

108TH CONGRESS  
1ST SESSION

# H. R. 1940

To improve the provision of telehealth services under the Medicare Program, to provide grants for the development of telehealth networks, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 1, 2003

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

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## A BILL

To improve the provision of telehealth services under the Medicare Program, to provide grants for the development of telehealth networks, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medicare Telehealth  
5 Validation Act of 2003”.

1 **SEC. 2. EXPANSION AND IMPROVEMENT OF TELEHEALTH**  
2 **SERVICES.**

3 (a) EXPANDING ACCESS TO TELEHEALTH SERVICES  
4 TO ALL AREAS.—

5 (1) IN GENERAL.—Section 1834(m) of the So-  
6 cial Security Act (42 U.S.C. 1395m(m)) is amended  
7 in paragraph (4)(C)(i) by striking “and only if such  
8 site is located” and all that follows and inserting  
9 “without regard to the geographic area where the  
10 site is located, and includes an entity that partici-  
11 pates in a Federal telemedicine demonstration  
12 project that has been approved by (or receives fund-  
13 ing from) the Secretary of Health and Human Serv-  
14 ices as of December 31, 2000.”.

15 (2) STORE AND FORWARD TECHNOLOGY.—Such  
16 section is further amended in paragraph (1) by  
17 striking “in the case of any Federal telemedicine  
18 demonstration program conducted in Alaska or Ha-  
19 waii,”.

20 (b) INCREASING TYPES OF ORIGINATING SITES.—  
21 Paragraph (4)(C)(ii) of such section 1834(m) is amended  
22 by adding at the end the following new subclauses:

23 “(VI) A skilled nursing facility  
24 (as defined in section 1819(a)).

25 “(VII) An assisted living facility.

26 “(VIII) A board and care facility.

1 “(IX) A school.

2 “(X) A county mental health  
3 clinic or other publicly funded mental  
4 health facility.

5 “(XI) The residence of an indi-  
6 vidual enrolled under this part.

7 (c) FACILITATING THE PROVISION OF TELEHEALTH  
8 SERVICES ACROSS STATE LINES.—

9 (1) IN GENERAL.—For purposes of expediting  
10 the provision of telehealth services, for which pay-  
11 ment is made under the Medicare Program, across  
12 State lines, the Secretary of Health and Human  
13 Services shall, in consultation with representatives of  
14 States, physicians, health care practitioners, and pa-  
15 tient advocates, encourage and facilitate the adop-  
16 tion of provisions allowing for multistate practitioner  
17 licensure across State lines.

18 (2) DEFINITIONS.—In paragraph (1):

19 (A) TELEHEALTH SERVICE.—The term  
20 “telehealth service” has the meaning given that  
21 term in subparagraph (F) of section  
22 1834(m)(4) of the Social Security Act (42  
23 U.S.C. 1395m(m)(4)).

24 (B) PHYSICIAN, PRACTITIONER.—The  
25 terms “physician” and “practitioner” has the

1 meaning given those terms in subparagraphs  
2 (D) and (E), respectively, of such section.

3 (C) MEDICARE PROGRAM.—The term  
4 “medicare program” means the program of  
5 health insurance administered by the Secretary  
6 of Health and Human Services under title  
7 XVIII of the Social Security Act (42 U.S.C.  
8 1395 et seq.).

9 **SEC. 3. GRANT PROGRAM FOR THE DEVELOPMENT OF**  
10 **TELEHEALTH NETWORKS.**

11 (a) IN GENERAL.—The Secretary of Health and  
12 Human Services (in this section referred to as the “Sec-  
13 retary”), acting through the Director of the Office for the  
14 Advancement of Telehealth (of the Health Resources and  
15 Services Administration), shall make grants to eligible re-  
16 cipients (as described in subsection (b)(1)) for the purpose  
17 of expanding access to health care services for individuals  
18 in rural areas, frontier areas, and medically underserved  
19 areas through the use of telehealth.

20 (b) ELIGIBLE RECIPIENTS.—

21 (1) APPLICATION.—To be eligible to receive a  
22 grant under this section, an eligible entity described  
23 in paragraph (2) shall, in consultation with the  
24 State office of rural health or other appropriate  
25 State entity, prepare and submit to the Secretary an

1 application, at such time, in such manner, and con-  
2 taining such information as the Secretary may re-  
3 quire, including the following:

4 (A) A description of the anticipated need  
5 for the grant.

6 (B) A description of the activities which  
7 the entity intends to carry out using amounts  
8 provided under the grant.

9 (C) A plan for continuing the project after  
10 Federal support under this section is ended.

11 (D) A description of the manner in which  
12 the activities funded under the grant will meet  
13 health care needs of underserved rural popu-  
14 lations within the State.

15 (E) A description of how the local commu-  
16 nity or region to be served by the network or  
17 proposed network will be involved in the devel-  
18 opment and ongoing operations of the network.

19 (F) The source and amount of non-Federal  
20 funds the entity would pledge for the project.

21 (G) A showing of the long-term viability of  
22 the project and evidence of health care provider  
23 commitment to the network.

24 The application should demonstrate the manner in  
25 which the project will promote the integration of

1 telehealth in the community so as to avoid redun-  
2 dancy of technology and achieve economies of scale.

3 (2) ELIGIBLE ENTITIES.—An eligible entity de-  
4 scribed in this paragraph is a hospital or other  
5 health care provider in a health care network of  
6 community-based health care providers that includes  
7 at least two of the organizations described in sub-  
8 paragraph (A) and one of the institutions and enti-  
9 ties described in subparagraph (B) if the institution  
10 or entity is able to demonstrate use of the network  
11 for purposes of education or economic development  
12 (as required by the Secretary).

13 (A) The organizations described in this  
14 subparagraph are the following:

15 (i) Community or migrant health cen-  
16 ters.

17 (ii) Local health departments.

18 (iii) Nonprofit hospitals.

19 (iv) Private practice health profes-  
20 sionals, including community and rural  
21 health clinics.

22 (v) Other publicly funded health or so-  
23 cial services agencies.

24 (vi) Skilled nursing facilities.

1 (vii) County mental health and other  
2 publicly funded mental health facilities.

3 (viii) Providers of home health serv-  
4 ices.

5 (B) The institutions and entities described  
6 in this subparagraph are the following:

7 (i) A public school.

8 (ii) A public library.

9 (iii) A university or college.

10 (iv) A local government entity.

11 (v) A local health or nonhealth-related  
12 business entity.

13 An eligible entity may include for-profit entities so  
14 long as the recipient of the grant is a not-for-profit  
15 entity.

16 (d) PREFERENCE.—The Secretary shall establish  
17 procedures to prioritize financial assistance under this sec-  
18 tion based upon the following considerations:

19 (1) The applicant is a health care provider in  
20 a health care network or a health care provider that  
21 proposes to form such a network that furnishes or  
22 proposes to furnish services in a medically under-  
23 served area, health professional shortage area, or  
24 mental health professional shortage area.

1           (2) The applicant is able to demonstrate broad  
2           geographic coverage in the rural or medically under-  
3           served areas of the State, or States in which the ap-  
4           plicant is located.

5           (3) The applicant proposes to use Federal  
6           funds to develop plans for, or to establish, telehealth  
7           systems that will link rural hospitals and rural  
8           health care providers to other hospitals, health care  
9           providers, and patients.

10          (4) The applicant will use the amounts provided  
11          for a range of health care applications and to pro-  
12          mote greater efficiency in the use of health care re-  
13          sources.

14          (5) The applicant is able to demonstrate the  
15          long-term viability of projects through cost participa-  
16          tion (cash or in-kind).

17          (6) The applicant is able to demonstrate finan-  
18          cial, institutional, and community support for the  
19          long-term viability of the network.

20          (7) The applicant is able to provide a detailed  
21          plan for coordinating system use by eligible entities  
22          so that health care services are given a priority over  
23          non-clinical uses.

24          (e) MAXIMUM AMOUNT OF ASSISTANCE TO INDI-  
25          VIDUAL RECIPIENTS.—The Secretary shall establish, by



1 regulation, the terms and conditions of the grant and the  
2 maximum amount of a grant award to be made available  
3 to an individual recipient for each fiscal year under this  
4 section. The Secretary shall cause to have published in the  
5 Federal Register or the “HRSA Preview” notice of the  
6 terms and conditions of a grant under this section and  
7 the maximum amount of such a grant for a fiscal year.

8 (f) USE OF AMOUNTS.—The recipient of a grant  
9 under this section may use sums received under such  
10 grant for the acquisition of telehealth equipment and  
11 modifications or improvements of telecommunications fa-  
12 cilities including the following:

13 (1) The development and acquisition through  
14 lease or purchase of computer hardware and soft-  
15 ware, audio and video equipment, computer network  
16 equipment, interactive equipment, data terminal  
17 equipment, and other facilities and equipment that  
18 would further the purposes of this section.

19 (2) The provision of technical assistance and in-  
20 struction for the development and use of such pro-  
21 gramming equipment or facilities.

22 (3) The development and acquisition of instruc-  
23 tional programming.

24 (4) Demonstration projects for teaching or  
25 training medical students, residents, and other

1 health profession students in rural or medically un-  
2 derserved training sites about the application of tele-  
3 health.

4 (5) The provision of telenursing services de-  
5 signed to enhance care coordination and promote pa-  
6 tient self-management skills.

7 (6) The provision of services designed to pro-  
8 mote patient understanding and adherence to na-  
9 tional guidelines for common chronic diseases, such  
10 as congestive heart failure or diabetes.

11 (7) Transmission costs, maintenance of equip-  
12 ment, and compensation of specialists and referring  
13 health care providers.

14 (8) Development of projects to use telehealth to  
15 facilitate collaboration between health care providers.

16 (9) Electronic archival of patient records.

17 (10) Collection and analysis of usage statistics  
18 and data that can be used to document the cost-ef-  
19 fectiveness of the telehealth services.

20 (11) Such other uses that are consistent with  
21 achieving the purposes of this section as approved by  
22 the Secretary.

23 (g) PROHIBITED USES.—Sums received under a  
24 grant under this section may not be used for any of the  
25 following:

1           (1) To acquire real property.

2           (2) Expenditures to purchase or lease equip-  
3           ment to the extent the expenditures would exceed  
4           more than 40 percent of the total grant funds.

5           (3) To purchase or install transmission equip-  
6           ment off the premises of the telehealth site and any  
7           transmission costs not directly related to the grant.

8           (4) For construction, except that such funds  
9           may be expended for minor renovations relating to  
10          the installation of equipment.

11          (5) Expenditures for indirect costs (as deter-  
12          mined by the Secretary) to the extent the expendi-  
13          tures would exceed more than 20 percent of the total  
14          grant.

15          (h) ADMINISTRATION.—

16           (1) NONDUPLICATION.—The Secretary shall en-  
17           sure that facilities constructed using grants provided  
18           under this section do not duplicate adequately estab-  
19           lished telehealth networks.

20           (2) COORDINATION WITH OTHER AGENCIES.—  
21           The Secretary shall coordinate, to the extent prac-  
22           ticable, with other Federal and State agencies and  
23           not-for-profit organizations, operating similar grant  
24           programs to pool resources for funding meritorious  
25           proposals.

1           (3) INFORMATIONAL EFFORTS.—The Secretary  
2           shall establish and implement procedures to carry  
3           out outreach activities to advise potential end users  
4           located in rural and medically underserved areas of  
5           each State about the program authorized by this  
6           section.

7           (i) PROMPT IMPLEMENTATION.—The Secretary shall  
8           take such actions as are necessary to carry out the grant  
9           program as expeditiously as possible.

10          (j) AUTHORIZATION OF APPROPRIATIONS.—There  
11          are authorized to be appropriated to carry out this section  
12          \$40,000,000 for fiscal year 2004, and such sums as may  
13          be necessary for each of the fiscal years 2005 through  
14          2010.

15          **SEC. 4. JOINT WORKING GROUP ON TELEMEDICINE.**

16          (a) IN GENERAL.—

17                (1) REPRESENTATION OF RURAL AREAS.—The  
18                Joint Working Group on Telemedicine shall ensure  
19                that individuals that represent the interests of rural  
20                areas and medically underserved areas are members  
21                of the Group.

22                (2) MISSION.—The mission of the Joint Work-  
23                ing Group on Telemedicine is—

1 (A) to identify, monitor, and coordinate  
2 Federal telehealth projects, data sets, and pro-  
3 grams;

4 (B) to analyze—

5 (i) how telehealth systems are expand-  
6 ing access to health care services, edu-  
7 cation, and information;

8 (ii) the clinical, educational, or admin-  
9 istrative efficacy and cost-effectiveness of  
10 telehealth applications; and

11 (iii) the quality of the telehealth serv-  
12 ices delivered; and

13 (C) to make further recommendations for  
14 coordinating Federal and State efforts to in-  
15 crease access to health services, education, and  
16 information in rural and medically underserved  
17 areas.

18 (3) ANNUAL REPORTS.—Not later than two  
19 years after the date of enactment of this Act and  
20 each January 1 thereafter the Joint Working Group  
21 on Telemedicine shall submit to Congress a report  
22 on the status of the Group’s mission and the state  
23 of the telehealth field generally.

24 (b) REPORT SPECIFICS.—The annual report required  
25 under subsection (a)(3) shall provide—

1 (1) an analysis of—

2 (A) the matters described in subsection

3 (a)(3)(B);

4 (B) the Federal activities with respect to  
5 telehealth; and

6 (C) the progress of the Joint Working  
7 Group on Telemedicine’s efforts to coordinate  
8 Federal telehealth programs; and

9 (2) recommendations for a coordinated Federal  
10 strategy to increase health care access through tele-  
11 health.

12 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
13 are authorized to be appropriated such sums as are nec-  
14 essary for the Joint Working Group on Telemedicine to  
15 carry out this section.

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