for certification that reasonably provide for the pro-
17 tection of the public health with respect to poisoning. In
18 carrying out the preceding sentence, the Secretary shall
19 consider the standards established by the American Asso-
20 ciation of Poison Control Centers.

21 “(b) TEMPORARY WAIVER.—The Secretary may
22 waive the requirement of subsection (a) for a center for
23 a period not exceeding 1 year.

1 **“SEC. 2744. GENERAL PROVISIONS.**

2 “(a) DURATION OF GRANT.—The period during
3 which payments are made under a grant under section
4 2742 may not exceed 3 years. The provision of such pay-
5 ments is subject to annual approval by the Secretary of
6 the payments and subject to the availability of appropria-
7 tions for the fiscal year involved to make the payments.
8 The preceding sentence may not be construed as establish-
9 ing a limitation on the number of such grants that may
10 be made to an entity.

11 “(b) STUDY REGARDING NEED FOR CENTERS.—

12 “(1) IN GENERAL.—The Secretary shall con-
13 duct a study of each of the centers for which a grant
14 under section 2742 has been provided. The purpose
15 of the study shall be to determine the effectiveness
16 of the centers in carrying out the activities described
17 in such section and the extent to which the activities
18 have been carried out in a cost-effective manner.

19 “(2) ALTERNATIVES TO CENTERS.—In carrying
20 out the study under paragraph (1), the Secretary
21 shall determine the extent to which the activities de-
22 scribed in section 2742 can be effectively carried out
23 through means other than centers under such sec-
24 tion. The alternative means considered by the Sec-
25 retary under the preceding sentence shall include the

1 alternative of requiring public and private health
2 plans to carry out such activities.

3 “(3) DATE CERTAIN FOR COMPLETION.—Not
4 later than November 1, 1996, the Secretary shall
5 submit to the Congress a report describing the find-
6 ings made in the study under paragraph (1).

7 “(4) NOTICE TO CENTERS.—Not later than
8 February 1, 1997, the Secretary shall notify each
9 grantee under section 2742 whether the Secretary
10 considers the continued operation of the center in-
11 volved to be necessary in meeting the needs of the
12 geographic region involved for the activities de-
13 scribed in such section.

14 **“Subtitle D—School-Related Health**
15 **Services**

16 **“SEC. 2746. AUTHORIZATION OF APPROPRIATIONS FROM**
17 **FUND.**

18 “(a) FUNDING FOR SCHOOL-RELATED HEALTH
19 SERVICES.—For the purpose of carrying out this subtitle,
20 there are authorized to be appropriated from the Fund,
21 \$100,000,000 for fiscal year 1996, \$200,000,000 for fis-
22 cal year 1997, \$300,000,000 for fiscal year 1998,
23 \$400,000,000 for fiscal year 1999, and \$500,000,000 for
24 fiscal year 2000.

1 “(b) FUNDING FOR PLANNING AND DEVELOPMENT
2 GRANTS.—Of amounts made available under this section,
3 not to exceed \$10,000,000 for each of fiscal years 1996
4 and 1997 may be utilized to carry out section 2749.

5 **“SEC. 2747. ELIGIBILITY FOR GRANTS.**

6 “(a) IN GENERAL.—

7 “(1) PLANNING AND DEVELOPMENT GRANTS.—
8 Entities eligible to apply for and receive grants
9 under section 2749 are—

10 “(A) State health agencies that apply on
11 behalf of local community partnerships; or

12 “(B) local community partnerships in
13 States in which health agencies have not suc-
14 cessfully applied.

15 “(2) OPERATIONAL GRANTS.—Entities eligible
16 to apply for and receive grants under section 2750
17 are—

18 “(A) a qualified State as designated under
19 subsection (c) that apply on behalf of local com-
20 munity partnerships; or

21 “(B) local community partnerships in
22 States that are not designated under subpara-
23 graph (A).

24 “(b) LOCAL COMMUNITY PARTNERSHIPS.—

1 “(1) IN GENERAL.—A local community partner-
2 ship under subsection (a)(1)(B) and (a)(2)(B) is an
3 entity that, at a minimum includes—

4 “(A) a local health care provider, which
5 may be a local public health department, with
6 experience in delivering services to children and
7 youth or medically underserved populations;

8 “(B) local educational agency on behalf of
9 one or more public schools; and

10 “(C) one community based organization lo-
11 cated in the community to be served that has
12 a history of providing services to at-risk chil-
13 dren and youth.

14 “(2) RURAL COMMUNITIES.—In rural commu-
15 nities, local partnerships should seek to include, to
16 the fullest extent practicable, providers and commu-
17 nity based organizations with experience in serving
18 the target population.

19 “(3) PARENT AND COMMUNITY PARTICIPA-
20 TION.—An applicant described in subsection (a)
21 shall, to the maximum extent feasible, involve broad-
22 based community participation (including parents of
23 the youth to be served).

24 “(c) QUALIFIED STATE.—A qualified State under
25 subsection (a)(2)(A) is a State that, at a minimum—

1 “(1) demonstrates an organizational commit-
2 ment (including a strategic plan) to providing a
3 broad range of health, health education and support
4 services to at-risk youth; and

5 “(2) has a memorandum of understanding or
6 cooperative agreement jointly entered into by the
7 State agencies responsible for health and education
8 regarding the planned delivery of health and support
9 services in school-based or school-linked centers.

10 **“SEC. 2748. PREFERENCES.**

11 “In making grants under sections 2749 and 2750,
12 the Secretary shall give priority to applicants whose com-
13 munities to be served show the most substantial level of
14 need for health services among children and youth.

15 **“SEC. 2749. PLANNING AND DEVELOPMENT GRANTS.**

16 “(a) IN GENERAL.—The Secretary may make grants
17 during fiscal years 1996 and 1997 to entities eligible
18 under section 2747 to develop school-based or school-
19 linked health service sites.

20 “(b) USE OF FUNDS.—Amounts provided under a
21 grant under this section may be used for the following:

22 “(1) Planning for the provision of school health
23 services, including—

1 “(A) an assessment of the need for health
2 services among youth in the communities to be
3 served;

4 “(B) the health services to be provided and
5 how new services will be integrated with exist-
6 ing services;

7 “(C) assessing and planning for the mod-
8 ernization and expansion of existing facilities
9 and equipment to accommodate such services;
10 and

11 “(D) an affiliation with relevant health
12 plans.

13 “(2) Recruitment and training of staff for the
14 administration and delivery of school health services.

15 “(3) The establishment of local community
16 partnerships as described in section 2747(b).

17 “(4) In the case of States, the development of
18 memorandums of understanding or cooperative
19 agreements for the coordinated delivery of health
20 and support services through school health service
21 sites.

22 “(5) Other activities necessary to assume oper-
23 ational status.

24 “(c) APPLICATION FOR GRANTS.—To be eligible to
25 receive a grant under this section an entity described in

1 section 2747(a) shall submit an application in a form and
2 manner prescribed by the Secretary.

3 “(d) NUMBER OF GRANTS.—Not more than one plan-
4 ning grant may be made to a single applicant. A planning
5 grant may not exceed 2 years in duration.

6 “(e) AMOUNT AVAILABLE FOR DEVELOPMENT
7 GRANT.—The Secretary may award not to exceed—

8 “(1) \$150,000 to entities under section
9 2747(a)(1)(A) and to localities planning for a city-
10 wide or countywide school health services delivery
11 system; and

12 “(2) \$50,000 to entities under section
13 2747(a)(1)(B).

14 **“SEC. 2759. GRANTS FOR OPERATION OF SCHOOL HEALTH**
15 **SERVICES.**

16 “(a) IN GENERAL.—The Secretary may make grants
17 to eligible entities described in section 2747(a)(2) that
18 submit applications consistent with the requirements of
19 this section, to pay the cost of operating school-based or
20 school-linked health service sites.

21 “(b) USE OF GRANT.—Amounts provided under a
22 grant under this section may be used for the following—

23 “(1) health services, including diagnosis and
24 treatment of simple illnesses and minor injuries;

1 “(2) preventive health services, including health
2 screenings follow-up health care, mental health, and
3 preventive health education;

4 “(3) enabling services and other necessary sup-
5 port services;

6 “(4) training, recruitment, and compensation of
7 health professionals and other staff necessary for the
8 administration and delivery of school health services;
9 and

10 “(5) referral services, including the linkage of
11 individuals to health plans, and community-based
12 health and social service providers.

13 “(c) APPLICATION FOR GRANT.—To be eligible to re-
14 ceive a grant under this section an entity described in sec-
15 tion 2747(a)(2) shall submit an application in a form and
16 manner prescribed by the Secretary. In order to receive
17 a grant under this section, an applicant must include in
18 the application the following information—

19 “(1) a description of the services to be fur-
20 nished by the applicant;

21 “(2) the amounts and sources of funding that
22 the applicant will expend, including estimates of the
23 amount of payments the applicant will receive from
24 health plans and other sources;

1 “(3) a description of local community partner-
2 ships, including parent and community participation;

3 “(4) a description of the linkages with other
4 health and social service providers; and

5 “(5) such other information as the Secretary
6 determines to be appropriate.

7 “(d) ASSURANCES.—In order to receive a grant
8 under this section, an applicant must meet the following
9 conditions—

10 “(1) school health service sites will, directly or
11 indirectly, provide a broad range of health services,
12 in accordance with the determinations of the local
13 community partnership, that may include—

14 “(A) diagnosis and treatment of simple ill-
15 nesses and minor injuries;

16 “(B) preventive health services, including
17 health screenings and follow-up health care,
18 mental health and preventive health education;

19 “(C) enabling services; and

20 “(D) referrals (including referrals regard-
21 ing mental health and substance abuse) with
22 follow-up to ensure that needed services are re-
23 ceived;

24 “(2) the applicant provides services rec-
25 ommended by the health provider, in consultation

1 with the local community partnership, and with the
2 approval of the local education agency;

3 “(3) the applicant provides the services under
4 this subsection to adolescents, and other school age
5 children and their families as deemed appropriate by
6 the local partnership;

7 “(4) the applicant maintains agreements with
8 community-based health care providers with a his-
9 tory of providing services to such populations for the
10 provision of health care services not otherwise pro-
11 vided directly or during the hours when school
12 health services are unavailable;

13 “(5) the applicant establishes an affiliation with
14 relevant health plans and will establish reimburse-
15 ment procedures and will make every reasonable ef-
16 fort to collect appropriate reimbursement for serv-
17 ices provided;

18 “(6) the applicant agrees to supplement and
19 not supplant the level of State or local funds under
20 the direct control of the applying State or participat-
21 ing local education or health authority expended for
22 school health services as defined by this Act;

23 “(7) services funded under this Act will be co-
24 ordinated with existing school health services pro-
25 vided at a participating school; and

1 “(8) for applicants in rural areas, the assur-
2 ances required under paragraph (4) shall be fulfilled
3 to the maximum extent possible.

4 “(e) STATE LAWS.—Notwithstanding any other pro-
5 vision in this subtitle, no school based health clinic may
6 provide services, to any minor, when to do so is a violation
7 of State laws or regulations pertaining to informed con-
8 sent for medical services to minors.

9 “(f) LIMITATION ON ADMINISTRATIVE FUNDS.—In
10 the case of a State applying on behalf of local educational
11 partnerships, the applicant may retain not more than 5
12 percent of grants awarded under this subpart for adminis-
13 trative costs.

14 “(g) DURATION OF GRANT.—A grant under this sec-
15 tion shall be for a period determined appropriate by the
16 Secretary.

17 “(h) AMOUNT OF GRANT.—The annual amount of a
18 grant awarded under this section shall not be more than
19 \$200,000 per school-based or school-linked health service
20 site.

21 “(i) FEDERAL SHARE.—

22 “(1) IN GENERAL.—Subject to paragraph (3), a
23 grant for services awarded under this section may
24 not exceed—

1 “(A) 90 percent of the non-reimbursed cost
2 of the activities to be funded under the program
3 for the first 2 fiscal years for which the pro-
4 gram receives assistance under this section; and

5 “(B) 75 percent of the non-reimbursed
6 cost of such activities for subsequent years for
7 which the program receives assistance under
8 this section.

9 The remainder of such costs shall be made available
10 as provided in paragraph (2).

11 “(2) FORM OF NON-FEDERAL SHARE.—The
12 non-Federal share required by paragraph (1) may be
13 in cash or in-kind, fairly evaluated, including facili-
14 ties, equipment, personnel, or services, but may not
15 include amounts provided by the Federal Govern-
16 ment. In-kind contributions may include space with-
17 in school facilities, school personnel, program use of
18 school transportation systems, outposted health per-
19 sonnel, and extension of health provider medical li-
20 ability insurance.

21 “(3) WAIVER.—The Secretary may waive the
22 requirements of paragraph (1) for any year in ac-
23 cordance with criteria established by regulation.
24 Such criteria shall include a documented need for
25 the services provided under this section and an in-

1 ability of the grantee to meet the requirements of
2 paragraph (1) despite a good faith effort.

3 “(j) TRAINING AND TECHNICAL ASSISTANCE.—Enti-
4 ties that receive assistance under this section may use not
5 to exceed 10 percent of the amount of such assistance to
6 provide staff training and to secure necessary technical as-
7 sistance. To the maximum extent feasible, technical assist-
8 ance should be sought through local community-based en-
9 tities. The limitation contained in this subsection shall
10 apply to individuals employed to assist in obtaining funds
11 under this subtitle. Staff training should include the train-
12 ing of teachers and other school personnel necessary to
13 ensure appropriate referral and utilization of services, and
14 appropriate linkages between class-room activities and
15 services offered.

16 “(k) REPORT AND MONITORING.—The Secretary will
17 submit to the Committee on Labor and Human Resources
18 in the Senate and the Committee on Commerce in the
19 House of Representatives a biennial report on the activi-
20 ties funded under this Act, consistent with the ongoing
21 monitoring activities of the Department. Such reports are
22 intended to advise the relevant Committees of the avail-
23 ability and utilization of services, and other relevant infor-
24 mation about program activities.

1 **“Subtitle E—Expansion of Rural**
2 **and Underserved Areas Access**
3 **to Health Services**

4 **“PART 1—COMMUNITY AND MIGRANT HEALTH**
5 **CENTERS**

6 **“SEC. 2756. AUTHORIZATIONS OF APPROPRIATIONS FROM**
7 **FUND.**

8 “(a) IN GENERAL.—For the purpose of carrying out
9 this part, there is authorized to be appropriated from the
10 Fund, \$100,000,000 for each of the fiscal years 1996
11 through 2000.

12 “(b) RELATION TO OTHER FUNDS.—The authoriza-
13 tions of appropriations established in subsection (a) for
14 the purpose described in such subsection are in addition
15 to any other authorizations of appropriations that are
16 available for such purpose.

17 **“SEC. 2757. GRANTS TO COMMUNITY AND MIGRANT**
18 **HEALTH CENTERS.**

19 “(a) IN GENERAL.—The Secretary shall make grants
20 in accordance with this section to migrant health centers
21 and community health centers.

22 “(b) USE OF FUNDS.—

23 “(1) DEVELOPMENT, OPERATION, AND OTHER
24 PURPOSES REGARDING CENTERS.—Subject to para-
25 graph (2), grants under subsection (a) to migrant

1 health centers and community health centers may be
2 made only in accordance with the conditions upon
3 which grants are made under sections 329 and 330,
4 respectively.

5 “(2) REQUIRED FINANCIAL RESERVES.—The
6 Secretary may authorize migrant health centers and
7 community health centers to expend a grant under
8 subsection (a) to establish and maintain financial re-
9 serves required for purposes of health plans.

10 “(c) DEFINITIONS.—For purposes of this subtitle,
11 the terms ‘migrant health center’ and ‘community health
12 center’ have the meanings given such terms in sections
13 329(a)(1) and 330(a), respectively.

14 **“PART 2—NATIONAL HEALTH SERVICE CORPS**
15 **“SEC. 2781. AUTHORIZATIONS OF APPROPRIATIONS FROM**
16 **FUND.**

17 “(a) ADDITIONAL FUNDING; GENERAL CORPS PRO-
18 GRAM; ALLOCATIONS REGARDING NURSES.—For the pur-
19 pose of carrying out subpart II of part D of title III, and
20 for the purpose of carrying out subsection (c), there are
21 authorized to be appropriated from the Fund,
22 \$100,000,000 for each of the fiscal years 1996 through
23 2000.

24 “(b) RELATION TO OTHER FUNDS.—The authoriza-
25 tions of appropriations established in subsection (a) are

1 in addition to any other authorizations of appropriations
2 that are available for the purpose described in such sub-
3 section.

4 “(c) ALLOCATION FOR PARTICIPATION OF NURSES
5 IN SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS.—
6 Of the amounts appropriated under subsection (a), the
7 Secretary shall reserve such amounts as may be necessary
8 to ensure that, of the aggregate number of individuals who
9 are participants in the Scholarship Program under section
10 338A, or in the Loan Repayment Program under section
11 338B, the total number who are being educated as nurses
12 or are serving as nurses, respectively, is increased to 30
13 percent.

14 “(d) AVAILABILITY OF FUNDS.—An appropriation
15 under this section for any fiscal year may be made at any
16 time before that fiscal year and may be included in an
17 Act making an appropriation under an authorization
18 under subsection (a) for another fiscal year; but no funds
19 may be made available from any appropriation under this
20 section for obligation under sections 331 through 335, sec-
21 tion 336A, and section 337 before the fiscal year involved.

1 **“PART 3—SATELLITE CLINICS REGARDING**
2 **PRIMARY HEALTH CARE**

3 **“SEC. 2783. AUTHORIZATION OF APPROPRIATIONS FROM**
4 **FUND.**

5 “For the purpose of carrying out this part, there is
6 authorized to be appropriated from the Fund,
7 \$50,000,000 for each of the fiscal years 1996 through
8 2000.

9 **“SEC. 2783A. GRANTS TO STATES FOR DEVELOPMENT AND**
10 **OPERATION OF SATELLITE CLINICS.**

11 “(a) IN GENERAL.—With respect to outpatient
12 health centers that are providers of comprehensive health
13 services, the Secretary may make grants to States for the
14 purpose of assisting such centers in developing or operat-
15 ing facilities that—

16 “(1) provide clinical preventive services, treat-
17 ment of minor illnesses and injuries, family planning
18 services, and referrals for health services, mental
19 health services, and health-related social services;
20 and

21 “(2) are located at a distance from the center
22 sufficient to increase the extent to which individuals
23 in the geographic area involved have access to the
24 services specified in paragraph (1).

25 “(b) CERTAIN REQUIREMENTS.—The Secretary may
26 make a grant under subsection (a) only if the State agrees

1 that the health facility for which the grant is made, once
2 in operation, will meet the following conditions:

3 “(1) The clinical preventive services provided by
4 the facility will include routine preventive services,
5 including family planning services, for pregnant and
6 postpartum women and for children, including
7 health screenings and immunizations.

8 “(2) The principal providers of health services
9 at the facility, and the principal managers of the fa-
10 cility, will be nurse practitioners, physician assist-
11 ants, or nurse clinicians, subject to applicable law.

12 “(3) The outpatient health center operating the
13 facility will serve as a referral center for physician
14 services and will provide for the ongoing monitoring
15 of the activities of the facility.

16 “(c) MATCHING FUNDS.—The Secretary may make
17 a grant under subsection (a) only if the State involved
18 agrees to make non-Federal contributions toward the costs
19 of developing and operating the health facilities involved.

20 “(d) APPLICATION FOR GRANT.—The Secretary may
21 make a grant under subsection (a) only if an application
22 for the grant is submitted to the Secretary and the appli-
23 cation is in such form, is made in such manner, and con-
24 tains such agreements, assurances, and information as the

1 Secretary determines to be necessary to carry out this
2 part.

3 “(e) LIMITATION ON AMOUNT OF ASSISTANCE PER
4 FACILITY.—With respect to a health facility for which one
5 or more grants under subsection (a) are made, the Sec-
6 retary may not provide more than an aggregate \$250,000
7 for the development and operation of the facility.

8 **“PART 4—COMMUNITY HEALTH ADVISORS**

9 **“SEC. 2784. AUTHORIZATION OF APPROPRIATIONS FROM**
10 **FUND.**

11 “For the purpose of carrying out this part, there is
12 authorized to be appropriated from the Fund,
13 \$100,000,000 for each of the fiscal years 1996 through
14 2000.

15 **“SEC. 2785. FORMULA GRANTS REGARDING COMMUNITY**
16 **HEALTH ADVISOR PROGRAMS.**

17 “(a) FORMULA GRANTS.—

18 “(1) IN GENERAL.—In the case of each State
19 (or entity designated by a State under subsection
20 (b)) that submits to the Secretary an application in
21 accordance with section 2788 for a fiscal year, the
22 Secretary of Health and Human Services, acting
23 through the Director of the Centers for Disease
24 Control and Prevention and in coordination with the
25 heads of the agencies specified in paragraph (2),

1 shall make an award of financial assistance to the
2 State or entity for the development and operation of
3 community health advisor programs under section
4 2786(b). The award shall consist of the allotment
5 determined under section 2789 with respect to the
6 State, subject to section 2794.

7 “(2) COORDINATION WITH OTHER AGENCIES.—
8 The agencies referred to in paragraph (1) regarding
9 coordination are the Health Resources and Services
10 Administration, the National Institutes of Health,
11 the Substance Abuse and Mental Health Services
12 Administration, and the Health Education and
13 Training Center.

14 “(b) DESIGNATED ENTITIES.—With respect to the
15 State involved, an entity other than the State may receive
16 an award under subsection (a) only if the entity—

17 “(1) is a public or nonprofit private academic
18 organization (or other public or nonprofit private en-
19 tity); and

20 “(2) has been designated by the State to carry
21 out the purpose described in such subsection in the
22 State and to receive amounts under such subsection
23 in lieu of the State.

1 “(c) ROLE OF STATE AGENCY FOR PUBLIC
2 HEALTH.—A funding agreement for an award under sub-
3 section (a) is that—

4 “(1) if the applicant is a State, the award will
5 be administered by the State agency with the prin-
6 cipal responsibility for carrying out public health
7 programs; and

8 “(2) if the applicant is an entity designated
9 under subsection (b), the award will be administered
10 in consultation with such State agency.

11 “(d) STATEWIDE RESPONSIBILITIES; LIMITATION ON
12 EXPENDITURES.—

13 “(1) STATEWIDE RESPONSIBILITIES.—A fund-
14 ing agreement for an award under subsection (a) is
15 that the applicant involved will—

16 “(A) operate a clearinghouse to maintain
17 and disseminate information on community
18 health advisor programs (and similar programs)
19 in the State, including information on develop-
20 ing and operating such programs, on training
21 individuals to participate in the programs, and
22 on evaluation of the programs;

23 “(B) collaborate with schools of public
24 health to provide to community health advisor
25 programs in the State technical assistance in

1 training and supervising community health ad-
2 visors under section 2787(g)(1); and

3 “(C) coordinate the activities carried out in
4 the State under the award, including coordina-
5 tion between the various community health ad-
6 visor programs and coordination between such
7 programs and related activities of the State and
8 of other public or private entities.

9 “(2) LIMITATION.—A funding agreement for an
10 award under subsection (a) is that the applicant in-
11 volved will not expend more than 15 percent of the
12 award in the aggregate for carrying out paragraph
13 (1) and for the expenses of administering the award
14 with respect to the State involved, including the
15 process of receiving payments from the Secretary
16 under the award, allocating the payments among the
17 entities that are to develop and operate the commu-
18 nity health advisor programs involved, and monitor-
19 ing compliance with the funding agreements made
20 under this subtitle by the applicant.

21 **“SEC. 2786. REQUIREMENTS REGARDING COMMUNITY**
22 **HEALTH ADVISOR PROGRAMS.**

23 “(a) PURPOSE OF AWARD; HEALTHY PEOPLE 2000
24 OBJECTIVES.—

1 “(1) IN GENERAL.—Subject to paragraph (2), a
2 funding agreement for an award under section 2785
3 for an applicant is that the purpose of the award is,
4 through community health advisor programs under
5 subsection (b), to assist the State involved in attain-
6 ing the Healthy People 2000 Objectives.

7 “(2) AUTHORITY REGARDING SELECTION OF
8 PRIORITY OBJECTIVES.—With respect to compliance
9 with the agreement made under paragraph (1), an
10 applicant receiving an award under section 2785
11 may, from among the various Healthy People 2000
12 Objectives, select one or more Objectives to be given
13 priority in the operation of a community health advi-
14 sor program of the applicant, subject to the appli-
15 cant selecting such priorities in consultation with the
16 entity that is to carry out the program and the local
17 health department involved.

18 “(b) REQUIREMENTS FOR PROGRAMS.—

19 “(1) IN GENERAL.—A funding agreement for
20 an award under section 2785 for an applicant is
21 that, in expending the award, the purpose described
22 in subsection (a)(1) will be carried out in accordance
23 with the following:

24 “(A) For each community for which the
25 purpose is to be carried out, the applicant will

1 establish a program in accordance with this
2 subsection.

3 “(B) The program will be carried out in a
4 community only if the applicant has, under sec-
5 tion 2787(a), identified the community as hav-
6 ing a significant need for the program.

7 “(C) The program will be operated by a
8 public or nonprofit private entity with experi-
9 ence in providing health or health-related social
10 services to individuals who are underserved with
11 respect to such services.

12 “(D) The services of the program, as spec-
13 ified in paragraph (2), will be provided prin-
14 cipally by community health advisors (as de-
15 fined in subsection (d)).

16 “(2) AUTHORIZED PROGRAM SERVICES.—For
17 purposes of paragraph (1)(D), the services specified
18 in this paragraph for a program are as follows:

19 “(A) The program will collaborate with
20 health care providers and related entities in
21 order to facilitate the provision of health serv-
22 ices and health-related social services (including
23 collaborating with local health departments,
24 community health centers, public hospital sys-
25 tems, migrant health centers, rural health clin-

1 ics, hospitals, physicians and nurses, providers
2 of health education, pre-school facilities for chil-
3 dren, elementary and secondary schools, and
4 providers of social services).

5 “(B) The program will provide public edu-
6 cation on health promotion and on the preven-
7 tion of diseases, illnesses, injuries, and disabil-
8 ities, and will facilitate the appropriate use of
9 available health services and health-related so-
10 cial services.

11 “(C) The program will provide health-re-
12 lated counseling.

13 “(D) The program will provide referrals
14 for available health services and health-related
15 social services.

16 “(E) For the purpose of increasing the ca-
17 pacity of individuals to utilize health services
18 and health-related social services under Federal,
19 State, and local programs, the following condi-
20 tions will be met:

21 “(i) The program will assist individ-
22 uals in establishing eligibility under the
23 programs and in receiving the services or
24 other benefits of the programs.

1 “(ii) The program will provide such
2 other services as the Secretary determines
3 to be appropriate, which services may in-
4 clude (but are not limited to) transpor-
5 tation and translation services.

6 “(F) The program will provide outreach
7 services to inform the community of the avail-
8 ability of the services of the program.

9 “(c) PRIORITY FOR MEDICALLY UNDERSERVED COM-
10 MUNITIES.—A funding agreement for an award under sec-
11 tion 2785 is that the applicant involved will give priority
12 to developing and operating community health advisor
13 programs for medically underserved communities.

14 “(d) DEFINITION OF COMMUNITY HEALTH ADVI-
15 SOR.—For purposes of this part, the term ‘community
16 health advisor’ means an individual—

17 “(1) who has demonstrated the capacity to
18 carry out one or more of the authorized program
19 services;

20 “(2) who, for not less than 1 year, has been a
21 resident of the community in which the community
22 health advisor program involved is to be operated;
23 and

24 “(3) is a member of a socioeconomic group to
25 be served by the program.

1 **“SEC. 2787. ADDITIONAL AGREEMENTS.**

2 “(a) IDENTIFICATION OF COMMUNITY NEEDS.—A
3 funding agreement for an award under section 2785 is
4 that the applicant involved will—

5 “(1) identify the needs of the community in-
6 volved for the authorized program services, including
7 the identifying the resources of the community that
8 are available for carrying out the program;

9 “(2) in identifying such needs, consult with
10 members of the community, with individuals and
11 programs that provide health services in the commu-
12 nity, and with individuals and programs that provide
13 health-related social services in the community; and

14 “(3) consider such needs in carrying out a com-
15 munity health advisor program for the community.

16 “(b) MATCHING FUNDS.—

17 “(1) IN GENERAL.—With respect to the cost of
18 carrying out a community health advisor program, a
19 funding agreement for an award under section 2785
20 is that the applicant involved will make available (di-
21 rectly or through donations from public or private
22 entities) non-Federal contributions toward such cost
23 in an amount that is not less than 25 percent of
24 such cost.

25 “(2) DETERMINATION OF AMOUNT CONTRIB-
26 UTED.—

1 “(A) Non-Federal contributions required in
2 paragraph (1) may be in cash or in kind, fairly
3 evaluated, including plant, equipment, or serv-
4 ices. Amounts provided by the Federal Govern-
5 ment, or services assisted or subsidized to any
6 significant extent by the Federal Government,
7 may not be included in determining the amount
8 of such non-Federal contributions.

9 “(B) With respect to the State in which
10 the community health advisor program involved
11 is to be carried out, amounts provided by the
12 State in compliance with subsection (c) shall be
13 included in determining the amount of non-Fed-
14 eral contributions under paragraph (1).

15 “(c) MAINTENANCE OF EFFORT.—With respect to
16 the purposes for which an award under section 2785 is
17 authorized in this subtitle to be expended, the Secretary
18 may make such an award only if the State involved agrees
19 to maintain expenditures of non-Federal amounts for such
20 purposes at a level that is not less than the level of such
21 expenditures maintained by the State for the fiscal year
22 preceding the first fiscal year for which such an award
23 is made with respect to the State.

24 “(d) CULTURAL CONTEXT OF SERVICES.—A funding
25 agreement for an award under section 2785 for an appli-

1 cant is that the services of the community health advisor
2 program involved will be provided in the language and cul-
3 tural context most appropriate for the individuals served
4 by the program, and that for such purpose the community
5 health advisors of the program will include an appropriate
6 number of advisors who are fluent in both English and
7 not less than one of the other relevant languages.

8 “(e) NUMBER OF PROGRAMS PER AWARD; PRO-
9 GRAMS FOR URBAN AND RURAL AREAS.—A funding
10 agreement for an award under section 2785 for an appli-
11 cant is that the number of community health advisor pro-
12 grams operated in the State with the award will be deter-
13 mined by the Secretary, except that (subject to section
14 2786(b)(1)(B)) such a program will be carried out in not
15 less than one urban area of the State, and in not less than
16 one rural area of the State.

17 “(f) ONGOING SUPERVISION OF ADVISORS.—A fund-
18 ing agreement for an award under section 2785 is that
19 the applicant involved will ensure that each community
20 health advisor program operated with the award provides
21 for the ongoing supervision of the community health advi-
22 sors of the program, and that the individuals serving as
23 supervisors in the program will include 1 or more public
24 health nurses with field experience and managerial experi-
25 ence.

1 “(g) CERTAIN EXPENDITURES.—

2 “(1) TRAINING; CONTINUING EDUCATION.—

3 Funding agreements for an award under section
4 2785 include the following:

5 “(A) The applicant involved will ensure
6 that, for each community health advisor pro-
7 gram operated with the award, a program is
8 carried out to train community health advisors
9 to provide the authorized program services, in-
10 cluding practical experiences in providing serv-
11 ices for health promotion and disease preven-
12 tion.

13 “(B) The program of training will provide
14 for the continuing education of the community
15 health advisors.

16 “(C) Not more than 15 percent of the
17 award will be expended for the program of
18 training.

19 “(2) COMPENSATION.—With respect to compli-
20 ance with the agreements made under this subtitle,
21 the purposes for which an award under section 2785
22 may be expended include providing compensation for
23 the services of community health advisors.

1 “(h) REPORTS TO SECRETARY; ASSESSMENT OF EF-
2 FECTIVENESS.—Funding agreements for an award under
3 section 2785 for an applicant include the following:

4 “(1) The applicant will ensure that, for each
5 fiscal year for which a community health advisor
6 program receives amounts from the award, the pro-
7 gram will prepare a report describing the activities
8 of the program for such year, including—

9 “(A) a specification of the number of indi-
10 viduals served by the program;

11 “(B) a specification of the entities with
12 which the program has collaborated in carrying
13 out the purpose described in section 2786(a)(1);
14 and

15 “(C) an assessment of the extent of the ef-
16 fectiveness of the program in carrying out such
17 purpose.

18 “(2) Such reports will include such additional
19 information regarding the applicant and the pro-
20 grams as the Secretary may require.

21 “(3) The applicant will prepare the reports as
22 a single document and will submit the document to
23 the Secretary not later than February 1 of the fiscal
24 year following the fiscal year for which the reports
25 were prepared.

1 **“SEC. 2788. APPLICATION FOR ASSISTANCE; STATE PLAN.**

2 “For purposes of section 2785, an application is in
3 accordance with this section if—

4 “(1) the application is submitted not later than
5 the date specified by the Secretary;

6 “(2) the application contains each funding
7 agreement described in this subtitle;

8 “(3) the application contains a State plan de-
9 scribing the purposes for which the award is to be
10 expended in the State, including a description of the
11 manner in which the applicant will comply with each
12 such funding agreement; and

13 “(4) the application is in such form, is made in
14 such manner, and contains such agreements, assur-
15 ances, and information as the Secretary determines
16 to be necessary to carry out this subtitle.

17 **“SEC. 2789. DETERMINATION OF AMOUNT OF ALLOTMENT.**

18 “(a) IN GENERAL.—For purposes of section 2785,
19 the allotment under this section with respect to a State
20 for a fiscal year is the sum of the respective amounts de-
21 termined for the State under subsection (b) and sub-
22 section (c).

23 “(b) AMOUNT RELATING TO POPULATION.—For pur-
24 poses of subsection (a), the amount determined under this
25 subsection is the product of—

1 “(1) an amount equal to 50 percent of the
2 amount appropriated under section 2784 for the fis-
3 cal year and available for awards under section
4 2785; and

5 “(2) the percentage constituted by the ratio
6 of—

7 “(A) the number of individuals residing in
8 the State involved; to

9 “(B) the sum of the respective amounts
10 determined for each State under subparagraph
11 (A).

12 “(c) AMOUNT RELATING TO POVERTY LEVEL.—For
13 purposes of subsection (a), the amount determined under
14 this subsection is the product of—

15 “(1) the amount determined under subsection
16 (b)(1); and

17 “(2) the percentage constituted by the ratio
18 of—

19 “(A) the number of individuals residing in
20 the State whose income is at or below an
21 amount equal to 200 percent of the official pov-
22 erty line; to

23 “(B) the sum of the respective amounts
24 determined for each State under subparagraph
25 (A).

1 **“SEC. 2790. QUALITY ASSURANCE; COST-EFFECTIVENESS.**

2 “The Secretary shall establish guidelines for assuring
3 the quality of community health advisor programs (includ-
4 ing quality in the training of community health advisors)
5 and for assuring the cost-effectiveness of the programs.
6 A funding agreement for an award under section 2785 is
7 that the applicant involved will carry out such programs
8 in accordance with the guidelines.

9 **“SEC. 2791. EVALUATIONS; TECHNICAL ASSISTANCE.**

10 “(a) EVALUATIONS.—The Secretary shall conduct
11 evaluations of community health advisor programs and
12 disseminate information developed as result of the evalua-
13 tions to the States. In conducting such evaluations, the
14 Secretary shall determine whether the programs are in
15 compliance with the guidelines established under section
16 2790.

17 “(b) TECHNICAL ASSISTANCE.—The Secretary may
18 provide technical assistance to recipients of awards under
19 section 2785 with respect to the planning, development,
20 and operation of community health advisor programs.

21 “(c) GRANTS AND CONTRACTS.—The Secretary may
22 carry out this section directly or through grants, coopera-
23 tive agreements, or contracts.

24 “(d) LIMITATION ON EXPENDITURES.—Of the
25 amounts appropriated under section 2784 for a fiscal year,

1 the Secretary may reserve not more than 10 percent for
2 carrying out this section.

3 **“SEC. 2792. RULE OF CONSTRUCTION REGARDING PRO-**
4 **GRAMS OF INDIAN HEALTH SERVICE.**

5 “This subtitle may not be construed as requiring the
6 Secretary to modify or terminate the program carried out
7 by the Director of the Indian Health Service and des-
8 ignated by such Director as the Community Health Rep-
9 resentative Program. The Secretary shall ensure that sup-
10 port for such Program is not supplanted by awards under
11 section 2785. In communities in which both such Program
12 and a community health advisor program are being carried
13 out, the Secretary shall ensure that the community health
14 advisor program works in cooperation with, and as a com-
15 plement to, the Community Health Representative Pro-
16 gram.

17 **“SEC. 2793. DEFINITIONS.**

18 “For purposes of this subtitle:

19 “(1) The term ‘authorized program services’,
20 with respect to a community health advisor program,
21 means the services specified in section 2786(b)(2).

22 “(2) The term ‘community health advisor’ has
23 the meaning given such term in section 2786(d).

1 “(3) The term ‘community health advisor pro-
2 gram’ means a program carried out under section
3 2786(b).

4 “(4) The term ‘financial assistance’, with re-
5 spect to an award under section 2785, means a
6 grant, cooperative agreement, or a contract.

7 “(5) The term ‘funding agreement’ means an
8 agreement required as a condition of receiving an
9 award under section 2785.

10 “(6) The term ‘official poverty line’ means the
11 official poverty line established by the Director of
12 the Office of Management and Budget and revised
13 by the Secretary in accordance with section 673(2)
14 of the Omnibus Budget Reconciliation Act of 1981,
15 which poverty line is applicable the size of the family
16 involved.

17 “(7) The term ‘State involved’, with respect to
18 an applicant for an award under section 2785,
19 means the State in which the applicant is to carry
20 out a community health advisor program.

21 **“SEC. 2794. EFFECT OF INSUFFICIENT APPROPRIATIONS**
22 **FOR MINIMUM ALLOTMENTS.**

23 “(a) IN GENERAL.—If the amounts made available
24 under section 2784 for a fiscal year are insufficient for
25 providing each State (or entity designated by the State

1 pursuant to section 2785, as the case may be) with an
2 award under section 2785 in an amount equal to or great-
3 er than the amount specified in section 2789(a)(2), the
4 Secretary shall, from such amounts as are made available
5 under subsection (a), make such awards on a discretionary
6 basis.

7 “(b) **RULE OF CONSTRUCTION.**—For purposes of
8 subsection (a), awards under section 2785 are made on
9 a discretionary basis if the Secretary determines which
10 States (or entities designated by States pursuant to such
11 section, as the case may be) are to receive such awards,
12 subject to meeting the requirements of this subtitle for
13 such an award, and the Secretary determines the amount
14 of such awards.

15 **“Subtitle F—General Provisions**

16 **“SEC. 2798. REQUIREMENT REGARDING ACCREDITATION** 17 **OF SCHOOLS, DEPARTMENTS, AND PRO-** 18 **GRAMS.**

19 “Except as indicated otherwise in this title:

20 “(1) A reference in this title to a school of pub-
21 lic health, a school of nursing, or any other entity
22 providing education or training in a health profes-
23 sion (whether a school, department, program, or
24 other entity) is a reference to the entity as defined
25 under section 799 or 853.

1 “(2) If an entity is not defined in either of such
2 sections, the reference in this title to the entity has
3 the meaning provided by the Secretary, except that
4 the Secretary shall require for purposes of this title
5 that the entity be accredited for the provision of the
6 education or training involved.

7 **“SEC. 2799. RELATION TO OTHER FUNDS.**

8 “Notwithstanding any other provision of law, the au-
9 thorizations of appropriations established in this title are
10 in addition to any other authorizations of appropriations
11 that are available for the purposes described with respect
12 to such appropriations in this title.

13 **“SEC. 2799A. DEFINITIONS.**

14 “(a) IN GENERAL.—For purposes of this title:

15 “(1) The term ‘Healthy People 2000 Objectives’
16 means the objectives established by the Secretary to-
17 ward the goals of increasing the span of healthy life,
18 reducing health disparities among various popu-
19 lations, and providing access to preventive services,
20 which objectives apply to the health status of the
21 population of the United States for the year 2000.

22 “(2) The term ‘medically underserved commu-
23 nity’ means—

24 “(A) a community that has a substantial
25 number of individuals who are members of a

1 medically underserved population, as defined in
2 section 330; or

3 “(B) a community a significant portion of
4 which is a health professional shortage area
5 designated under section 332.”.

6 **TITLE IV—MEDICAL AND**
7 **HEALTH RESEARCH**

8 **SEC. 4001. SHORT TITLE.**

9 This title may be cited as the “Medical and Health
10 Research Act of 1995”.

11 **SEC. 4002. FINDINGS.**

12 The Congress finds the following:

13 (1) Nearly 4 of 5 peer reviewed research
14 projects deemed worthy of funding by the National
15 Institutes of Health are not funded.

16 (2) Less than 2 percent of the nearly one tril-
17 lion dollars our Nation spends on health care is de-
18 voted to health research, while the defense industry
19 spends 15 percent of its budget on research.

20 (3) Public opinion surveys have shown that
21 Americans want more Federal resources put into
22 health research and support by having a portion of
23 their health insurance premiums set aside for this
24 purpose.

1 (4) Ample evidence exists to demonstrate that
2 health research has improved the quality of health
3 care in the United States. Advances such as the de-
4 velopment of vaccines, the cure of many childhood
5 cancers, drugs that effectively treat a host of dis-
6 eases and disorders, a process to protect our Na-
7 tion's blood supply from the HIV virus, progress
8 against cardiovascular disease including heart attack
9 and stroke, and new strategies for the early detec-
10 tion and treatment of diseases such as colon, breast,
11 and prostate cancer clearly demonstrates the bene-
12 fits of health research.

13 (5) Among the most effective methods to con-
14 trol health care costs are prevention and cure of dis-
15 ease and disability, thus, health research which holds
16 the promise of cure and prevention of disease and
17 disability is a critical component of any comprehen-
18 sive health care reform plan.

19 (6) The state of our Nation's research facilities
20 at the National Institutes of Health and at univer-
21 sities is deteriorating significantly. Renovation and
22 repair of these facilities are badly needed to main-
23 tain and improve the quality of research.

24 (7) Because the Omnibus Budget Reconciliation
25 Act of 1993 freezes discretionary spending for the

1 next 5 years, the Nation's investment in health re-
2 search through the National Institutes of Health is
3 likely to decline in real terms unless corrective legis-
4 lative action is taken.

5 (8) A health research fund is needed to main-
6 tain our Nation's commitment to health research
7 and to increase the percentage of approved projects
8 which receive funding at the National Institutes of
9 Health to at least 33 percent.

10 **SEC. 4003. NATIONAL FUND FOR HEALTH RESEARCH.**

11 (a) ESTABLISHMENT.—There is established in the
12 Treasury of the United States an account, to be known
13 as the “National Fund for Health Research” (hereafter
14 referred to in this section as the “Fund”), consisting of
15 such amounts as are transferred to the Fund under sub-
16 section (b) and any interest earned on investment of
17 amounts in the Fund.

18 (b) TRANSFERS TO FUND.—

19 (1) IN GENERAL.—With respect to each of the
20 5 full calendar years beginning after the date of en-
21 actment of this Act, the Secretary of the Treasury
22 shall transfer to the Fund an amount equal to the
23 applicable amount under paragraph (2).

24 (2) APPLICABLE AMOUNT.—The applicable
25 amount under this paragraph is—

1 (A) with respect to amounts in the Health
 2 Care Reform Trust Fund established under sec-
 3 tion 9551(a)(2)(A) of the Internal Revenue
 4 Code of 1986, \$1,200,000,000 for each cal-
 5 endar year described in paragraph (1); and

6 (B) with respect to amounts received in
 7 the Treasury under section 6097 of the Internal
 8 Revenue Code of 1986, 100 percent of the
 9 amounts received under such section in each
 10 calendar year described in paragraph (1).

11 (3) DESIGNATION OF OVERPAYMENTS AND CON-
 12 TRIBUTIONS.—

13 (A) IN GENERAL.—Subchapter A of chap-
 14 ter 61 of the Internal Revenue Code of 1986
 15 (relating to returns and records) is amended by
 16 adding at the end the following new part:

17 **“PART IX—DESIGNATION OF OVERPAYMENTS**
 18 **AND CONTRIBUTIONS FOR THE NATIONAL**
 19 **FUND FOR HEALTH RESEARCH**

“Sec. 6097. Amounts for the National Fund for Health Research.

20 **“SEC. 6097. AMOUNTS FOR THE NATIONAL FUND FOR**
 21 **HEALTH RESEARCH.**

22 “(a) IN GENERAL.—Every individual (other than a
 23 nonresident alien) may designate that—

1 “(1) a portion (not less than \$1) of any over-
2 payment of the tax imposed by chapter 1 for the
3 taxable year, and

4 “(2) a cash contribution (not less than \$1),
5 be paid over to the National Fund for Health Research
6 established under section 4003 of the Health Partnership
7 Act of 1995. In the case of a joint return of a husband
8 and wife, each spouse may designate one-half of any such
9 overpayment of tax (not less than \$2).

10 “(b) MANNER AND TIME OF DESIGNATION.—Any
11 designation under subsection (a) may be made with re-
12 spect to any taxable year only at the time of filing the
13 original return of the tax imposed by chapter 1 for such
14 taxable year. Such designation shall be made either on the
15 1st page of the return or on the page bearing the tax-
16 payer’s signature.

17 “(c) OVERPAYMENTS TREATED AS REFUNDED.—For
18 purposes of this section, any overpayment of tax des-
19 ignated under subsection (a) shall be treated as being re-
20 funded to the taxpayer as of the last day prescribed for
21 filing the return of tax imposed by chapter 1 (determined
22 with regard to extensions) or, if later, the date the return
23 is filed.

24 “(d) DESIGNATED AMOUNTS NOT DEDUCTIBLE.—
25 No amount designated pursuant to subsection (a) shall be

1 allowed as a deduction under section 170 or any other sec-
2 tion for any taxable year.

3 “(e) TERMINATION.—This section shall not apply to
4 taxable years beginning in a calendar year after a deter-
5 mination by the Secretary that the sum of all designations
6 under subsection (a) for taxable years beginning in the
7 second and third calendar years preceding the calendar
8 year is less than \$5,000,000.”.

9 (B) CLERICAL AMENDMENT.—The table of
10 parts for subchapter A of chapter 61 of such
11 Code is amended by adding at the end the fol-
12 lowing new item:

“Part IX. Designation of overpayments and contributions for the
National Fund for Health Research.”.

13 (C) EFFECTIVE DATE.—The amendments
14 made by this paragraph shall apply to taxable
15 years beginning after December 31, 1995.

16 (c) EXPENDITURES FROM FUND.—

17 (1) IN GENERAL.—The Secretary of the Treas-
18 ury shall pay annually, within 30 days after the
19 President signs an appropriations Act for the De-
20 partments of Labor, Health and Human Services,
21 and Education and related agencies, or by the end
22 of the first quarter of the fiscal year, to the Sec-
23 retary of Health and Human Services on behalf of
24 the National Institutes of Health, an amount equal

1 to the amount in the National Fund for Health Re-
 2 search at the time of such payment, to enable the
 3 Secretary to carry out the purpose of section 404F
 4 of the Public Health Service Act, less any adminis-
 5 trative expenses which may be paid under paragraph
 6 (3).

7 (2) PURPOSES FOR EXPENDITURES FROM
 8 FUND.—Part A of title IV of the Public Health
 9 Service Act (42 U.S.C. 281 et seq.) is amended by
 10 adding at the end the following new section:

11 **“SEC. 404F. EXPENDITURES FROM THE NATIONAL FUND**
 12 **FOR HEALTH RESEARCH.**

13 “(a) IN GENERAL.—From amounts received for any
 14 fiscal year from the National Fund for Health Research,
 15 the Secretary of Health and Human Services shall distrib-
 16 ute—

17 “(1) 2 percent of such amounts during any fis-
 18 cal year to the Office of the Director of the National
 19 Institutes of Health to be allocated at the Director’s
 20 discretion for the following activities:

21 “(A) for carrying out the responsibilities of
 22 the Office of the Director, National Institutes
 23 of Health, including the Office of Research on
 24 Women’s Health and the Office of Research on
 25 Minority Health, the Office of the Alternative

1 Medicine and the Office of Rare Diseases Re-
2 search; and

3 “(B) for construction and acquisition of
4 equipment for or facilities of or used by the Na-
5 tional Institutes of Health;

6 “(2) 2 percent of such amounts for transfer to
7 the National Center for Research Resources to carry
8 out section 1502 of the National Institutes of
9 Health Revitalization Act of 1993 concerning Bio-
10 medical and Behavioral Research Facilities;

11 “(3) 1 percent of such amounts during any fis-
12 cal year for carrying out section 301 and part D of
13 title IV with respect to health information commu-
14 nications; and

15 “(4) the remainder of such amounts during any
16 fiscal year to member institutes of the National In-
17 stitutes of Health and centers in the same propor-
18 tion to the total amount received under this section,
19 as the amount of annual appropriations under ap-
20 propriations Acts for each member institute and cen-
21 ter for the fiscal year bears to the total amount of
22 appropriations under appropriations Acts for all
23 member institutes and centers of the National Insti-
24 tutes of Health for the fiscal year.

1 “(b) PLANS OF ALLOCATION.—The amounts trans-
2 ferred under subsection (a) shall be allocated by the Direc-
3 tor of NIH or the various directors of the institutes and
4 centers, as the case may be, pursuant to allocation plans
5 developed by the various advisory councils to such direc-
6 tors, after consultation with such directors.”.

7 (3) ADMINISTRATIVE EXPENSES.—Amounts in
8 the National Fund for Health Research shall be
9 available to pay the administrative expenses of the
10 Department of the Treasury directly allocable to—

11 (A) modifying the individual income tax re-
12 turn forms to carry out section 6097 of the In-
13 ternal Revenue Code of 1986;

14 (B) carrying out this section with respect
15 to such Fund; and

16 (C) processing amounts received under this
17 section and transferring such amounts to such
18 Fund.

19 (4) TRIGGER AND RELEASE OF FUND MON-
20 IES.—No expenditures shall be made pursuant to
21 section 4003(c) during any fiscal year in which the
22 annual amount appropriated for the National Insti-
23 tutes of Health is less than the amount so appro-
24 priated for the prior fiscal year.

1 (d) BUDGET ENFORCEMENT.—Amounts contained in
2 the National Fund for Health Research shall be excluded
3 from, and shall not be taken into account for purposes
4 of, any budget enforcement procedures under the Congres-
5 sional Budget Act of 1974 or the Balanced Budget Emer-
6 gency Deficit Control Act of 1985.

7 **TITLE V—FRAUD AND ABUSE**

8 **SEC. 5001. SHORT TITLE.**

9 This Act may be cited as the “Health Fraud and
10 Abuse Reduction Act of 1995”.

11 **Subtitle A—All-Payer Fraud and** 12 **Abuse Control Program**

13 **SEC. 5101. ALL-PAYER FRAUD AND ABUSE CONTROL PRO-** 14 **GRAM.**

15 (a) ESTABLISHMENT OF PROGRAM.—

16 (1) IN GENERAL.—Not later than January 1,
17 1996, the Secretary of Health and Human Services
18 (in this subtitle referred to as the “Secretary”), act-
19 ing through the Office of the Inspector General of
20 the Department of Health and Human Services, and
21 the Attorney General shall establish a program—

22 (A) to coordinate Federal, State, and local
23 law enforcement programs to control fraud and
24 abuse with respect to the delivery of and pay-
25 ment for health care in the United States,

1 (B) to conduct investigations, audits, eval-
2 uations, and inspections relating to the delivery
3 of and payment for health care in the United
4 States, and

5 (C) to facilitate the enforcement of the
6 provisions of sections 1128, 1128A, and 1128B
7 of the Social Security Act and other statutes
8 applicable to health care fraud and abuse.

9 (2) COORDINATION WITH HEALTH PLANS.—In
10 carrying out the program established under para-
11 graph (1), the Secretary and the Attorney General
12 shall consult with, and arrange for the sharing of
13 data with representatives of health plans.

14 (3) REGULATIONS.—

15 (A) IN GENERAL.—The Secretary and the
16 Attorney General shall by regulation establish
17 standards to carry out the program under para-
18 graph (1).

19 (B) INFORMATION STANDARDS.—

20 (i) IN GENERAL.—Such standards
21 shall include standards relating to the fur-
22 nishing of information by health plans,
23 providers, and others to enable the Sec-
24 retary and the Attorney General to carry

1 out the program (including coordination
2 with health plans under paragraph (2)).

3 (ii) CONFIDENTIALITY.—Such stand-
4 ards shall include procedures to assure
5 that such information is provided and uti-
6 lized in a manner that appropriately pro-
7 tects the confidentiality of the information
8 and the privacy of individuals receiving
9 health care services and items.

10 (iii) QUALIFIED IMMUNITY FOR PRO-
11 VIDING INFORMATION.—The provisions of
12 section 1157(a) of the Social Security Act
13 (relating to limitation on liability) shall
14 apply to a person providing information to
15 the Secretary or the Attorney General in
16 conjunction with their performance of du-
17 ties under this section.

18 (C) DISCLOSURE OF OWNERSHIP INFOR-
19 MATION.—

20 (i) IN GENERAL.—Such standards
21 shall include standards relating to the dis-
22 closure of ownership information described
23 in clause (ii) by any entity providing health
24 care services and items.

1 (ii) OWNERSHIP INFORMATION DE-
2 SCRIBED.—The ownership information de-
3 scribed in this clause includes—

4 (I) a description of such items
5 and services provided by such entity;

6 (II) the names and unique physi-
7 cian identification numbers of all phy-
8 sicians with a financial relationship
9 (as defined in section 1877(a)(2) of
10 the Social Security Act) with such en-
11 tity;

12 (III) the names of all other indi-
13 viduals with such an ownership or in-
14 vestment interest in such entity; and

15 (IV) any other ownership and re-
16 lated information required to be dis-
17 closed by such entity under section
18 1124 or section 1124A of the Social
19 Security Act, except that the Sec-
20 retary shall establish procedures
21 under which the information required
22 to be submitted under this subclause
23 will be reduced with respect to health
24 care provider entities that the Sec-
25 retary determines will be unduly bur-

1 dened if such entities are required to
2 comply fully with this subclause.

3 (4) AUTHORIZATION OF APPROPRIATIONS FOR
4 INVESTIGATORS AND OTHER PERSONNEL.—In addi-
5 tion to any other amounts authorized to be appro-
6 priated to the Secretary, the Attorney General, the
7 Director of the Federal Bureau of Investigation, and
8 the Inspectors General of the Departments of De-
9 fense, Labor, and Veterans Affairs and of the Office
10 of Personnel Management, for health care anti-fraud
11 and abuse activities for a fiscal year, there are au-
12 thorized to be appropriated additional amounts,
13 from the Health Care Fraud and Abuse Account de-
14 scribed in subsection (b) of this section, as may be
15 necessary to enable the Secretary, the Attorney Gen-
16 eral, and such Inspectors General to conduct inves-
17 tigations and audits of allegations of health care
18 fraud and abuse and otherwise carry out the pro-
19 gram established under paragraph (1) in a fiscal
20 year.

21 (5) ENSURING ACCESS TO DOCUMENTATION.—
22 The Inspector General of the Department of Health
23 and Human Services is authorized to exercise the
24 authority described in paragraphs (4) and (5) of sec-
25 tion 6 of the Inspector General Act of 1978 (relating

1 to subpoenas and administration of oaths) with re-
2 spect to the activities under the all-payer fraud and
3 abuse control program established under this sub-
4 section to the same extent as such Inspector General
5 may exercise such authorities to perform the func-
6 tions assigned by such Act.

7 (6) AUTHORITY OF INSPECTOR GENERAL.—
8 Nothing in this title shall be construed to diminish
9 the authority of any Inspector General, including
10 such authority as provided in the Inspector General
11 Act of 1978.

12 (7) HEALTH PLAN DEFINED.—For the purposes
13 of this subsection, the term “health plan” shall have
14 the meaning given such term in section 1128(i) of
15 the Social Security Act.

16 (b) HEALTH CARE FRAUD AND ABUSE CONTROL AC-
17 COUNT.—

18 (1) ESTABLISHMENT.—

19 (A) IN GENERAL.—There is hereby estab-
20 lished an account to be known as the “Health
21 Care Fraud and Abuse Control Account” (in
22 this section referred to as the “Anti-Fraud Ac-
23 count”). The Anti-Fraud Account shall consist
24 of—

1 (i) such gifts and bequests as may be
2 made as provided in subparagraph (B);

3 (ii) such amounts as may be deposited
4 in the Anti-Fraud Account as provided in
5 subsection (a)(4), sections 5441(b) and
6 5442(b), and title XI of the Social Security
7 Act; and

8 (iii) such amounts as are transferred
9 to the Anti-Fraud Account under subpara-
10 graph (C).

11 (B) AUTHORIZATION TO ACCEPT GIFTS.—
12 The Anti-Fraud Account is authorized to accept
13 on behalf of the United States money gifts and
14 bequests made unconditionally to the Anti-
15 Fraud Account, for the benefit of the Anti-
16 Fraud Account or any activity financed through
17 the Anti-Fraud Account.

18 (C) TRANSFER OF AMOUNTS.—

19 (i) IN GENERAL.—The Secretary of
20 the Treasury shall transfer to the Anti-
21 Fraud Account an amount equal to the
22 sum of the following:

23 (I) Criminal fines imposed in
24 cases involving a Federal health care
25 offense (as defined in section

1 982(a)(6)(B) of title 18, United
2 States Code).

3 (ii) Administrative penalties and as-
4 sessments imposed under titles XI, XVIII,
5 and XIX of the Social Security Act (except
6 as otherwise provided by law).

7 (iii) Amounts resulting from the for-
8 feiture of property by reason of a Federal
9 health care offense.

10 (iv) Penalties and damages imposed
11 under the False Claims Act (31 U.S.C.
12 3729 et seq.), in cases involving claims re-
13 lated to the provision of health care items
14 and services (other than funds awarded to
15 a relator or for restitution).

16 (2) USE OF FUNDS.—

17 (A) IN GENERAL.—Amounts in the Anti-
18 Fraud Account shall be available to carry out
19 the health care fraud and abuse control pro-
20 gram established under subsection (a) (includ-
21 ing the administration of the program), and
22 may be used to cover costs incurred in operat-
23 ing the program, including costs (including
24 equipment, salaries and benefits, and travel and
25 training) of—

- 1 (i) prosecuting health care matters
2 (through criminal, civil, and administrative
3 proceedings);
4 (ii) investigations;
5 (iii) financial and performance audits
6 of health care programs and operations;
7 (iv) inspections and other evaluations;
8 and
9 (v) provider and consumer education
10 regarding compliance with the provisions of
11 this subtitle.

12 (B) FUNDS USED TO SUPPLEMENT AGEN-
13 CY APPROPRIATIONS.—It is intended that dis-
14 bursements made from the Anti-Fraud Account
15 to any Federal agency be used to increase and
16 not supplant the recipient agency's appro-
17 priated operating budget.

18 (3) ANNUAL REPORT.—The Secretary and the
19 Attorney General shall submit jointly an annual re-
20 port to Congress on the amount of revenue which is
21 generated and disbursed by the Anti-Fraud Account
22 in each fiscal year.

23 (4) USE OF FUNDS BY INSPECTOR GENERAL.—

24 (A) REIMBURSEMENTS FOR INVESTIGA-
25 TIONS.—The Inspector General is authorized to

1 receive and retain for current use reimburse-
2 ment for the costs of conducting investigations,
3 when such restitution is ordered by a court, vol-
4 untarily agreed to by the payer, or otherwise.

5 (B) CREDITING.—Funds received by the
6 Inspector General or the Inspectors General of
7 the Departments of Defense, Labor, and Veter-
8 ans Affairs and of the Office of Personnel Man-
9 agement, as reimbursement for costs of con-
10 ducting investigations shall be deposited to the
11 credit of the appropriation from which initially
12 paid, or to appropriations for similar purposes
13 currently available at the time of deposit, and
14 shall remain available for obligation for 1 year
15 from the date of their deposit.

16 **SEC. 5102. APPLICATION OF CERTAIN FEDERAL HEALTH**
17 **ANTI-FRAUD AND ABUSE SANCTIONS TO**
18 **FRAUD AND ABUSE AGAINST ANY HEALTH**
19 **PLAN.**

20 (a) CRIMES.—

21 (1) SOCIAL SECURITY ACT.—Section 1128B of
22 the Social Security Act (42 U.S.C. 1320a–7b) is
23 amended as follows:

24 (A) In the heading, by adding at the end
25 the following: “OR HEALTH PLANS”.

1 (B) In subsection (a)(1)—

2 (i) by striking “title XVIII or” and
3 inserting “title XVIII,”, and

4 (ii) by adding at the end the follow-
5 ing: “or a health plan (as defined in sec-
6 tion 1128(i)),”.

7 (C) In subsection (a)(5), by striking “title
8 XVIII or a State health care program” and in-
9 serting “title XVIII, a State health care pro-
10 gram, or a health plan”.

11 (D) In the second sentence of subsection
12 (a)—

13 (i) by inserting after “title XIX” the
14 following: “or a health plan”, and

15 (ii) by inserting after “the State” the
16 following: “or the plan”.

17 (2) IDENTIFICATION OF COMMUNITY SERVICE
18 OPPORTUNITIES.—Section 1128B of such Act (42
19 U.S.C. 1320a–7b) is further amended by adding at
20 the end the following new subsection:

21 “(f) The Secretary may—

22 “(1) in consultation with State and local health
23 care officials, identify opportunities for the satisfac-
24 tion of community service obligations that a court

1 may impose upon the conviction of an offense under
2 this section, and

3 “(2) make information concerning such oppor-
4 tunities available to Federal and State law enforce-
5 ment officers and State and local health care
6 officials.”.

7 (b) HEALTH PLAN DEFINED.—Section 1128 of the
8 Social Security Act (42 U.S.C. 1320a-7) is amended by
9 redesignating subsection (i) as subsection (j) and by in-
10 serting after subsection (h) the following new subsection:

11 “(i) HEALTH PLAN DEFINED.—For purposes of sec-
12 tions 1128A and 1128B, the term ‘health plan’ means a
13 plan that provides health benefits, whether through di-
14 rectly, through insurance, or otherwise, and includes a pol-
15 icy of health insurance, a contract of a service benefit or-
16 ganization, or a membership agreement with a health
17 maintenance organization or other prepaid health plan,
18 and also includes an employee welfare benefit plan or a
19 multiple employer welfare plan (as such terms are defined
20 in section 3 of the Employee Retirement Income Security
21 Act of 1974).”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on January 1, 1996.

1 **Subtitle B—Revisions to Current**
2 **Sanctions for Fraud and Abuse**

3 **SEC. 5201. MANDATORY EXCLUSION FROM PARTICIPATION**
4 **IN MEDICARE AND STATE HEALTH CARE PRO-**
5 **GRAMS.**

6 (a) INDIVIDUAL CONVICTED OF FELONY RELATING
7 TO FRAUD.—

8 (1) IN GENERAL.—Section 1128(a) of the So-
9 cial Security Act (42 U.S.C. 1320a-7(a)) is amend-
10 ed by adding at the end the following new para-
11 graph:

12 “(3) FELONY CONVICTION RELATING TO
13 FRAUD.—Any individual or entity that has been con-
14 victed after the date of the enactment of the Health
15 Care Fraud Prevention Act of 1995, under Federal
16 or State law, in connection with the delivery of a
17 health care item or service or with respect to any act
18 or omission in a program (other than those specifi-
19 cally described in paragraph (1)) operated by or fi-
20 nanced in whole or in part by any Federal, State, or
21 local government agency, of a criminal offense con-
22 sisting of a felony relating to fraud, theft, embezzle-
23 ment, breach of fiduciary responsibility, or other fi-
24 nancial misconduct.”.

1 (2) CONFORMING AMENDMENT.—Section
2 1128(b)(1) of such Act (42 U.S.C. 1320a-7(b)(1))
3 is amended—

4 (A) in the heading, by striking “CONVIC-
5 TION” and inserting “MISDEMEANOR CONVIC-
6 TION”; and

7 (B) by striking “criminal offense” and in-
8 serting “criminal offense consisting of a mis-
9 demeanor”.

10 (b) INDIVIDUAL CONVICTED OF FELONY RELATING
11 TO CONTROLLED SUBSTANCE.—

12 (1) IN GENERAL.—Section 1128(a) of the So-
13 cial Security Act (42 U.S.C. 1320a-7(a)), as amend-
14 ed by subsection (a), is amended by adding at the
15 end the following new paragraph:

16 “(4) FELONY CONVICTION RELATING TO CON-
17 TROLLED SUBSTANCE.—Any individual or entity
18 that has been convicted after the date of the enact-
19 ment of the Health Care Fraud Prevention Act of
20 1995, under Federal or State law, of a criminal of-
21 fense consisting of a felony relating to the unlawful
22 manufacture, distribution, prescription, or dispens-
23 ing of a controlled substance.”.

1 (2) CONFORMING AMENDMENT.—Section
2 1128(b)(3) of such Act (42 U.S.C. 1320a–7(b)(3))
3 is amended—

4 (A) in the heading, by striking “CONVIC-
5 TION” and inserting “MISDEMEANOR CONVIC-
6 TION”; and

7 (B) by striking “criminal offense” and in-
8 serting “criminal offense consisting of a mis-
9 demeanor”.

10 **SEC. 5202. ESTABLISHMENT OF MINIMUM PERIOD OF EX-**
11 **CLUSION FOR CERTAIN INDIVIDUALS AND**
12 **ENTITIES SUBJECT TO PERMISSIVE EXCLU-**
13 **SION FROM MEDICARE AND STATE HEALTH**
14 **CARE PROGRAMS.**

15 Section 1128(c)(3) of the Social Security Act (42
16 U.S.C. 1320a–7(c)(3)) is amended by adding at the end
17 the following new subparagraphs:

18 “(D) In the case of an exclusion of an individual or
19 entity under paragraph (1), (2), or (3) of subsection (b),
20 the period of the exclusion shall be 3 years, unless the
21 Secretary determines in accordance with published regula-
22 tions that a shorter period is appropriate because of miti-
23 gating circumstances or that a longer period is appro-
24 priate because of aggravating circumstances.

1 “(E) In the case of an exclusion of an individual or
2 entity under subsection (b)(4) or (b)(5), the period of the
3 exclusion shall not be less than the period during which
4 the individual’s or entity’s license to provide health care
5 is revoked, suspended, or surrendered, or the individual
6 or the entity is excluded or suspended from a Federal or
7 State health care program.

8 “(F) In the case of an exclusion of an individual or
9 entity under subsection (b)(6)(B), the period of the exclu-
10 sion shall be not less than 1 year.”.

11 **SEC. 5203. PERMISSIVE EXCLUSION OF INDIVIDUALS WITH**
12 **OWNERSHIP OR CONTROL INTEREST IN**
13 **SANCTIONED ENTITIES.**

14 Section 1128(b) of the Social Security Act (42 U.S.C.
15 1320a-7(b)) is amended by adding at the end the follow-
16 ing new paragraph:

17 “(15) INDIVIDUALS CONTROLLING A SANC-
18 TIONED ENTITY.—Any individual who has a direct
19 or indirect ownership or control interest of 5 percent
20 or more, or an ownership or control interest (as de-
21 fined in section 1124(a)(3)) in, or who is an officer,
22 director, agent, or managing employee (as defined in
23 section 1126(b)) of, an entity—

1 “(A) that has been convicted of any of-
2 fense described in subsection (a) or in para-
3 graph (1), (2), or (3) of this subsection;

4 “(B) against which a civil monetary pen-
5 alty has been assessed under section 1128A; or

6 “(C) that has been excluded from partici-
7 pation under a program under title XVIII or
8 under a State health care program.”.

9 **SEC. 5204. SANCTIONS AGAINST PRACTITIONERS AND PER-**
10 **SONS FOR FAILURE TO COMPLY WITH STATU-**
11 **TORY OBLIGATIONS.**

12 (a) MINIMUM PERIOD OF EXCLUSION FOR PRACTI-
13 TIONERS AND PERSONS FAILING TO MEET STATUTORY
14 OBLIGATIONS.—

15 (1) IN GENERAL.—The second sentence of sec-
16 tion 1156(b)(1) of the Social Security Act (42
17 U.S.C. 1320c-5(b)(1)) is amended by striking “may
18 prescribe)” and inserting “may prescribe, except
19 that such period may not be less than 1 year)”.

20 (2) CONFORMING AMENDMENT.—Section
21 1156(b)(2) of such Act (42 U.S.C. 1320c-5(b)(2)) is
22 amended by striking “shall remain” and inserting
23 “shall (subject to the minimum period specified in
24 the second sentence of paragraph (1)) remain”.

1 (b) REPEAL OF “UNWILLING OR UNABLE” CONDI-
2 TION FOR IMPOSITION OF SANCTION.—Section 1156(b)(1)
3 of the Social Security Act (42 U.S.C. 1320c-5(b)(1)) is
4 amended—

5 (1) in the second sentence, by striking “and de-
6 termines” and all that follows through “such obliga-
7 tions,”; and

8 (2) by striking the third sentence.

9 **SEC. 5205. INTERMEDIATE SANCTIONS FOR MEDICARE**
10 **HEALTH MAINTENANCE ORGANIZATIONS.**

11 (a) APPLICATION OF INTERMEDIATE SANCTIONS FOR
12 ANY PROGRAM VIOLATIONS.—

13 (1) IN GENERAL.—Section 1876(i)(1) of the
14 Social Security Act (42 U.S.C. 1395mm(i)(1)) is
15 amended by striking “the Secretary may terminate”
16 and all that follows and inserting the following: “in
17 accordance with procedures established under para-
18 graph (9), the Secretary may at any time terminate
19 any such contract or may impose the intermediate
20 sanctions described in paragraph (6)(B) or (6)(C)
21 (whichever is applicable) on the eligible organization
22 if the Secretary determines that the organization—

23 “(A) has failed substantially to carry out
24 the contract;

1 “(B) is carrying out the contract in a man-
2 ner inconsistent with the efficient and effective
3 administration of this section; or

4 “(C) no longer substantially meets the ap-
5 plicable conditions of subsections (b), (c), (e),
6 and (f).”.

7 (2) OTHER INTERMEDIATE SANCTIONS FOR
8 MISCELLANEOUS PROGRAM VIOLATIONS.—Section
9 1876(i)(6) of such Act (42 U.S.C. 1395mm(i)(6)) is
10 amended by adding at the end the following new
11 subparagraph:

12 “(C) In the case of an eligible organization for which
13 the Secretary makes a determination under paragraph (1)
14 the basis of which is not described in subparagraph (A),
15 the Secretary may apply the following intermediate sanc-
16 tions:

17 “(i) Civil money penalties of not more than
18 \$25,000 for each determination under paragraph (1)
19 if the deficiency that is the basis of the determina-
20 tion has directly adversely affected (or has the sub-
21 stantial likelihood of adversely affecting) an individ-
22 ual covered under the organization’s contract.

23 “(ii) Civil money penalties of not more than
24 \$10,000 for each week beginning after the initiation
25 of procedures by the Secretary under paragraph (9)

1 during which the deficiency that is the basis of a
2 determination under paragraph (1) exists.

3 “(iii) Suspension of enrollment of individuals
4 under this section after the date the Secretary noti-
5 fies the organization of a determination under para-
6 graph (1) and until the Secretary is satisfied that
7 the deficiency that is the basis for the determination
8 has been corrected and is not likely to recur.”.

9 (3) PROCEDURES FOR IMPOSING SANCTIONS.—
10 Section 1876(i) of such Act (42 U.S.C. 1395mm(i))
11 is amended by adding at the end the following new
12 paragraph:

13 “(9) The Secretary may terminate a contract with an
14 eligible organization under this section or may impose the
15 intermediate sanctions described in paragraph (6) on the
16 organization in accordance with formal investigation and
17 compliance procedures established by the Secretary under
18 which—

19 “(A) the Secretary provides the organization
20 with the opportunity to develop and implement a
21 corrective action plan to correct the deficiencies that
22 were the basis of the Secretary’s determination
23 under paragraph (1);

24 “(B) in deciding whether to impose sanctions,
25 the Secretary considers aggravating factors such as

1 whether an entity has a history of deficiencies or has
2 not taken action to correct deficiencies the Secretary
3 has brought to their attention;

4 “(C) there are no unreasonable or unnecessary
5 delays between the finding of a deficiency and the
6 imposition of sanctions; and

7 “(D) the Secretary provides the organization
8 with reasonable notice and opportunity for hearing
9 (including the right to appeal an initial decision) be-
10 fore imposing any sanction or terminating the con-
11 tract.”.

12 (4) CONFORMING AMENDMENTS.—Section
13 1876(i)(6)(B) of such Act (42 U.S.C.
14 1395mm(i)(6)(B)) is amended by striking the sec-
15 ond sentence.

16 (b) AGREEMENTS WITH PEER REVIEW ORGANIZA-
17 TIONS.—

18 (1) REQUIREMENT FOR WRITTEN AGREE-
19 MENT.—Section 1876(i)(7)(A) of the Social Security
20 Act (42 U.S.C. 1395mm(i)(7)(A)) is amended by
21 striking “an agreement” and inserting “a written
22 agreement”.

23 (2) DEVELOPMENT OF MODEL AGREEMENT.—
24 Not later than July 1, 1996, the Secretary shall de-
25 velop a model of the agreement that an eligible orga-

1 nization with a risk-sharing contract under section
2 1876 of the Social Security Act must enter into with
3 an entity providing peer review services with respect
4 to services provided by the organization under sec-
5 tion 1876(i)(7)(A) of such Act.

6 (3) REPORT BY GAO.—

7 (A) STUDY.—The Comptroller General of
8 the United States shall conduct a study of the
9 costs incurred by eligible organizations with
10 risk-sharing contracts under section 1876(b) of
11 such Act of complying with the requirement of
12 entering into a written agreement with an en-
13 tity providing peer review services with respect
14 to services provided by the organization, to-
15 gether with an analysis of how information gen-
16 erated by such entities is used by the Secretary
17 to assess the quality of services provided by
18 such eligible organizations.

19 (B) REPORT TO CONGRESS.—Not later
20 than July 1, 1998, the Comptroller General
21 shall submit a report to the Committee on
22 Ways and Means and the Committee on Energy
23 and Commerce of the House of Representatives
24 and the Committee on Finance and the Special

1 Committee on Aging of the Senate on the study
2 conducted under subparagraph (A).

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply with respect to contract years be-
5 ginning on or after January 1, 1996.

6 **SEC. 5206. EFFECTIVE DATE.**

7 The amendments made by this subtitle shall take ef-
8 fect January 1, 1996.

9 **Subtitle C—Civil Monetary**
10 **Penalties**

11 **SEC. 5301. CIVIL MONETARY PENALTIES.**

12 (a) GENERAL CIVIL MONETARY PENALTIES.—Sec-
13 tion 1128A of the Social Security Act (42 U.S.C. 1320a-
14 7a) is amended as follows:

15 (1) In subsection (a)(1), by inserting “or of any
16 health plan (as defined in section 1128(i)),” after
17 “subsection (i)(1),”.

18 (2) In subsection (f)—

19 (A) by redesignating paragraph (3) as
20 paragraph (4); and

21 (B) by inserting after paragraph (2) the
22 following new paragraphs:

23 “(3) With respect to amounts recovered arising
24 out of a claim under a health plan, the portion of
25 such amounts as is determined to have been paid by

1 the plan shall be repaid to the plan, and the portion
2 of such amounts attributable to the amounts recov-
3 ered under this section by reason of the amendments
4 made by the Health Care Fraud Prevention Act of
5 1995 (as estimated by the Secretary) shall be depos-
6 ited into the Health Care Fraud and Abuse Control
7 Account established under section 101(b) of such
8 Act.”.

9 (3) In subsection (i)—

10 (A) in paragraph (2), by inserting “or
11 under a health plan” before the period at the
12 end, and

13 (B) in paragraph (5), by inserting “or
14 under a health plan” after “or XX”.

15 (b) EXCLUDED INDIVIDUAL RETAINING OWNERSHIP
16 OR CONTROL INTEREST IN PARTICIPATING ENTITY.—
17 Section 1128A(a) of the Social Security Act (42 U.S.C.
18 1320a-7a(a)) is amended—

19 (1) by striking “or” at the end of paragraph
20 (1)(D);

21 (2) by striking “, or” at the end of paragraph
22 (2) and inserting a semicolon;

23 (3) by striking the semicolon at the end of
24 paragraph (3) and inserting “; or”; and

1 (4) by inserting after paragraph (3) the follow-
2 ing new paragraph:

3 “(4) in the case of a person who is not an orga-
4 nization, agency, or other entity, is excluded from
5 participating in a program under title XVIII or a
6 State health care program in accordance with this
7 subsection or under section 1128 and who, at the
8 time of a violation of this subsection, retains a direct
9 or indirect ownership or control interest of 5 percent
10 or more, or an ownership or control interest (as de-
11 fined in section 1124(a)(3)) in, or who is an officer,
12 director, agent, or managing employee (as defined in
13 section 1126(b)) of, an entity that is participating in
14 a program under title XVIII or a State health care
15 program;”.

16 (c) MODIFICATIONS OF AMOUNTS OF PENALTIES
17 AND ASSESSMENTS.—Section 1128A(a) of the Social Se-
18 curity Act (42 U.S.C. 1320a-7a(a)), as amended by sub-
19 section (b), is amended in the matter following paragraph
20 (4)—

21 (1) by striking “\$2,000” and inserting
22 “\$10,000”;

23 (2) by inserting “; in cases under paragraph
24 (4), \$10,000 for each day the prohibited relationship

1 occurs” after “false or misleading information was
2 given”; and

3 (3) by striking “twice the amount” and insert-
4 ing “3 times the amount”.

5 (d) CLAIM FOR ITEM OR SERVICE BASED ON INCOR-
6 RECT CODING OR MEDICALLY UNNECESSARY SERV-
7 ICES.—Section 1128A(a)(1) of the Social Security Act (42
8 U.S.C. 1320a-7a(a)(1)) is amended—

9 (1) in subparagraph (A) by striking “claimed,”
10 and inserting the following: “claimed, including any
11 person who repeatedly presents or causes to be pre-
12 sented a claim for an item or service that is based
13 on a code that the person knows or should know will
14 result in a greater payment to the person than the
15 code the person knows or should know is applicable
16 to the item or service actually provided,”;

17 (2) in subparagraph (C), by striking “or” at
18 the end;

19 (3) in subparagraph (D), by striking “; or” and
20 inserting “, or”; and

21 (4) by inserting after subparagraph (D) the fol-
22 lowing new subparagraph:

23 “(E) is for a medical or other item or serv-
24 ice that a person repeatedly knows or should
25 know is not medically necessary; or”.

1 (e) PERMITTING SECRETARY TO IMPOSE CIVIL MON-
2 ETARY PENALTY.—Section 1128A(b) of the Social Secu-
3 rity Act (42 U.S.C. 1320a–7a(a)) is amended by adding
4 the following new paragraph:

5 “(3) Any person (including any organization,
6 agency, or other entity, but excluding a beneficiary
7 as defined in subsection (i)(5)) who the Secretary
8 determines has violated section 1128B(b) of this
9 title shall be subject to a civil monetary penalty of
10 not more than \$10,000 for each such violation. In
11 addition, such person shall be subject to an assess-
12 ment of not more than twice the total amount of the
13 remuneration offered, paid, solicited, or received in
14 violation of section 1128B(b). The total amount of
15 remuneration subject to an assessment shall be cal-
16 culated without regard to whether some portion
17 thereof also may have been intended to serve a pur-
18 pose other than one proscribed by section
19 1128B(b).”.

20 (f) SANCTIONS AGAINST PRACTITIONERS AND PER-
21 SONS FOR FAILURE TO COMPLY WITH STATUTORY OBLI-
22 GATIONS.—Section 1156(b)(3) of the Social Security Act
23 (42 U.S.C. 1320c–5(b)(3)) is amended by striking “the
24 actual or estimated cost” and inserting the following: “up
25 to \$10,000 for each instance”.

1 (g) PROCEDURAL PROVISIONS.—Section 1876(i)(6)
2 of such Act (42 U.S.C. 1395mm(i)(6)) is further amended
3 by adding at the end the following new subparagraph:

4 “(D) The provisions of section 1128A (other than
5 subsections (a) and (b)) shall apply to a civil money pen-
6 alty under subparagraph (A) or (B) in the same manner
7 as they apply to a civil money penalty or proceeding under
8 section 1128A(a).”.

9 (h) EFFECTIVE DATE.—The amendments made by
10 this section shall take effect January 1, 1996.

11 (i) PROHIBITION AGAINST OFFERING INDUCEMENTS
12 TO INDIVIDUALS ENROLLED UNDER PROGRAMS OR
13 PLANS.—

14 (1) OFFER OF REMUNERATION.—Section
15 1128A(a) of the Social Security Act (42 U.S.C.
16 1320a-7a(a)) is amended—

17 (A) by striking “or” at the end of para-
18 graph (1)(D);

19 (B) by striking “, or” at the end of para-
20 graph (2) and inserting a semicolon;

21 (C) by striking the semicolon at the end of
22 paragraph (3) and inserting “; or”; and

23 (D) by inserting after paragraph (3) the
24 following new paragraph:

1 “(4) offers to or transfers remuneration to any
 2 individual eligible for benefits under title XVIII of
 3 this Act, or under a State health care program (as
 4 defined in section 1128(h)) that such person knows
 5 or should know is likely to influence such individual
 6 to order or receive from a particular provider, practi-
 7 tioner, or supplier any item or service for which pay-
 8 ment may be made, in whole or in part, under title
 9 XVIII, or a State health care program;”.

10 (2) REMUNERATION DEFINED.—Section
 11 1128A(i) of such Act (42 U.S.C. 1320a–7a(i)) is
 12 amended by adding the following new paragraph:

13 “(6) The term ‘remuneration’ includes the waiv-
 14 er of coinsurance and deductible amounts (or any
 15 part thereof), and transfers of items or services for
 16 free or for other than fair market value. The term
 17 ‘remuneration’ does not include—

18 “(A) the waiver of coinsurance and deduct-
 19 ible amounts by a person, if—

20 “(i) the waiver is not offered as part
 21 of any advertisement or solicitation;

22 “(ii) the person does not routinely
 23 waive coinsurance or deductible amounts;
 24 and

25 “(iii) the person—

1 “(I) waives the coinsurance and
2 deductible amounts after determining
3 in good faith that the individual is in
4 financial need;

5 “(II) fails to collect coinsurance
6 or deductible amounts after making
7 reasonable collection efforts; or

8 “(III) provides for any permis-
9 sible waiver as specified in section
10 1128B(b)(3) or in regulations issued
11 by the Secretary;

12 “(B) differentials in coinsurance and de-
13 ductible amounts as part of a benefit plan de-
14 sign as long as the differentials have been dis-
15 closed in writing to all third party payors to
16 whom claims are presented and as long as the
17 differentials meet the standards as defined in
18 regulations promulgated by the Secretary; or

19 “(C) incentives given to individuals to pro-
20 mote the delivery of preventive care as deter-
21 mined by the Secretary in regulations.”.

1 **Subtitle D—Payments for State**
2 **Health Care Fraud Control Units**

3 **SEC. 5401. ESTABLISHMENT OF STATE FRAUD UNITS.**

4 (a) ESTABLISHMENT OF HEALTH CARE FRAUD AND
5 ABUSE CONTROL UNIT.—The Governor of each State
6 shall, consistent with State law, establish and maintain in
7 accordance with subsection (b) a State agency to act as
8 a Health Care Fraud and Abuse Control Unit for purposes
9 of this subtitle.

10 (b) DEFINITION.—In this section, a “State Fraud
11 Unit” means a Health Care Fraud and Abuse Control
12 Unit designated under subsection (a) that the Secretary
13 certifies meets the requirements of this subtitle.

14 **SEC. 5402. REQUIREMENTS FOR STATE FRAUD UNITS.**

15 (a) IN GENERAL.—The State Fraud Unit must—

16 (1) be a single identifiable entity of the State
17 government;

18 (2) be separate and distinct from any State
19 agency with principal responsibility for the adminis-
20 tration of any federally-funded or mandated health
21 care program;

22 (3) meet the other requirements of this section.

23 (b) SPECIFIC REQUIREMENTS DESCRIBED.—The
24 State Fraud Unit shall—

1 (1) be a Unit of the office of the State Attorney
2 General or of another department of State govern-
3 ment which possesses statewide authority to pros-
4 ecute individuals for criminal violations;

5 (2) if it is in a State the constitution of which
6 does not provide for the criminal prosecution of indi-
7 viduals by a statewide authority and has formal pro-
8 cedures, (A) assure its referral of suspected criminal
9 violations to the appropriate authority or authorities
10 in the State for prosecution, and (B) assure its as-
11 sistance of, and coordination with, such authority or
12 authorities in such prosecutions; or

13 (3) have a formal working relationship with the
14 office of the State Attorney General or the appro-
15 priate authority or authorities for prosecution and
16 have formal procedures (including procedures for its
17 referral of suspected criminal violations to such of-
18 fice) which provide effective coordination of activities
19 between the Fraud Unit and such office with respect
20 to the detection, investigation, and prosecution of
21 suspected criminal violations relating to any feder-
22 ally-funded or mandated health care programs.

23 (c) STAFFING REQUIREMENTS.—The State Fraud
24 Unit shall—

1 (1) employ attorneys, auditors, investigators
2 and other necessary personnel; and

3 (2) be organized in such a manner and provide
4 sufficient resources as is necessary to promote the
5 effective and efficient conduct of State Fraud Unit
6 activities.

7 (d) COOPERATIVE AGREEMENTS; MEMORANDA OF
8 UNDERSTANDING.—The State Fraud Unit shall have co-
9 operative agreements with—

10 (1) federally-funded or mandated health care
11 programs;

12 (2) similar Fraud Units in other States, as ex-
13 emplified through membership and participation in
14 the National Association of Medicaid Fraud Control
15 Units or its successor; and

16 (3) the Secretary.

17 (e) REPORTS.—The State Fraud Unit shall submit
18 to the Secretary an application and an annual report con-
19 taining such information as the Secretary determines to
20 be necessary to determine whether the State Fraud Unit
21 meets the requirements of this section.

22 (f) FUNDING SOURCE; PARTICIPATION IN ALL-
23 PAYER PROGRAM.—In addition to those sums expended
24 by a State under section 5404(a) for purposes of deter-
25 mining the amount of the Secretary's payments, a State

1 Fraud Unit may receive funding for its activities from
2 other sources, the identity of which shall be reported to
3 the Secretary in its application or annual report. The
4 State Fraud Unit shall participate in the all-payer fraud
5 and abuse control program established under section
6 5101.

7 **SEC. 5403. SCOPE AND PURPOSE.**

8 The State Fraud Unit shall carry out the following
9 activities:

10 (1) The State Fraud Unit shall conduct a state-
11 wide program for the investigation and prosecution
12 (or referring for prosecution) of violations of all ap-
13 plicable State laws regarding any and all aspects of
14 fraud in connection with any aspect of the adminis-
15 tration and provision of health care services and ac-
16 tivities of providers of such services under any feder-
17 ally-funded or mandated health care programs;

18 (2) The State Fraud Unit shall have procedures
19 for reviewing complaints of the abuse or neglect of
20 patients of facilities (including patients in residential
21 facilities and home health care programs) that re-
22 ceive payments under any federally-funded or man-
23 dated health care programs, and, where appropriate,
24 to investigate and prosecute such complaints under

1 the criminal laws of the State or for referring the
2 complaints to other State agencies for action.

3 (3) The State Fraud Unit shall provide for the
4 collection, or referral for collection to the appro-
5 priate agency, of overpayments that are made under
6 any federally-funded or mandated health care pro-
7 gram and that are discovered by the State Fraud
8 Unit in carrying out its activities.

9 **SEC. 5404. PAYMENTS TO STATES.**

10 (a) MATCHING PAYMENTS TO STATES.—Subject to
11 subsection (c), for each year for which a State has a State
12 Fraud Unit approved under section 5402(b) in operation
13 the Secretary shall provide for a payment to the State for
14 each quarter in a fiscal year in an amount equal to the
15 applicable percentage of the sums expended during the
16 quarter by the State Fraud Unit.

17 (b) APPLICABLE PERCENTAGE DEFINED.—

18 (1) IN GENERAL.—In subsection (a), the “ap-
19 plicable percentage” with respect to a State for a
20 fiscal year is—

21 (A) 90 percent, for quarters occurring dur-
22 ing the first 3 years for which the State Fraud
23 Unit is in operation; or

24 (B) 75 percent, for any other quarters.

1 (2) TREATMENT OF STATES WITH MEDICAID
2 FRAUD CONTROL UNITS.—In the case of a State
3 with a State medicaid fraud control in operation
4 prior to or as of the date of the enactment of this
5 Act, in determining the number of years for which
6 the State Fraud Unit under this subtitle has been
7 in operation, there shall be included the number of
8 years for which such State medicaid fraud control
9 unit was in operation.

10 (c) LIMIT ON PAYMENT.—Notwithstanding sub-
11 section (a), the total amount of payments made to a State
12 under this section for a fiscal year may not exceed the
13 amounts as authorized pursuant to section 1903(b)(3) of
14 the Social Security Act.

15 **TITLE VI—REVENUE** 16 **PROVISIONS**

17 **SEC. 6000. AMENDMENT OF 1986 CODE.**

18 Except as otherwise expressly provided, whenever in
19 this title an amendment or repeal is expressed in terms
20 of an amendment to, or repeal of, a section or other provi-
21 sion, the reference shall be considered to be made to a
22 section or other provision of the Internal Revenue Code
23 of 1986.

1 **Subtitle A—Financing Provisions**

2 **PART I—INCREASE IN TAX ON TOBACCO**

3 **PRODUCTS**

4 **SEC. 6001. INCREASE IN EXCISE TAXES ON TOBACCO** 5 **PRODUCTS.**

6 (a) CIGARETTES.—Subsection (b) of section 5701 is
7 amended—

8 (1) by striking “\$12 per thousand (\$10 per
9 thousand on cigarettes removed during 1991 or
10 1992)” in paragraph (1) and inserting “\$62 per
11 thousand”, and

12 (2) by striking “\$25.20 per thousand (\$21 per
13 thousand on cigarettes removed during 1991 or
14 1992)” in paragraph (2) and inserting “\$130.20 per
15 thousand”.

16 (b) CIGARS.—Subsection (a) of section 5701 is
17 amended—

18 (1) by striking “\$1.125 cents per thousand
19 (93.75 cents per thousand on cigars removed during
20 1991 or 1992)” in paragraph (1) and inserting
21 “\$51.13 per thousand”, and

22 (2) by striking “equal to” and all that follows
23 in paragraph (2) and inserting “equal to 66 percent
24 of the price for which sold but not more than \$155
25 per thousand.”

1 (c) CIGARETTE PAPERS.—Subsection (c) of section
2 5701 is amended by striking “0.75 cent (0.625 cent on
3 cigarette papers removed during 1991 or 1992)” and in-
4 serting “3.88 cents”.

5 (d) CIGARETTE TUBES.—Subsection (d) of section
6 5701 is amended by striking “1.5 cents (1.25 cents on
7 cigarette tubes removed during 1991 or 1992)” and in-
8 serting “7.76 cents”.

9 (e) SMOKELESS TOBACCO.—Subsection (e) of section
10 5701 is amended—

11 (1) by striking “36 cents (30 cents on snuff re-
12 moved during 1991 or 1992)” in paragraph (1) and
13 inserting “\$13.69”, and

14 (2) by striking “12 cents (10 cents on chewing
15 tobacco removed during 1991 or 1992)” in para-
16 graph (2) and inserting “\$5.45”.

17 (f) PIPE TOBACCO.—Subsection (f) of section 5701
18 is amended by striking “67.5 cents (56.25 cents on pipe
19 tobacco removed during 1991 or 1992)” and inserting
20 “\$17.35”.

21 (g) APPLICATION OF TAX INCREASE TO PUERTO
22 RICO.—Section 5701 is amended by adding at the end the
23 following new subsection:

1 “(h) APPLICATION TO TAXES TO PUERTO RICO.—
2 Notwithstanding subsections (b) and (c) of section 7653
3 and any other provision of law—

4 “(1) IN GENERAL.—On tobacco products and
5 cigarette papers and tubes, manufactured or im-
6 ported into the Commonwealth of Puerto Rico, there
7 is hereby imposed a tax at the rate equal to the ex-
8 cess of—

9 “(A) the rate of tax applicable under this
10 section to like articles manufactured in the
11 United States, over

12 “(B) the rate referred to in subparagraph
13 (A) as in effect on the day before the date of
14 the enactment of the Health Partnership Act of
15 1995.

16 “(2) SHIPMENTS TO PUERTO RICO FROM THE
17 UNITED STATES.—Only the rates of tax in effect on
18 the day before the date of the enactment of this sub-
19 section shall be taken into account in determining
20 the amount of any exemption from, or credit or
21 drawback of, any tax imposed by this section on any
22 article shipped to the Commonwealth of Puerto Rico
23 from the United States.

24 “(3) SHIPMENTS FROM PUERTO RICO TO THE
25 UNITED STATES.—The rates of tax taken into ac-

1 count under section 7652(a) with respect to tobacco
2 products and cigarette papers and tubes coming into
3 the United States from the Commonwealth of Puer-
4 to Rico shall be the rates of tax in effect on the day
5 before the date of the enactment of the Health Part-
6 nership Act of 1995.

7 “(4) DISPOSITION OF REVENUES.—The provi-
8 sions of section 7652(a)(3) shall not apply to any
9 tax imposed by reason of this subsection.”

10 (h) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to articles removed (as defined in
12 section 5702(k) of the Internal Revenue Code of 1986,
13 as amended by this Act) after December 31, 1995.

14 (i) FLOOR STOCKS TAXES.—

15 (1) IMPOSITION OF TAX.—On tobacco products
16 and cigarette papers and tubes manufactured in or
17 imported into the United States or the Common-
18 wealth of Puerto Rico which are removed before any
19 tax-increase date, and held on such date for sale by
20 any person, there is hereby imposed a tax in an
21 amount equal to the excess of—

22 (A) the tax which would be imposed under
23 section 5701 of the Internal Revenue Code of
24 1986 on the article if the article had been re-
25 moved on such date, over

1 (B) the prior tax (if any) imposed under
2 section 5701 or 7652 of such Code on such ar-
3 ticle.

4 (2) AUTHORITY TO EXEMPT CIGARETTES HELD
5 IN VENDING MACHINES.—To the extent provided in
6 regulations prescribed by the Secretary, no tax shall
7 be imposed by paragraph (1) on cigarettes held for
8 retail sale on any tax-increase date, by any person
9 in any vending machine. If the Secretary provides
10 such a benefit with respect to any person, the Sec-
11 retary may reduce the \$500 amount in paragraph
12 (3) with respect to such person.

13 (3) CREDIT AGAINST TAX.—Each person shall
14 be allowed as a credit against the taxes imposed by
15 paragraph (1) an amount equal to \$500. Such credit
16 shall not exceed the amount of taxes imposed by
17 paragraph (1) on each tax-increase date for which
18 such person is liable.

19 (4) LIABILITY FOR TAX AND METHOD OF PAY-
20 MENT.—

21 (A) LIABILITY FOR TAX.—A person hold-
22 ing cigarettes on any tax-increase date, to
23 which any tax imposed by paragraph (1) applies
24 shall be liable for such tax.

1 (B) METHOD OF PAYMENT.—The tax im-
2 posed by paragraph (1) shall be paid in such
3 manner as the Secretary shall prescribe by reg-
4 ulations.

5 (C) TIME FOR PAYMENT.—The tax im-
6 posed by paragraph (1) shall be paid on or be-
7 fore the date which is 3 months after the tax-
8 increase date.

9 (5) ARTICLES IN FOREIGN TRADE ZONES.—
10 Notwithstanding the Act of June 18, 1934 (48 Stat.
11 998, 19 U.S.C. 81a) and any other provision of law,
12 any article which is located in a foreign trade zone
13 on any tax-increase date shall be subject to the tax
14 imposed by paragraph (1) if—

15 (A) internal revenue taxes have been deter-
16 mined, or customs duties liquidated, with re-
17 spect to such article before such date pursuant
18 to a request made under the 1st proviso of sec-
19 tion 3(a) of such Act, or

20 (B) such article is held on such date under
21 the supervision of a customs officer pursuant to
22 the 2d proviso of such section 3(a).

23 (6) DEFINITIONS.—For purposes of this sub-
24 section—

1 (A) IN GENERAL.—Terms used in this sub-
2 section which are also used in section 5702 of
3 the Internal Revenue Code of 1986 shall have
4 the respective meanings such terms have in
5 such section, as amended by this Act.

6 (B) SECRETARY.—The term “Secretary”
7 means the Secretary of the Treasury or his del-
8 egate.

9 (C) TAX-INCREASE DATE.—The term “tax-
10 increase date” means January 1, 1996, and
11 July 1, 1997.

12 (7) CONTROLLED GROUPS.—Rules similar to
13 the rules of section 5061(e)(3) of such Code shall
14 apply for purposes of this subsection.

15 (8) OTHER LAWS APPLICABLE.—All provisions
16 of law, including penalties, applicable with respect to
17 the taxes imposed by section 5701 of such Code
18 shall, insofar as applicable and not inconsistent with
19 the provisions of this subsection, apply to the floor
20 stocks taxes imposed by paragraph (1), to the same
21 extent as if such taxes were imposed by such section
22 5701. The Secretary may treat any person who bore
23 the ultimate burden of the tax imposed by para-
24 graph (1) as the person to whom a credit or refund
25 under such provisions may be allowed or made.

1 **SEC. 6002. MODIFICATIONS OF CERTAIN TOBACCO TAX**
2 **PROVISIONS.**

3 (a) EXEMPTION FOR EXPORTED TOBACCO PROD-
4 UCTS AND CIGARETTE PAPERS AND TUBES TO APPLY
5 ONLY TO ARTICLES MARKED FOR EXPORT.—

6 (1) Subsection (b) of section 5704 is amended
7 by adding at the end the following new sentence:
8 “Tobacco products and cigarette papers and tubes
9 may not be transferred or removed under this sub-
10 section unless such products or papers and tubes
11 bear such marks, labels, or notices as the Secretary
12 shall by regulations prescribe.”

13 (2) Section 5761 is amended by redesignating
14 subsections (c) and (d) as subsections (d) and (e),
15 respectively, and by inserting after subsection (b)
16 the following new subsection:

17 “(c) SALE OF TOBACCO PRODUCTS AND CIGARETTE
18 PAPERS AND TUBES FOR EXPORT.—Except as provided
19 in subsections (b) and (d) of section 5704—

20 “(1) every person who sells, relands, or receives
21 within the jurisdiction of the United States any to-
22 bacco products or cigarette papers or tubes which
23 have been labeled or shipped for exportation under
24 this chapter,

1 “(2) every person who sells or receives such
2 relanded tobacco products or cigarette papers or
3 tubes, and

4 “(3) every person who aids or abets in such
5 selling, relanding, or receiving,

6 shall, in addition to the tax and any other penalty provided
7 in this title, be liable for a penalty equal to the greater
8 of \$1,000 or 5 times the amount of the tax imposed by
9 this chapter. All tobacco products and cigarette papers
10 and tubes relanded within the jurisdiction of the United
11 States, and all vessels, vehicles, and aircraft used in such
12 relanding or in removing such products, papers, and tubes
13 from the place where relanded, shall be forfeited to the
14 United States.”.

15 (3) Subsection (a) of section 5761 is amended
16 by striking “subsection (b)” and inserting “sub-
17 section (b) or (c)”.

18 (4) Subsection (d) of section 5761, as redesign-
19 nated by paragraph (2), is amended by striking
20 “The penalty imposed by subsection (b)” and insert-
21 ing “The penalties imposed by subsections (b) and
22 (c)”.

23 (5)(A) Subpart F of chapter 52 is amended by
24 adding at the end the following new section:

1 **“SEC. 5754. RESTRICTION ON IMPORTATION OF PRE-**
2 **VIOUSLY EXPORTED TOBACCO PRODUCTS.**

3 “(a) IN GENERAL.—Tobacco products and cigarette
4 papers and tubes previously exported from the United
5 States may be imported or brought into the United States
6 only as provided in section 5704(d). For purposes of this
7 section, section 5704(d), section 5761, and such other pro-
8 visions as the Secretary may specify by regulations, ref-
9 erences to exportation shall be treated as including a ref-
10 erence to shipment to the Commonwealth of Puerto Rico.

11 “(b) CROSS REFERENCE.—

**“For penalty for the sale of tobacco products and
cigarette papers and tubes in the United States
which are labeled for export, see section 5761(c).”.**

12 (B) The table of sections for subpart F of chap-
13 ter 52 is amended by adding at the end the following
14 new item:

“Sec. 5754. Restriction on importation of previously exported to-
bacco products.”.

15 (b) IMPORTERS REQUIRED TO BE QUALIFIED.—

16 (1) Sections 5712, 5713(a), 5721, 5722,
17 5762(a)(1), and 5763 (b) and (c) are each amended
18 by inserting “or importer” after “manufacturer”.

19 (2) The heading of subsection (b) of section
20 5763 is amended by inserting “QUALIFIED IMPORT-
21 ERS,” after “MANUFACTURERS,”.

1 (3) The heading for subchapter B of chapter 52
2 is amended by inserting “**and Importers**” after
3 “**Manufacturers**”.

4 (4) The item relating to subchapter B in the
5 table of subchapters for chapter 52 is amended by
6 inserting “and importers” after “manufacturers”.

7 (c) REPEAL OF TAX-EXEMPT SALES TO EMPLOYEES
8 OF CIGARETTE MANUFACTURERS.—

9 (1) Subsection (a) of section 5704 is amend-
10 ed—

11 (A) by striking “EMPLOYEE USE OR” in
12 the heading, and

13 (B) by striking “for use or consumption by
14 employees or” in the text.

15 (2) Subsection (e) of section 5723 is amended
16 by striking “for use or consumption by their employ-
17 ees, or for experimental purposes” and inserting
18 “for experimental purposes”.

19 (d) REPEAL OF TAX-EXEMPT SALES TO UNITED
20 STATES.—Subsection (b) of section 5704 is amended by
21 striking “and manufacturers may similarly remove such
22 articles for use of the United States;”.

23 (e) BOOKS OF 25 OR FEWER CIGARETTE PAPERS
24 SUBJECT TO TAX.—Subsection (c) of section 5701 is
25 amended by striking “On each book or set of cigarette

1 papers containing more than 25 papers,” and inserting
2 “On cigarette papers,”.

3 (f) STORAGE OF TOBACCO PRODUCTS.—Subsection
4 (k) of section 5702 is amended by inserting “under section
5 5704” after “internal revenue bond”.

6 (g) AUTHORITY TO PRESCRIBE MINIMUM MANUFAC-
7 TURING ACTIVITY REQUIREMENTS.—Section 5712 is
8 amended by striking “or” at the end of paragraph (1),
9 by redesignating paragraph (2) as paragraph (3), and by
10 inserting after paragraph (1) the following new paragraph:

11 “(2) the activity proposed to be carried out at
12 such premises does not meet such minimum capacity
13 or activity requirements as the Secretary may pre-
14 scribe, or”.

15 (h) SPECIAL RULES RELATING TO PUERTO RICO
16 AND THE VIRGIN ISLANDS.—Section 7652 is amended by
17 adding at the end the following new subsection:

18 “(h) LIMITATION ON COVER OVER OF TAX ON TO-
19 BACCO PRODUCTS.—For purposes of this section, with re-
20 spect to taxes imposed under section 5701 or this section
21 on any tobacco product or cigarette paper or tube, the
22 amount covered into the treasuries of Puerto Rico and the
23 Virgin Islands shall not exceed the rate of tax under sec-
24 tion 5701 in effect on the article on the day before the

1 date of the enactment of the Health Partnership Act of
2 1995.”.

3 (i) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to articles removed (as defined in
5 section 5702(k) of the Internal Revenue Code of 1986,
6 as amended by this Act) after December 31, 1995.

7 **SEC. 6003. IMPOSITION OF EXCISE TAX ON MANUFACTURE**
8 **OR IMPORTATION OF ROLL-YOUR-OWN TO-**
9 **BACCO.**

10 (a) IN GENERAL.—Section 5701 (relating to rate of
11 tax), as amended by section 701, is amended by redesi-
12 gnating subsections (g) and (h) as subsections (h) and (i)
13 and by inserting after subsection (f) the following new
14 subsection:

15 “(g) ROLL-YOUR-OWN TOBACCO.—On roll-your-own
16 tobacco, manufactured in or imported into the United
17 States, there shall be imposed a tax of \$17.35 per pound
18 (and a proportionate tax at the like rate on all fractional
19 parts of a pound).”.

20 (b) ROLL-YOUR-OWN TOBACCO.—Section 5702 (re-
21 lating to definitions) is amended by adding at the end the
22 following new subsection:

23 “(p) ROLL-YOUR-OWN TOBACCO.—The term ‘roll-
24 your-own tobacco’ means any tobacco which, because of
25 its appearance, type, packaging, or labeling, is suitable for

1 use and likely to be offered to, or purchased by, consumers
2 as tobacco for making cigarettes.”.

3 (c) TECHNICAL AMENDMENTS.—

4 (1) Subsection (c) of section 5702 is amended
5 by striking “and pipe tobacco” and inserting “pipe
6 tobacco, and roll-your-own tobacco”.

7 (2) Subsection (d) of section 5702 is amend-
8 ed—

9 (A) in the material preceding paragraph
10 (1), by striking “or pipe tobacco” and inserting
11 “pipe tobacco, or roll-your-own tobacco”, and

12 (B) by striking paragraph (1) and insert-
13 ing the following new paragraph:

14 “(1) a person who produces cigars, cigarettes,
15 smokeless tobacco, pipe tobacco, or roll-your-own to-
16 bacco solely for the person’s own personal consump-
17 tion or use, and”.

18 (3) The chapter heading for chapter 52 is
19 amended to read as follows:

20 **“CHAPTER 52—TOBACCO PRODUCTS AND**
21 **CIGARETTE PAPERS AND TUBES”.**

22 (4) The table of chapters for subtitle E is
23 amended by striking the item relating to chapter 52
24 and inserting the following new item:

“CHAPTER 52. Tobacco products and cigarette papers and
tubes.”.

1 (d) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by
3 this section shall apply to roll-your-own tobacco re-
4 moved (as defined in section 5702(k) of the Internal
5 Revenue Code of 1986, as amended by this Act)
6 after December 31, 1995.

7 (2) TRANSITIONAL RULE.—Any person who—

8 (A) on the date of the enactment of this
9 Act is engaged in business as a manufacturer of
10 roll-your-own tobacco or as an importer of to-
11 bacco products or cigarette papers and tubes,
12 and

13 (B) before January 1, 1995, submits an
14 application under subchapter B of chapter 52
15 of such Code to engage in such business,

16 may, notwithstanding such subchapter B, continue
17 to engage in such business pending final action on
18 such application. Pending such final action, all pro-
19 visions of such chapter 52 shall apply to such appli-
20 cant in the same manner and to the same extent as
21 if such applicant were a holder of a permit under
22 such chapter 52 to engage in such business.

1 **Subtitle B—Health Care Reform**
 2 **Trust Fund**

3 **SEC. 6101. ESTABLISHMENT OF HEALTH CARE REFORM**
 4 **TRUST FUND.**

5 (a) IN GENERAL.—Subchapter A of chapter 98 (re-
 6 lating to establishment of trust funds) is amended by add-
 7 ing at the end the following new part:

8 **“PART II—HEALTH CARE TRUST FUNDS**

 “Sec. 9551. Health Care Reform Trust Fund

9 **“SEC. 9551. HEALTH CARE REFORM TRUST FUND.**

10 “(a) CREATION OF TRUST FUND.—There is estab-
 11 lished in the Treasury of the United States a trust fund
 12 to be known as the ‘Health Care Reform Trust Fund’,
 13 consisting of such amounts as may be appropriated or
 14 credited to the Health Care Reform Trust Fund as pro-
 15 vided in this section.

16 “(b) TRANSFERS TO THE TRUST FUND.—There are
 17 hereby appropriated to the Health Care Reform Trust
 18 Fund amounts received in the Treasury under section
 19 5701 (relating to taxes on tobacco products) to the extent
 20 attributable to the increases in such taxes as the result
 21 of the enactment of subtitle A of title VI of the Health
 22 Partnership Act of 1995.

23 “(c) EXPENDITURES.—Amounts in the Health Care
 24 Reform Trust Fund are appropriated as provided for in

1 sections 2001 and 4003 of the Health Partnership Act of
2 1995, and title XXVII of the Public Health Service Act,
3 and to the extent any such amount is not expended during
4 any fiscal year, such amount shall be available for such
5 purpose for subsequent fiscal years.

6 “(d) OTHER RULES.—

7 “(1) INSUFFICIENT FUNDS.—If, for any fiscal
8 year, the sum of the amounts required to be allo-
9 cated under subsection (c) exceeds the amounts re-
10 ceived in the Health Care Reform Trust Fund, then
11 each of such amounts required to be so allocated
12 shall be reduced to an amount which bears the same
13 ratio to such amount as the amounts received in the
14 trust fund bear to the amounts required to be so al-
15 located (without regard to this paragraph).

16 “(2) ALLOCATION OF EXCESS FUNDS AND IN-
17 TEREST.—Amounts received in the Health Care Re-
18 form Trust Fund in excess of the amounts required
19 to be allocated under subsection (c), for any fiscal
20 year shall be allocated ratably on the basis of the
21 amounts allocated for the fiscal year (without regard
22 to this paragraph).”.

23 (b) CONFORMING AMENDMENT.—Subchapter A of
24 chapter 98 is amended by inserting after the subchapter
25 heading the following new items:

“Part I. General trust funds.

“Part II. Health care trust fund.

1 **“PART I—GENERAL TRUST FUNDS”.**



S 308 IS—2

S 308 IS—3

S 308 IS—4

S 308 IS—5

S 308 IS—6

S 308 IS—7

S 308 IS—8

S 308 IS—9

S 308 IS—10

S 308 IS—11

S 308 IS—12

S 308 IS—13