

108TH CONGRESS
1ST SESSION

S. 1185

To amend title XVIII of the Social Security Act and the Public Health Service Act to improve outpatient health care for medicare beneficiaries who reside in rural areas, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 4, 2003

Mr. THOMAS (for himself, Mr. HARKIN, Mr. DOMENICI, Mr. BINGAMAN, Mr. ROBERTS, Mr. DAYTON, Mr. SMITH, Ms. CANTWELL, Mr. INOUYE, Mr. BURNS, Mr. JOHNSON, Mr. ENZI, Mrs. LINCOLN, Ms. COLLINS, Mr. DASCHLE, Mr. HAGEL, and Mr. CONRAD) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act and the Public Health Service Act to improve outpatient health care for medicare beneficiaries who reside in rural areas, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; AMENDMENTS TO SOCIAL SECU-**
4 **RITY ACT; TABLE OF CONTENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Rural Provider Equity Act of 2003”.

1 (b) AMENDMENTS TO SOCIAL SECURITY ACT.—Ex-
 2 cept as otherwise specifically provided, whenever in this
 3 Act an amendment is expressed in terms of an amendment
 4 to or repeal of a section or other provision, the reference
 5 shall be considered to be made to that section or other
 6 provision of the Social Security Act.

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

- Sec. 1. Short title; amendments to Social Security Act; table of contents.
- Sec. 2. Rural physician reimbursement improvements.
- Sec. 3. Physician assistant, nurse practitioner, and clinical nurse specialist im-
 improvements.
- Sec. 4. Rural health clinic improvements.
- Sec. 5. Extension of temporary increase for home health services furnished in
 a rural area.
- Sec. 6. Rural community health center improvements.
- Sec. 7. Ensuring appropriate coverage of ambulance services under ambulance
 fee schedule.
- Sec. 8. Rural mental health care accessibility improvements.
- Sec. 9. Rural health services research improvements.
- Sec. 10. Exclusion for loan payments under National Health Service Corps loan
 repayment program.
- Sec. 11. Virtual pharmacist consultation service demonstration projects.

9 **SEC. 2. RURAL PHYSICIAN REIMBURSEMENT IMPROVE-**
 10 **MENTS.**

11 (a) MEDICARE INCENTIVE PAYMENT PROGRAM IM-
 12 PROVEMENTS.—

13 (1) PROCEDURES FOR SECRETARY, AND NOT
 14 PHYSICIANS, TO DETERMINE WHEN BONUS PAY-
 15 MENTS UNDER MEDICARE INCENTIVE PAYMENT PRO-
 16 GRAM SHOULD BE MADE.—Section 1833(m) (42
 17 U.S.C. 1395l(m)) is amended—

18 (A) by inserting “(1)” after “(m)”; and

1 (B) by adding at the end the following new
2 paragraph:

3 “(2) The Secretary shall establish procedures under
4 which the Secretary, and not the physician furnishing the
5 service, is responsible for determining when a payment is
6 required to be made under paragraph (1).”.

7 (2) EDUCATIONAL PROGRAM REGARDING THE
8 MEDICARE INCENTIVE PAYMENT PROGRAM.—The
9 Secretary of Health and Human Services shall es-
10 tablish and implement an ongoing educational pro-
11 gram to provide education to physicians under the
12 medicare program on the medicare incentive pay-
13 ment program under section 1833(m) of the Social
14 Security Act (42 U.S.C. 1395l(m)).

15 (3) ONGOING STUDY AND ANNUAL REPORT ON
16 THE MEDICARE INCENTIVE PAYMENT PROGRAM.—

17 (A) ONGOING STUDY.—The Secretary of
18 Health and Human Services shall conduct an
19 ongoing study on the medicare incentive pay-
20 ment program under section 1833(m) of the
21 Social Security Act (42 U.S.C. 1395l(m)). Such
22 study shall focus on whether such program in-
23 creases the access of medicare beneficiaries who
24 reside in an area that is designated (under sec-
25 tion 332(a)(1)(A) of the Public Health Service

1 Act (42 U.S.C. 254e(a)(1)(A))) as a health pro-
 2 fessional shortage area to physicians' services
 3 under the medicare program.

4 (B) ANNUAL REPORTS.—Not later than 1
 5 year after the date of enactment of this Act,
 6 and annually thereafter, the Secretary of
 7 Health and Human Services shall submit to
 8 Congress a report on the study conducted under
 9 subparagraph (A), together with recommenda-
 10 tions for such legislation and administrative ac-
 11 tions as the Secretary considers appropriate.

12 (b) PHYSICIAN FEE SCHEDULE WAGE INDEX REVI-
 13 SION.—Section 1848(e)(1) (42 U.S.C. 1395w-4(e)(1)) is
 14 amended—

15 (1) in subparagraph (A), by striking “subpara-
 16 graphs (B) and (C)” and inserting “subparagraphs
 17 (B), (C), and (E)”; and

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

20 “(E) FLOOR FOR WORK GEOGRAPHIC INDI-
 21 CES.—

22 “(i) IN GENERAL.—After calculating
 23 the work geographic indices in subpara-
 24 graph (A)(iii) for a year (beginning with
 25 2004), the Secretary shall increase the

1 work geographic index for the year to the
 2 applicable floor index for the year for any
 3 locality for which such geographic index is
 4 less than such applicable floor index.

5 “(ii) APPLICABLE FLOOR INDEX.—
 6 For purposes of clause (i), the term ‘appli-
 7 cable floor index’ means—

8 “(I) 0.900 for services furnished
 9 during 2004; and

10 “(II) 1.000 for services furnished
 11 during 2005 and subsequent years.”.

12 **SEC. 3. PHYSICIAN ASSISTANT, NURSE PRACTITIONER, AND**
 13 **CLINICAL NURSE SPECIALIST IMPROVE-**
 14 **MENTS.**

15 (a) BROADENING MEDICARE BENEFICIARIES ACCESS
 16 TO HOME HEALTH SERVICES AND HOSPICE CARE.—Sec-
 17 tion 1861(r) (42 U.S.C. 1395f(x)) is amended by adding
 18 at the end the following new sentences: “For purposes of
 19 sections 1814(a)(2)(C), 1814(a)(7)(B), 1835(a)(2)(A),
 20 1861(m), 1861(dd), and 1895(e)(1), the term ‘physician’
 21 includes a nurse practitioner, a clinical nurse specialist,
 22 and a physician assistant (as such terms are defined in
 23 subsection (aa)(5)) who does not have a direct or indirect
 24 employment relationship with the home health agency or
 25 hospice program (as the case may be), and is legally au-

1 thorized to perform the services of a nurse practitioner,
2 a clinical nurse specialist, or a physician assistant (as the
3 case may be) in the jurisdiction in which the services are
4 performed. For purposes of the preceding sentence, the
5 provisions of section 1833(a)(1)(O) shall continue to apply
6 with respect to amounts paid for services furnished by
7 such a nurse practitioner, a clinical nurse specialist, and
8 a physician assistant.”.

9 (b) SKILLED NURSING FACILITIES.—Section
10 1819(b)(6) (42 U.S.C. 1395i–3(b)(6)) is amended—

11 (1) in the paragraph heading, by inserting “OR
12 NURSE PRACTITIONER” after “PHYSICIAN”; and

13 (2) in subparagraph (A), by inserting “or nurse
14 practitioner, including approving in writing a rec-
15 ommendation that an individual be admitted to a
16 skilled nursing facility, admitting an individual to a
17 skilled nursing facility, and performing the initial
18 admitting assessment and all visits thereafter” be-
19 fore the semicolon.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall take effect on January 1, 2004.

22 **SEC. 4. RURAL HEALTH CLINIC IMPROVEMENTS.**

23 (a) IMPROVEMENT IN RURAL HEALTH CLINIC REIM-
24 BURSEMENT UNDER MEDICARE.—Section 1833(f) (42
25 U.S.C. 1395l(f)) is amended—

1 (1) in paragraph (1), by striking “, and” at the
2 end and inserting a semicolon;

3 (2) in paragraph (2)—

4 (A) by striking “in a subsequent year” and
5 inserting “in 1989 through 2002”; and

6 (B) by striking the period at the end and
7 inserting a semicolon; and

8 (3) by adding at the end the following new
9 paragraphs:

10 “(3) in 2003, at \$82 per visit; and

11 “(4) in a subsequent year, at the limit estab-
12 lished under this subsection for the previous year in-
13 creased by the percentage increase in the MEI (as
14 so defined) applicable to primary care services (as so
15 defined) furnished as of the first day of that year.”.

16 (b) EXCLUSION OF CERTAIN RURAL HEALTH CLINIC
17 AND FEDERALLY QUALIFIED HEALTH CENTER SERVICES
18 FROM THE MEDICARE PROSPECTIVE PAYMENT SYSTEM
19 FOR SKILLED NURSING FACILITIES.—

20 (1) IN GENERAL.—Section 1888(e)(2)(A) (42
21 U.S.C. 1395yy(e)(2)(A)) is amended—

22 (A) in clause (i)(II), by striking “clauses
23 (ii) and (iii)” and inserting “clauses (ii), (iii),
24 and (iv)”; and

1 (B) by adding at the end the following new
 2 clause:

3 “(iv) EXCLUSION OF CERTAIN RURAL
 4 HEALTH CLINIC AND FEDERALLY QUALI-
 5 FIED HEALTH CENTER SERVICES.—Serv-
 6 ices described in this clause are—

7 “(I) rural health clinic services
 8 (as defined in paragraph (1) of sec-
 9 tion 1861(aa)); and

10 “(II) Federally qualified health
 11 center services (as defined in para-
 12 graph (3) of such section);

13 that would be described in clause (ii) if
 14 such services were not furnished by an in-
 15 dividual affiliated with a rural health clinic
 16 or a Federally qualified health center.”.

17 (2) EFFECTIVE DATE.—The amendments made
 18 by subsection (a) shall apply to services furnished on
 19 or after January 1, 2003.

20 **SEC. 5. EXTENSION OF TEMPORARY INCREASE FOR HOME**
 21 **HEALTH SERVICES FURNISHED IN A RURAL**
 22 **AREA.**

23 (a) IN GENERAL.—Section 508(a) of the Medicare,
 24 Medicaid, and SCHIP Benefits Improvement and Protec-
 25 tion Act of 2000 (114 Stat. 2763A–533), as enacted into

1 law by section 1(a)(6) of Public Law 106–554, is amend-
2 ed—

3 (1) in the heading, by striking “24-MONTH IN-
4 CREASE BEGINNING APRIL 1, 2001” and inserting
5 “IN GENERAL”;

6 (2) by striking “April 1, 2003” and inserting
7 “April 1, 2004”; and

8 (3) by inserting before the period at the end the
9 following: “(or 5 percent in the case of such services
10 furnished on or after April 1, 2003, and before April
11 1, 2004)”.

12 (b) CONFORMING AMENDMENT.—Section 547(c)(2)
13 of the Medicare, Medicaid, and SCHIP Benefits Improve-
14 ment and Protection Act of 2000 (114 Stat. 2763A–553),
15 as enacted into law by section 1(a)(6) of Public Law 106–
16 554, is amended by striking “the period beginning on
17 April 1, 2001, and ending on September 30, 2002,” and
18 inserting “a period under such section”.

19 (c) RETROACTIVE APPLICATION.—The amendments
20 made by this section shall apply with respect to home
21 health services furnished in a rural area on or after April
22 1, 2003.

1 **SEC. 6. RURAL COMMUNITY HEALTH CENTER IMPROVE-**
2 **MENTS.**

3 (a) DELIVERY OF MEDICARE-COVERED PRIMARY
4 AND PREVENTIVE SERVICES AT FEDERALLY QUALIFIED
5 HEALTH CENTERS.—

6 (1) COVERAGE OF MEDICARE-COVERED AMBU-
7 LATORY SERVICES BY FQHCS.—Section 1861(aa)(3)
8 (42 U.S.C. 1395x(aa)(3)) is amended to read as fol-
9 lows:

10 “(3) The term ‘Federally qualified health center serv-
11 ices’ means—

12 “(A) services of the type described in subpara-
13 graphs (A) through (C) of paragraph (1), and such
14 other services furnished by a Federally qualified
15 health center for which payment may otherwise be
16 made under this title if such services were furnished
17 by a health care provider or health care professional
18 other than a Federally qualified health center; and

19 “(B) preventive primary health services that a
20 center is required to provide under section 330 of
21 the Public Health Service Act,

22 when furnished to an individual as a patient of a Federally
23 qualified health center and such services when provided
24 by a health care provider or health care professional em-
25 ployed by or under contract with a Federally qualified

1 health center shall be treated as billable visits for purposes
2 of payment to the Federally qualified health center.”.

3 (2) ENSURING FQHC REIMBURSEMENT UNDER
4 HOSPITAL AND SKILLED NURSING FACILITY PRO-
5 SPECTIVE PAYMENT SYSTEMS.—Section 1862(a)(14)
6 (42 U.S.C. 1395y(a)) is amended by inserting “Fed-
7 erally qualified health center services,” after “quali-
8 fied psychologist services,”.

9 (3) TECHNICAL CORRECTIONS.—Clauses (i) and
10 (ii)(II) of section 1861(aa)(4)(A) (42 U.S.C.
11 1395x(aa)(4)(A)) are each amended by striking
12 “(other than subsection (h))”.

13 (4) EFFECTIVE DATES.—The amendments
14 made—

15 (A) by paragraphs (1) and (2) shall apply
16 to services furnished on or after January 1,
17 2004; and

18 (B) by paragraph (3) shall take effect on
19 the date of enactment of this Act.

20 (b) PROVIDING SAFE HARBOR FOR CERTAIN COL-
21 LABORATIVE EFFORTS THAT BENEFIT MEDICALLY UN-
22 DERSERVED POPULATIONS.—

23 (1) IN GENERAL.—Section 1128B(b)(3) (42
24 U.S.C. 1320a-7(b)(3)) is amended—

1 (A) in subparagraph (E), by striking
2 “and” after the semicolon at the end;

3 (B) in subparagraph (F), by striking the
4 period at the end and inserting “; and”; and

5 (C) by adding at the end the following new
6 subparagraph:

7 “(G) any remuneration between a public or
8 nonprofit private health center entity described
9 under clause (i) or (ii) of section 1905(l)(2)(B)
10 and any individual or entity providing goods,
11 items, services, donations or loans, or a com-
12 bination thereof, to such health center entity
13 pursuant to a contract, lease, grant, loan, or
14 other agreement, if such agreement contributes
15 to the ability of the health center entity to
16 maintain or increase the availability, or enhance
17 the quality, of services provided to a medically
18 underserved population served by the health
19 center entity.”.

20 (2) RULEMAKING FOR EXCEPTION FOR HEALTH
21 CENTER ENTITY ARRANGEMENTS.—

22 (A) ESTABLISHMENT.—

23 (i) IN GENERAL.—The Secretary of
24 Health and Human Services (in this para-
25 graph referred to as the “Secretary”) shall

1 establish, on an expedited basis, standards
2 relating to the exception described in sec-
3 tion 1128B(b)(3)(G) of the Social Security
4 Act, as added by paragraph (1), for health
5 center entity arrangements to the
6 antikickback penalties.

7 (ii) FACTORS TO CONSIDER.—The
8 Secretary shall consider the following fac-
9 tors, among others, in establishing stand-
10 ards relating to the exception for health
11 center entity arrangements under clause
12 (i):

13 (I) Whether the arrangement be-
14 tween the health center entity and the
15 other party results in savings of Fed-
16 eral grant funds or increased revenues
17 to the health center entity.

18 (II) Whether the arrangement
19 between the health center entity and
20 the other party restricts or limits a
21 patient's freedom of choice.

22 (III) Whether the arrangement
23 between the health center entity and
24 the other party protects a health care
25 professional's independent medical

1 judgment regarding medically appro-
2 priate treatment.

3 The Secretary may also include other
4 standards and criteria that are consistent
5 with the intent of Congress in enacting the
6 exception established under this section.

7 (B) INTERIM FINAL EFFECT.—No later
8 than 180 days after the date of enactment of
9 this Act, the Secretary shall publish a rule in
10 the Federal Register consistent with the factors
11 under subparagraph (A)(ii). Such rule shall be
12 effective and final immediately on an interim
13 basis, subject to such change and revision, after
14 public notice and opportunity (for a period of
15 not more than 60 days) for public comment, as
16 is consistent with this paragraph.

17 **SEC. 7. ENSURING APPROPRIATE COVERAGE OF AMBU-**
18 **LANCE SERVICES UNDER AMBULANCE FEE**
19 **SCHEDULE.**

20 (a) AIR AMBULANCE SERVICE.—

21 (1) COVERAGE.—Section 1834(l) (42 U.S.C.
22 1395m(l)) is amended—

23 (A) by redesignating paragraph (8), as
24 added by section 221(a) of Medicare, Medicaid,
25 and SCHIP Benefits Improvement and Protec-

1 tion Act of 2000 (114 Stat. 2763A–486), as en-
2 acted into law by section 1(a)(6) of Public Law
3 106–554, as paragraph (9); and

4 (B) by adding at the end the following new
5 paragraph:

6 “(10) ENSURING APPROPRIATE COVERAGE OF
7 AIR AMBULANCE SERVICES.—

8 “(A) IN GENERAL.—The regulations de-
9 scribed in section 1861(s)(7) shall ensure that
10 air ambulance services (as defined in subpara-
11 graph (C)) are reimbursed under this sub-
12 section at the air ambulance rate if the air am-
13 bulance service—

14 “(i) is medically necessary based on
15 the health condition of the individual being
16 transported at or immediately prior to the
17 time of the transport; and

18 “(ii) complies with equipment and
19 crew requirements established by the Sec-
20 retary.

21 “(B) MEDICALLY NECESSARY.—An air
22 ambulance service shall be considered to be
23 medically necessary for purposes of subpara-
24 graph (A)(i) if such service is requested—

1 “(i) by a physician or a hospital in ac-
2 cordance with the physician’s or hospital’s
3 responsibilities under section 1867 (com-
4 monly known as the ‘Emergency Medical
5 Treatment and Active Labor Act’);

6 “(ii) as a result of a protocol estab-
7 lished by a State or regional emergency
8 medical service (EMS) agency;

9 “(iii) by a physician, nurse practi-
10 tioner, physician assistant, registered
11 nurse, or emergency medical responder
12 who reasonably determines or certifies that
13 the patient’s condition is such that the
14 time needed to transport the individual by
15 land or the lack of an appropriate ground
16 ambulance, significantly increases the med-
17 ical risks for the individual; or

18 “(iv) by a Federal or State agency to
19 relocate patients following a natural dis-
20 aster, an act of war, or a terrorist attack.

21 “(C) AIR AMBULANCE SERVICES DE-
22 FINED.—For purposes of this paragraph, the
23 term ‘air ambulance service’ means fixed wing
24 and rotary wing air ambulance services.”.

1 (2) CONFORMING AMENDMENT.—Section
2 1861(s)(7) (42 U.S.C. 1395x(s)(7)) is amended by
3 inserting “, subject to section 1834(l)(10),” after
4 “but”.

5 (b) GROUND AMBULANCE SERVICE.—

6 (1) PAYMENT RATES.—

7 (A) IN GENERAL.—Section 1834(l)(3) (42
8 U.S.C. 1395m(l)(3)) is amended to read as fol-
9 lows:

10 “(3) PAYMENT RATES.—

11 “(A) IN GENERAL.—Subject to any adjust-
12 ment under subparagraph (B) and paragraph
13 (9) and the full payment of a national mileage
14 rate pursuant to paragraph (2)(E), in estab-
15 lishing such fee schedule, the following rules
16 shall apply:

17 “(i) PAYMENT RATES IN 2003.—

18 “(I) GROUND AMBULANCE SERV-
19 ICES.—In the case of ground ambu-
20 lance services furnished under this
21 part in 2003, the Secretary shall set
22 the payment rates under the fee
23 schedule for such services at a rate
24 based on the average costs (as deter-
25 mined by the Secretary on the basis of

1 the most recent and reliable informa-
2 tion available) incurred by full cost
3 ambulance suppliers in providing non-
4 emergency basic life support ambu-
5 lance services covered under this title,
6 with adjustments to the rates for
7 other ground ambulance service levels
8 to be determined based on the rule es-
9 tablished under paragraph (1). For
10 the purposes of the preceding sen-
11 tence, the term ‘full cost ambulance
12 supplier’ means a supplier for which
13 volunteers or other unpaid staff com-
14 prise less than 20 percent of the sup-
15 plier’s total staff and which receives
16 less than 20 percent of space and
17 other capital assets free of charge.

18 “(II) OTHER AMBULANCE SERV-
19 ICES.—In the case of ambulance serv-
20 ices not described in subclause (I)
21 that are furnished under this part in
22 2003, the Secretary shall set the pay-
23 ment rates under the fee schedule for
24 such services based on the rule estab-
25 lished under paragraph (1).

1 “(ii) PAYMENT RATES IN SUBSE-
2 QUENT YEARS FOR ALL AMBULANCE SERV-
3 ICES.—In the case of any ambulance serv-
4 ice furnished under this part in 2004 or
5 any subsequent year, the Secretary shall
6 set the payment rates under the fee sched-
7 ule for such service at amounts equal to
8 the payment rate under the fee schedule
9 for that service furnished during the pre-
10 vious year, increased by the percentage in-
11 crease in the Consumer Price Index for all
12 urban consumers (United States city aver-
13 age) for the 12-month period ending with
14 June of the previous year.

15 “(B) ADJUSTMENT IN RURAL RATES.—For
16 years beginning with 2004, the Secretary, after
17 taking into consideration the recommendations
18 contained in the report submitted under section
19 221(b)(3) the Medicare, Medicaid, and SCHIP
20 Benefits Improvements and Protection Act of
21 2000, shall adjust the fee schedule payment
22 rates that would otherwise apply under this
23 subsection for ambulance services provided in
24 low density rural areas based on the increased

1 cost (if any) of providing such services in such
2 areas.”.

3 (B) CONFORMING AMENDMENT.—Section
4 221(c) of the Medicare, Medicaid, and SCHIP
5 Benefits Improvement and Protection Act of
6 2000 (114 Stat. 2763A–487), as enacted into
7 law by section 1(a)(6) of Public Law 106–554,
8 is repealed.

9 (2) USE OF MEDICAL CONDITIONS FOR CODING
10 AMBULANCE SERVICES.—Section 1834(l)(7) (42
11 U.S.C. 1395m(l)(7)) is amended to read as follows:

12 “(7) CODING SYSTEM.—

13 “(A) IN GENERAL.—The Secretary shall,
14 in accordance with section 1173(c)(1)(B), es-
15 tablish a system or systems for the coding of
16 claims for ambulance services for which pay-
17 ment is made under this subsection, including a
18 code set specifying the medical condition of the
19 individual who is transported and the level of
20 service that is appropriate for the transpor-
21 tation of an individual with that medical condi-
22 tion.

23 “(B) MEDICAL CONDITIONS.—The code set
24 established under subparagraph (A) shall—

1 “(i) take into account the list of med-
2 ical conditions developed in the course of
3 the negotiated rulemaking process con-
4 ducted under paragraph (1); and

5 “(ii) notwithstanding any other provi-
6 sion of law, be adopted as a standard code
7 set under section 1173(c).”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to services furnished on or after
10 the date of the enactment of this Act.

11 **SEC. 8. RURAL MENTAL HEALTH CARE ACCESSIBILITY IM-**
12 **PROVEMENTS.**

13 (a) INTERDISCIPLINARY GRANT PROGRAM.—Subpart
14 I of part D of title III of the Public Health Service Act
15 (42 U.S.C. 254b et seq.) is amended by adding at the end
16 the following new section:

17 **“SEC. 330L. INTERDISCIPLINARY GRANT PROGRAM.**

18 “(a) PROGRAM AUTHORIZED.—The Director of the
19 Office of Rural Health Policy (of the Health Resources
20 and Services Administration) shall award grants to eligible
21 entities to establish interdisciplinary training programs
22 that include significant mental health training in rural
23 areas for certain health care providers.

24 “(b) DEFINITIONS.—In this section:

1 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
2 tity’ means a public university or other educational
3 institution that provides training for mental health
4 care providers or primary health care providers.

5 “(2) MENTAL HEALTH CARE PROVIDER.—The
6 term ‘mental health care provider’ means—

7 “(A) a physician with postgraduate train-
8 ing in a residency program of psychiatry;

9 “(B) a licensed psychologist (as defined by
10 the Secretary for purposes of section 1861(ii) of
11 such Act (42 U.S.C. 1395x(ii)));

12 “(C) a clinical social worker (as defined in
13 section 1861(hh)(1) of such Act (42 U.S.C.
14 1395x(hh)(1)); or

15 “(D) a clinical nurse specialist (as defined
16 in section 1861(aa)(5)(B) of such Act (42
17 U.S.C. 1395x(aa)(5)(B))).

18 “(3) PRIMARY HEALTH CARE PROVIDER.—The
19 term ‘primary health care provider’ includes family
20 practice, internal medicine, pediatrics, obstetrics and
21 gynecology, geriatrics, and emergency medicine phy-
22 sicians as well as physician assistants and nurse
23 practitioners.

24 “(4) RURAL AREA.—The term ‘rural area’
25 means a rural area as defined in section

1 1886(d)(2)(D) of the Social Security Act, or such an
2 area in a rural census tract of a metropolitan statis-
3 tical area (as determined under the most recent
4 modification of the Goldsmith Modification, origi-
5 nally published in the Federal Register on February
6 27, 1992 (57 Fed. Reg. 6725)), or any other geo-
7 graphical area that the Director designates as a
8 rural area.

9 “(c) DURATION.—Grants awarded under subsection
10 (a) shall be awarded for a period of 5 years.

11 “(d) USE OF FUNDS.—An eligible entity that receives
12 a grant under subsection (a) shall use funds received
13 through such grant to administer an interdisciplinary,
14 side-by-side training program for mental health care pro-
15 viders and primary health care providers, that includes
16 providing, under appropriate supervision, health care serv-
17 ices to patients in underserved, rural areas without regard
18 to patients’ ability to pay for such services.

19 “(e) APPLICATION.—An eligible entity desiring a
20 grant under subsection (a) shall submit an application to
21 the Director at such time, in such manner, and containing
22 such information as the Director may reasonably require,
23 including—

1 “(1) a description of the activities which the eli-
2 gible entity intends to carry out using amounts pro-
3 vided under the grant;

4 “(2) a description of the manner in which the
5 activities funded under the grant will meet the men-
6 tal health care needs of underserved rural popu-
7 lations within the State; and

8 “(3) a description of the network agreement
9 with partnering facilities.

10 “(f) EVALUATIONS; REPORT.—Each eligible entity
11 that receives a grant under this section shall submit to
12 the Director of the Office of Rural Health Policy (of the
13 Health Resources and Services Administration) an evalua-
14 tion describing the programs authorized under this section
15 and any other information that the Director deems appro-
16 priate. After receiving such evaluations, the Director shall
17 submit to the appropriate committees of Congress a report
18 describing such evaluations.

19 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
20 is authorized to be appropriated to carry out this section,
21 \$100,000,000 for fiscal year 2002 and such sums as may
22 be necessary for each of the fiscal years 2003 through
23 2006.”.

1 (b) COVERAGE OF MARRIAGE AND FAMILY THERA-
 2 PIST SERVICES AND MENTAL HEALTH COUNSELOR SERV-
 3 ICES UNDER PART B OF THE MEDICARE PROGRAM.—

4 (1) COVERAGE OF SERVICES.—

5 (A) IN GENERAL.—Section 1861(s)(2) (42
 6 U.S.C. 1395x(s)(2)) is amended—

7 (i) in subparagraph (U), by striking
 8 “and” after the semicolon at the end;

9 (ii) in subparagraph (V)(iii), by in-
 10 sserting “and” after the semicolon at the
 11 end; and

12 (iii) by adding at the end the fol-
 13 lowing new subparagraph:

14 “(W) marriage and family therapist services (as
 15 defined in subsection (ww)(1)) and mental health
 16 counselor services (as defined in subsection
 17 (ww)(3));”.

18 (B) DEFINITIONS.—Section 1861 (42
 19 U.S.C. 1395x) is amended by adding at the end
 20 the following new subsection:

21 “Marriage and Family Therapist Services; Marriage and
 22 Family Therapist; Mental Health Counselor Serv-
 23 ices; Mental Health Counselor

24 “(ww)(1) The term ‘marriage and family therapist
 25 services’ means services performed by a marriage and

1 family therapist (as defined in paragraph (2)) for the diag-
2 nosis and treatment of mental illnesses, which the mar-
3 riage and family therapist is legally authorized to perform
4 under State law (or the State regulatory mechanism pro-
5 vided by State law) of the State in which such services
6 are performed, as would otherwise be covered if furnished
7 by a physician or as an incident to a physician’s profes-
8 sional service, but only if no facility or other provider
9 charges or is paid any amounts with respect to the fur-
10 nishing of such services.

11 “(2) The term ‘marriage and family therapist’ means
12 an individual who—

13 “(A) possesses a master’s or doctoral degree
14 which qualifies for licensure or certification as a
15 marriage and family therapist pursuant to State
16 law;

17 “(B) after obtaining such degree has performed
18 at least 2 years of clinical supervised experience in
19 marriage and family therapy; and

20 “(C) in the case of an individual performing
21 services in a State that provides for licensure or cer-
22 tification of marriage and family therapists, is li-
23 censed or certified as a marriage and family thera-
24 pist in such State.

1 “(3) The term ‘mental health counselor services’
2 means services performed by a mental health counselor (as
3 defined in paragraph (4)) for the diagnosis and treatment
4 of mental illnesses which the mental health counselor is
5 legally authorized to perform under State law (or the
6 State regulatory mechanism provided by the State law) of
7 the State in which such services are performed, as would
8 otherwise be covered if furnished by a physician or as inci-
9 dent to a physician’s professional service, but only if no
10 facility or other provider charges or is paid any amounts
11 with respect to the furnishing of such services.

12 “(4) The term ‘mental health counselor’ means an
13 individual who—

14 “(A) possesses a master’s or doctor’s degree in
15 mental health counseling or a related field;

16 “(B) after obtaining such a degree has per-
17 formed at least 2 years of supervised mental health
18 counselor practice; and

19 “(C) in the case of an individual performing
20 services in a State that provides for licensure or cer-
21 tification of mental health counselors or professional
22 counselors, is licensed or certified as a mental health
23 counselor or professional counselor in such State.”.

24 (C) PROVISION FOR PAYMENT UNDER
25 PART B.—Section 1832(a)(2)(B) (42 U.S.C.

1 1395k(a)(2)(B)) is amended by adding at the
 2 end the following new clause:

3 “(v) marriage and family therapist
 4 services and mental health counselor serv-
 5 ices;”.

6 (D) AMOUNT OF PAYMENT.—Section
 7 1833(a)(1) (42 U.S.C. 1395l(a)(1)) is amend-
 8 ed—

9 (i) by striking “and (U)” and insert-
 10 ing “(U)”; and

11 (ii) by inserting before the semicolon
 12 at the end the following: “, and (V) with
 13 respect to marriage and family therapist
 14 services and mental health counselor serv-
 15 ices under section 1861(s)(2)(W), the
 16 amounts paid shall be 80 percent of the
 17 lesser of the actual charge for the services
 18 or 75 percent of the amount determined
 19 for payment of a psychologist under sub-
 20 paragraph (L)”.

21 (E) EXCLUSION OF MARRIAGE AND FAM-
 22 ILY THERAPIST SERVICES AND MENTAL
 23 HEALTH COUNSELOR SERVICES FROM SKILLED
 24 NURSING FACILITY PROSPECTIVE PAYMENT
 25 SYSTEM.—

1 (i) IN GENERAL.—Section
 2 1888(e)(2)(A) (42 U.S.C.
 3 1395yy(e)(2)(A)), as amended by section
 4 4(b)(1)(B), is amended—

5 (I) in clause (i)(II), by striking
 6 “clauses (ii), (iii), and (iv)” and in-
 7 serting “clauses (ii), (iii), (iv), and
 8 (v)”; and

9 (II) by adding at the end the fol-
 10 lowing new clause:

11 “(v) EXCLUSION OF MARRIAGE AND
 12 FAMILY THERAPIST SERVICES AND MEN-
 13 TAL HEALTH COUNSELOR SERVICES.—
 14 Services described in this clause are mar-
 15 riage and family therapist services (as de-
 16 fined in subsection (ww)(1)) and mental
 17 health counselor services (as defined in
 18 section 1861(ww)(3)).”.

19 (ii) EFFECTIVE DATE.—The amend-
 20 ments made by clause (i) shall apply to
 21 services furnished on or after January 1,
 22 2003.

23 (F) INCLUSION OF MARRIAGE AND FAMILY
 24 THERAPISTS AND MENTAL HEALTH COUN-
 25 SELORS AS PRACTITIONERS FOR ASSIGNMENT

1 OF CLAIMS.—Section 1842(b)(18)(C) (42
 2 U.S.C. 1395u(b)(18)(C)) is amended by adding
 3 at the end the following new clauses:

4 “(vii) A marriage and family therapist (as de-
 5 fined in section 1861(ww)(2)).

6 “(viii) A mental health counselor (as defined in
 7 section 1861(ww)(4)).”.

8 (b) COVERAGE OF CERTAIN MENTAL HEALTH SERV-
 9 ICES PROVIDED IN CERTAIN SETTINGS.—

10 (1) RURAL HEALTH CLINICS AND FEDERALLY
 11 QUALIFIED HEALTH CENTERS.—Section
 12 1861(aa)(1)(B) (42 U.S.C. 1395x(aa)(1)(B)) is
 13 amended by striking “or by a clinical social worker
 14 (as defined in subsection (hh)(1)),” and inserting “,
 15 by a clinical social worker (as defined in subsection
 16 (hh)(1)), by a marriage and family therapist (as de-
 17 fined in subsection (ww)(2)), or by a mental health
 18 counselor (as defined in subsection (ww)(4)).”.

19 (2) HOSPICE PROGRAMS.—Section
 20 1861(dd)(2)(B)(i)(III) (42 U.S.C.
 21 1395x(dd)(2)(B)(i)(III)) is amended by inserting “or
 22 a marriage and family therapist (as defined in sub-
 23 section (ww)(2))” after “social worker”.

24 (c) AUTHORIZATION OF MARRIAGE AND FAMILY
 25 THERAPISTS TO DEVELOP DISCHARGE PLANS FOR POST-

1 HOSPITAL SERVICES.—Section 1861(ee)(2)(G) (42
2 U.S.C. 1395x(ee)(2)(G)) is amended by inserting “mar-
3 riage and family therapist (as defined in subsection
4 (ww)(2)),” after “social worker,”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this subsection shall apply with respect to services fur-
7 nished on or after January 1, 2004.

8 **SEC. 9. RURAL HEALTH SERVICES RESEARCH IMPROVE-**
9 **MENTS.**

10 (a) IN GENERAL.—Section 711(b) (42 U.S.C.
11 912(b)) is amended—

12 (1) in paragraph (3), by striking “and” after
13 the comma at the end;

14 (2) in paragraph (4), by striking the period at
15 the end and inserting “, and”; and

16 (3) by adding at the end the following new
17 paragraph:

18 “(5) have the authority to administer grants to
19 support rural health services research.”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 subsection (a) shall take effect on January 1, 2004.

1 **SEC. 10. EXCLUSION FOR LOAN PAYMENTS UNDER NA-**
2 **TIONAL HEALTH SERVICE CORPS LOAN RE-**
3 **PAYMENT PROGRAM.**

4 (a) **IN GENERAL.**—Section 117 of the Internal Rev-
5 enue Code of 1986 is amended by adding at the end the
6 following new subsection:

7 “(e) **LOAN PAYMENTS UNDER NATIONAL HEALTH**
8 **SERVICE CORPS LOAN REPAYMENT PROGRAM.**—Gross in-
9 come shall not include any amount received under section
10 338B(g) of the Public Health Service Act.”.

11 (b) **EFFECTIVE DATE.**—The amendment made by
12 subsection (a) shall apply to amounts received by an indi-
13 vidual in taxable years beginning after December 31,
14 2002.

15 **SEC. 11. VIRTUAL PHARMACIST CONSULTATION SERVICE**
16 **DEMONSTRATION PROJECTS.**

17 (a) **DEFINITIONS.**—In this section:

18 (1) **DEMONSTRATION PROJECT.**—The term
19 “demonstration project” means a demonstration
20 project established by the Secretary under sub-
21 section (b)(1).

22 (2) **DRUG.**—The term “drug” means any drug
23 or biological (as those terms are defined in section
24 1861(t) of the Social Security Act (42 U.S.C.
25 1395x(t)), regardless of whether payment may be

1 made for such drug or biological under the medicare
2 program.

3 (3) ELIGIBLE BENEFICIARY.—The term “eligi-
4 ble beneficiary” means an individual enrolled under
5 part B of the medicare program for whom a drug
6 is being prescribed.

7 (4) ELIGIBLE ORIGINATING SITE.—The term
8 “eligible originating site” means the site at which a
9 health care provider (as defined by the Secretary) is
10 located at the time a drug is prescribed which may
11 be—

12 (A) the office of a physician (as defined in
13 section 1861(r) of the Social Security Act (42
14 U.S.C. 1395x(r))) or a practitioner (as de-
15 scribed in section 1842(b)(18)(C) of such Act
16 (42 U.S.C. 1395u(b)(18)(C)));

17 (B) a rural health clinic (as defined in sec-
18 tion 1861(aa)(2) of the Social Security Act (42
19 U.S.C. 1395x(aa)(2)));

20 (C) a hospital (as defined in section
21 1861(e) of such Act (42 U.S.C. 1395x(e))) lo-
22 cated in a rural area (as defined in section
23 1886(d)(2) of such Act (42 U.S.C.
24 1395ww(d)(2)));

1 (D) a critical access hospital (as defined in
2 section 1861(mm)(1) of such Act (42 U.S.C.
3 1395x(mm)(1)));

4 (E) a community mental health center (as
5 described in section 1861(ff)(2)(B) of such Act
6 (42 U.S.C. 1395x(ff)(2)(B))); or

7 (F) a sole community hospital (as defined
8 in section 1886(d)(5)(D)(iii) of such Act).

9 (5) ELIGIBLE PHARMACIST.—The term “eligible
10 pharmacist” means a pharmacist who meets such re-
11 quirements as the Secretary may establish for pur-
12 poses of the demonstration projects and who is a
13 full-time employee of a school of pharmacy.

14 (6) MEDICARE PROGRAM.—The term “medicare
15 program” means the health benefits program under
16 title XVIII of the Social Security Act (42 U.S.C.
17 1395 et seq.).

18 (7) SECRETARY.—The term “Secretary” means
19 the Secretary of Health and Human Services.

20 (8) VIRTUAL PHARMACIST CONSULTATION
21 SERVICE.—The term “virtual pharmacist consulta-
22 tion service” means professional consultations fur-
23 nished by an eligible pharmacist and any additional
24 service specified by the Secretary that is furnished
25 by such a pharmacist.

1 (b) VIRTUAL PHARMACIST CONSULTATION SERVICE
2 DEMONSTRATION PROJECTS.—

3 (1) ESTABLISHMENT.—The Secretary shall es-
4 tablish demonstration projects in accordance with
5 the provisions of this section to provide virtual phar-
6 macist consultation services with respect to drugs
7 being prescribed to eligible beneficiaries.

8 (2) PARTICIPATION.—Any eligible pharmacist
9 located at a school of pharmacy may furnish virtual
10 pharmacist consultation services under the dem-
11 onstration projects and any eligible originating site
12 that does not have a pharmacist on staff may par-
13 ticipate in the demonstration projects on a voluntary
14 basis.

15 (c) PAYMENT FOR VIRTUAL PHARMACIST CONSULTA-
16 TION SERVICES.—

17 (1) IN GENERAL.—The Secretary shall pay for
18 virtual pharmacist consultation services that are fur-
19 nished via a telecommunications system by an eligi-
20 ble pharmacist with respect to a drug that is being
21 prescribed to an eligible beneficiary.

22 (2) PAYMENT AMOUNT.—

23 (A) ELIGIBLE PHARMACISTS AT SCHOOLS
24 OF PHARMACY.—The Secretary shall pay an
25 amount determined by the Secretary for pur-

1 poses of the demonstration projects to an eligi-
2 ble pharmacist who furnishes a virtual phar-
3 macist consultation service while such phar-
4 macist is located at a school of pharmacy that
5 furnishes a virtual pharmacist consultation
6 service with respect to a drug prescribed to an
7 eligible beneficiary.

8 (B) FACILITY FEE FOR ELIGIBLE ORIGI-
9 NATING SITE.—If the Secretary determines that
10 it is appropriate, the Secretary may pay the eli-
11 gible originating site a facility fee determined
12 by the Secretary for purposes of the demonstra-
13 tion projects which may not exceed the facility
14 fee determined under section 1834(m)(2)(B) of
15 the Social Security Act (42 U.S.C.
16 1395m(m)(2)(B)).

17 (3) NO BENEFICIARY CHARGES.—An eligible
18 beneficiary may not be charged any amount by an
19 eligible pharmacist, eligible originating site, the Sec-
20 retary or any other individual or entity for a virtual
21 pharmacist service furnished under a demonstration
22 project.

23 (d) CONDUCT OF DEMONSTRATION PROJECTS.—

24 (1) DEMONSTRATION AREAS.—

1 (A) IN GENERAL.—The Secretary shall
2 conduct demonstration projects in 5 demonstra-
3 tion areas selected on the basis of proposals
4 submitted under subparagraph (B). Such dem-
5 onstration areas shall be geographically dis-
6 parate.

7 (B) PROPOSALS.—The Secretary shall ac-
8 cept proposals to furnish virtual pharmacist
9 consultation services under the demonstration
10 projects from any school of pharmacy that is
11 able to furnish virtual pharmacist services to an
12 underserved rural area.

13 (2) DURATION.—The Secretary shall complete
14 the demonstration projects by the date that is 3
15 years after the date on which the first demonstration
16 project is implemented.

17 (e) REPORT TO CONGRESS.—Not later than the date
18 that is 6 months after the date on which the demonstra-
19 tion projects end, the Secretary shall submit to Congress
20 a report on the demonstration projects together with such
21 recommendations for legislation or administrative action
22 as the Secretary determines is appropriate.

23 (f) WAIVER OF MEDICARE REQUIREMENTS.—The
24 Secretary shall waive compliance with such requirements
25 of the medicare program to the extent and for the period

1 the Secretary finds necessary to conduct the demonstra-
2 tion projects.

3 (g) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated such sums as may be
5 necessary to carry out the demonstration projects under
6 this section, including such sums as may be necessary to
7 develop, implement, and evaluate such projects.

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