

108TH CONGRESS
1ST SESSION

S. 816

To amend title XVIII of the Social Security Act to protect and preserve access of medicare beneficiaries to health care provided by hospitals in rural areas, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 8, 2003

Mr. CONRAD (for himself, Mr. THOMAS, Mr. HARKIN, Mr. GRASSLEY, Mr. SMITH, Mr. ROCKEFELLER, Mr. ROBERTS, Mr. DASCHLE, Mr. DORGAN, Mr. DOMENICI, Mrs. LINCOLN, Mr. BURNS, Mr. BINGAMAN, Mr. JEFFORDS, Mr. JOHNSON, Mr. LEVIN, Mr. TALENT, Mr. DAYTON, Mr. BOND, Mr. EDWARDS, Mr. COCHRAN, Mr. PRYOR, Mrs. MURRAY, Ms. SNOWE, Mr. COLEMAN, and Ms. CANTWELL) 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 to protect and preserve access of medicare beneficiaries to health care provided by hospitals 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,*

1 **SECTION 1. SHORT TITLE; AMENDMENTS TO SOCIAL SECUR-**
 2 **RITY ACT; REFERENCES TO BIPA; TABLE OF**
 3 **CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “Health Care Access and Rural Equity Act of 2003”.

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

12 (c) REFERENCES TO BIPA.—In this Act, the term
 13 “BIPA” means the Medicare, Medicaid, and SCHIP Ben-
 14 efits Improvement and Protection Act of 2000, as enacted
 15 into law by section 1(a)(6) of Public Law 106–554 (114
 16 Stat. 2763).

17 (d) TABLE OF CONTENTS.—The table of contents of
 18 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—MEDICARE RURAL HEALTH CARE IMPROVEMENTS

Sec. 101. Equalizing urban and rural standardized payment amounts under the
 medicare inpatient hospital prospective payment system.

Sec. 102. Fairness in the medicare disproportionate share hospital (DSH) ad-
 justment for rural hospitals.

Sec. 103. Medicare inpatient hospital payment adjustment for low-volume hos-
 pitals.

Sec. 104. Adjustment to the medicare inpatient hospital PPS wage index to re-
 vise the labor-related share of such index.

Sec. 105. Establishment of alternative guidelines for geographic reclassification
 of certain hospitals located in sparsely populated States.

Sec. 106. One-year extension of hold harmless provisions for small rural hos-
 pitals and temporary treatment of certain sole community hos-
 pitals to limit decline in payment under the OPD PPS.

Sec. 107. Critical access hospital (CAH) improvements.

Sec. 108. Permanent treatment of certain physician pathology services under medicare.

TITLE II—OTHER RURAL HOSPITAL REFORMS

Sec. 201. Capital infrastructure revolving loan program.

Sec. 202. Five-year extension of the authorization for appropriations for certain medicare rural grants.

1 **TITLE I—MEDICARE RURAL** 2 **HEALTH CARE IMPROVEMENTS**

3 **SEC. 101. EQUALIZING URBAN AND RURAL STANDARDIZED** 4 **PAYMENT AMOUNTS UNDER THE MEDICARE** 5 **INPATIENT HOSPITAL PROSPECTIVE PAY-** 6 **MENT SYSTEM.**

7 (a) IN GENERAL.—Section 1886(d)(3)(A)(iv) (42
 8 U.S.C. 1395ww(d)(3)(A)(iv)) is amended—

9 (1) by striking “(iv) For discharges” and in-
 10 serting “(iv)(I) Subject to subclause (II), for dis-
 11 charges”; and

12 (2) by adding at the end the following new sub-
 13 clause:

14 “(II) For discharges occurring in a fiscal year
 15 beginning with fiscal year 2004, the Secretary shall
 16 compute a standardized amount for hospitals located
 17 in any area within the United States and within
 18 each region equal to the standardized amount com-
 19 puted for the previous fiscal year under this sub-
 20 paragraph for hospitals located in a large urban area
 21 (or, beginning with fiscal year 2005, for hospitals lo-

1 cated in any area) increased by the applicable per-
 2 centage increase under subsection (b)(3)(B)(i) for
 3 the fiscal year involved.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) COMPUTING DRG-SPECIFIC RATES.—Section
 6 1886(d)(3)(D) (42 U.S.C. 1395ww(d)(3)(D)) is
 7 amended—

8 (A) in the heading, by striking “IN DIF-
 9 FERENT AREAS”;

10 (B) in the matter preceding clause (i), by
 11 striking “, each of”;

12 (C) in clause (i)—

13 (i) in the matter preceding subclause
 14 (I), by inserting “for fiscal years before fis-
 15 cal year 2004,” before “for hospitals”; and

16 (ii) in subclause (II), by striking
 17 “and” after the semicolon at the end;

18 (D) in clause (ii)—

19 (i) in the matter preceding subclause
 20 (I), by inserting “for fiscal years before fis-
 21 cal year 2004,” before “for hospitals”; and

22 (ii) in subclause (II), by striking the
 23 period at the end and inserting “; and”;
 24 and

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

3 “(iii) for a fiscal year beginning after fiscal
 4 year 2003, for hospitals located in all areas, to
 5 the product of—

6 “(I) the applicable standardized
 7 amount (computed under subparagraph
 8 (A)), reduced under subparagraph (B),
 9 and adjusted or reduced under subpara-
 10 graph (C) for the fiscal year; and

11 “(II) the weighting factor (determined
 12 under paragraph (4)(B)) for that diag-
 13 nosis-related group.”.

14 (2) TECHNICAL CONFORMING SUNSET.—Section
 15 1886(d)(3) (42 U.S.C. 1395ww(d)(3)) is amended—

16 (A) in the matter preceding subparagraph
 17 (A), by inserting “, for fiscal years before fiscal
 18 year 1997,” before “a regional adjusted DRG
 19 prospective payment rate”; and

20 (B) in subparagraph (D), in the matter
 21 preceding clause (i), by inserting “, for fiscal
 22 years before fiscal year 1997,” before “a re-
 23 gional DRG prospective payment rate for each
 24 region,”.

1 **SEC. 102. FAIRNESS IN THE MEDICARE DISPROPOR-**
 2 **TIONATE SHARE HOSPITAL (DSH) ADJUST-**
 3 **MENT FOR RURAL HOSPITALS.**

4 (a) EQUALIZING DSH PAYMENT AMOUNTS.—

5 (1) IN GENERAL.—Section 1886(d)(5)(F)(vii)
 6 (42 U.S.C. 1395ww(d)(5)(F)(vii)) is amended by in-
 7 serting “, and, after October 1, 2003, for any other
 8 hospital described in clause (iv),” after “clause
 9 (iv)(I)” in the matter preceding subclause (I).

10 (2) CONFORMING AMENDMENTS.—Section
 11 1886(d)(5)(F) (42 U.S.C. 1395ww(d)(5)(F)) is
 12 amended—

13 (A) in clause (iv)—

14 (i) in subclause (II)—

15 (I) by inserting “and before Oc-
 16 tober 1, 2003,” after “April 1,
 17 2001,”; and

18 (II) by inserting “or, for dis-
 19 charges occurring on or after October
 20 1, 2003, is equal to the percent deter-
 21 mined in accordance with the applica-
 22 ble formula described in clause (vii)”
 23 after “clause (xiii)”;

24 (ii) in subclause (III)—

1 (I) by inserting “and before Oc-
 2 tober 1, 2003,” after “April 1,
 3 2001,”; and

4 (II) by inserting “or, for dis-
 5 charges occurring on or after October
 6 1, 2003, is equal to the percent deter-
 7 mined in accordance with the applica-
 8 ble formula described in clause (vii)”
 9 after “clause (xii)”;
 10 (iii) in subclause (IV)—

11 (I) by inserting “and before Oc-
 12 tober 1, 2003,” after “April 1,
 13 2001,”; and

14 (II) by inserting “or, for dis-
 15 charges occurring on or after October
 16 1, 2003, is equal to the percent deter-
 17 mined in accordance with the applica-
 18 ble formula described in clause (vii)”
 19 after “clause (x) or (xi)”;
 20 (iv) in subclause (V)—

21 (I) by inserting “and before Oc-
 22 tober 1, 2003,” after “April 1,
 23 2001,”; and

24 (II) by inserting “or, for dis-
 25 charges occurring on or after October

1 1, 2003, is equal to the percent deter-
 2 mined in accordance with the applica-
 3 ble formula described in clause (vii)”
 4 after “clause (xi)”;
 5 (v) in subclause (VI)—

6 (I) by inserting “and before Oc-
 7 tober 1, 2003,” after “April 1,
 8 2001,”; and

9 (II) by inserting “or, for dis-
 10 charges occurring on or after October
 11 1, 2003, is equal to the percent deter-
 12 mined in accordance with the applica-
 13 ble formula described in clause (vii)”
 14 after “clause (x)”;

15 (B) in clause (viii), by striking “The for-
 16 mula” and inserting “For discharges occurring
 17 before October 1, 2003, the formula”; and

18 (C) in each of clauses (x), (xi), (xii), and
 19 (xiii), by striking “For purposes” and inserting
 20 “With respect to discharges occurring before
 21 October 1, 2003, for purposes”.

22 (b) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply with respect to discharges occur-
 24 ring on or after October 1, 2003.

1 **SEC. 103. MEDICARE INPATIENT HOSPITAL PAYMENT AD-**
 2 **JUSTMENT FOR LOW-VOLUME HOSPITALS.**

3 Section 1886(d) (42 U.S.C. 1395ww(d)) is amended
 4 by adding at the end the following new paragraph:

5 “(12) PAYMENT ADJUSTMENT FOR LOW-VOL-
 6 UME HOSPITALS.—

7 “(A) PAYMENT ADJUSTMENT.—

8 “(i) IN GENERAL.—Notwithstanding
 9 any other provision of this section, for each
 10 cost reporting period (beginning with the
 11 cost reporting period that begins in fiscal
 12 year 2005), the Secretary shall provide for
 13 an additional payment amount to each low-
 14 volume hospital (as defined in clause (iii))
 15 for discharges occurring during that cost
 16 reporting period to increase the amount
 17 paid to such hospital under this section for
 18 such discharges by the applicable percent-
 19 age increase determined under clause (ii).

20 “(ii) APPLICABLE PERCENTAGE IN-
 21 CREASE.—The Secretary shall determine a
 22 percentage increase applicable under this
 23 paragraph that ensures that—

24 “(I) no percentage increase in
 25 payments under this paragraph ex-
 26 ceeds 25 percent of the amount of

1 payment that would otherwise be
2 made to a low-volume hospital under
3 this section for each discharge (but
4 for this paragraph);

5 “(II) low-volume hospitals that
6 have the lowest number of discharges
7 during a cost reporting period receive
8 the highest percentage increase in
9 payments due to the application of
10 this paragraph; and

11 “(III) the percentage increase in
12 payments due to the application of
13 this paragraph is reduced as the num-
14 ber of discharges per cost reporting
15 period increases.

16 “(iii) LOW-VOLUME HOSPITAL DE-
17 FINED.—For purposes of this paragraph,
18 the term ‘low-volume hospital’ means, for a
19 cost reporting period, a subsection (d) hos-
20 pital (as defined in paragraph (1)(B))
21 other than a critical access hospital (as de-
22 fined in section 1861(mm)(1)) that—

23 “(I) the Secretary determines
24 had an average of less than 2,000 dis-
25 charges (determined with respect to

1 all patients and not just individuals
2 receiving benefits under this title)
3 during the 3 most recent cost report-
4 ing periods for which data are avail-
5 able that precede the cost reporting
6 period to which this paragraph ap-
7 plies; and

8 “(II) is located at least 15 miles
9 from a similar hospital (or is deemed
10 by the Secretary to be so located by
11 reason of such factors as the Sec-
12 retary determines appropriate, includ-
13 ing the time required for an individual
14 to travel to the nearest alternative
15 source of appropriate inpatient care
16 (taking into account the location of
17 such alternative source of inpatient
18 care and any weather or travel condi-
19 tions that may affect such travel
20 time)).

21 “(B) PROHIBITING CERTAIN REDUC-
22 TIONS.—Notwithstanding subsection (e), the
23 Secretary shall not reduce the payment
24 amounts under this section to offset the in-

1 crease in payments resulting from the applica-
 2 tion of subparagraph (A).”.

3 **SEC. 104. ADJUSTMENT TO THE MEDICARE INPATIENT HOS-**
 4 **PITAL PPS WAGE INDEX TO REVISE THE**
 5 **LABOR-RELATED SHARE OF SUCH INDEX.**

6 (a) IN GENERAL.—Section 1886(d)(3)(E) (42 U.S.C.
 7 1395ww(d)(3)(E)) is amended—

8 (1) by striking “WAGE LEVELS.—The Sec-
 9 retary” and inserting “WAGE LEVELS.—

10 “(i) IN GENERAL.—Except as provided in
 11 clause (ii), the Secretary”; and

12 (2) by adding at the end the following new
 13 clause:

14 “(ii) ALTERNATIVE PROPORTION TO BE
 15 ADJUSTED BEGINNING IN FISCAL YEAR 2004.—

16 “(I) IN GENERAL.—Except as pro-
 17 vided in subclause (II), for discharges oc-
 18 curring on or after October 1, 2003, the
 19 Secretary shall substitute ‘62 percent’ for
 20 the proportion described in the first sen-
 21 tence of clause (i).

22 “(II) HOLD HARMLESS FOR CERTAIN
 23 HOSPITALS.—If the application of sub-
 24 clause (I) would result in lower payments
 25 to a hospital than would otherwise be

1 made, then this subparagraph shall be ap-
 2 plied as if this clause had not been en-
 3 acted.”.

4 (b) WAIVING BUDGET NEUTRALITY.—Section
 5 1886(d)(3)(E) (42 U.S.C. 1395ww(d)(3)(E)), as amended
 6 by subsection (a), is amended by adding at the end of
 7 clause (i) the following new sentence: “The Secretary shall
 8 apply the previous sentence for any period as if the
 9 amendments made by section 104(a) of the Health Care
 10 Access and Rural Equity Act of 2003 had not been en-
 11 acted.”.

12 **SEC. 105. ESTABLISHMENT OF ALTERNATIVE GUIDELINES**
 13 **FOR GEOGRAPHIC RECLASSIFICATION OF**
 14 **CERTAIN HOSPITALS LOCATED IN SPARSELY**
 15 **POPULATED STATES.**

16 (a) ALTERNATIVE GUIDELINES FOR RECLASSIFICA-
 17 TION.—Notwithstanding the guidelines published under
 18 section 1886(d)(10)(D)(i)(I) of the Social Security Act
 19 (42 U.S.C. 1395ww(d)(10)(D)(i)(I)), the Secretary of
 20 Health and Human Services shall publish and use alter-
 21 native guidelines under which—

22 (1) a hospital or a group of hospitals described
 23 in subsection (b) qualifies for geographic reclassi-
 24 fication under such section for a fiscal year begin-
 25 ning with fiscal year 2005 for the purposes of using

1 the other area's standardized amount for inpatient
 2 operating costs, wage index value, or both, or, in the
 3 case of a group of hospitals, for the purposes of
 4 using both the other area's standardized amount for
 5 inpatient operating costs and wage index value; and

6 (2) a hospital or group of hospitals seeking to
 7 be reclassified is required to demonstrate that the
 8 hospital meets the criteria to be reclassified to the
 9 area to which such hospital seeks to be reclassified,
 10 except that, in the case of an individual hospital, the
 11 hospital does not meet the proximity criteria applica-
 12 ble with respect to such area, or, in the case of a
 13 group of hospitals, the group does not meet the ad-
 14 jacency criteria applicable with respect to such area.

15 (b) HOSPITALS COVERED.—A hospital or a group of
 16 hospitals described in this subsection is a hospital or group
 17 of hospitals that—

18 (1) is located in a State with less than 20 peo-
 19 ple per square mile (as determined by the Sec-
 20 retary); and

21 (2) seeks to be reclassified to an area within the
 22 State in which such hospital or group is located.

1 **SEC. 106. ONE-YEAR EXTENSION OF HOLD HARMLESS PRO-**
 2 **VISIONS FOR SMALL RURAL HOSPITALS AND**
 3 **TEMPORARY TREATMENT OF CERTAIN SOLE**
 4 **COMMUNITY HOSPITALS TO LIMIT DECLINE**
 5 **IN PAYMENT UNDER THE OPD PPS.**

6 (a) HOLD HARMLESS PROVISION.—Section
 7 1833(t)(7)(D)(i) (42 U.S.C. 1395l(t)(7)(D)(i)) is amend-
 8 ed—

9 (1) in the heading, by striking “SMALL” and in-
 10 serting “CERTAIN”;

11 (2) by inserting “or a sole community hospital
 12 (as defined in section 1886(d)(5)(D)(iii)) located in
 13 a rural area” after “100 beds”; and

14 (3) by striking “2004” and inserting “2005”.

15 (b) EFFECTIVE DATE.—The amendment made by
 16 subsection (a)(2) shall apply with respect to payment for
 17 OPD services furnished on and after January 1, 2004.

18 **SEC. 107. CRITICAL ACCESS HOSPITAL (CAH) IMPROVE-**
 19 **MENTS.**

20 (a) PERMITTING HOSPITALS TO ALLOCATE SWING
 21 BEDS AND ACUTE CARE INPATIENT BEDS SUBJECT TO
 22 A TOTAL LIMIT OF 25 BEDS.—

23 (1) IN GENERAL.—Section 1820(c)(2)(B)(iii)
 24 (42 U.S.C. 1395i-4(c)(2)(B)(iii)) is amended to
 25 read as follows:

1 “(iii) provides not more than a total
 2 of 25 extended care service beds (pursuant
 3 to an agreement under subsection (f)) or
 4 acute care inpatient beds (meeting such
 5 standards as the Secretary may establish)
 6 for providing inpatient care for a period
 7 that does not exceed, as determined on an
 8 annual, average basis, 96 hours per pa-
 9 tient;”.

10 (2) CONFORMING AMENDMENT.—Section
 11 1820(f) (42 U.S.C. 1395i–4(f)) is amended by strik-
 12 ing “and the number of beds used at any time for
 13 acute care inpatient services does not exceed 15
 14 beds”.

15 (b) ELIMINATION OF THE ISOLATION TEST FOR
 16 COST-BASED CAH AMBULANCE SERVICES.—

17 (1) IN GENERAL.—Section 1834(l)(8) (42
 18 U.S.C. 1395m(l)), as added by section 205(a) of
 19 BIPA (114 Stat. 2763A–482), is amended by strik-
 20 ing the comma at the end of subparagraph (B) and
 21 all that follows and inserting a period.

22 (2) TECHNICAL CORRECTION.—Section 1834(l)
 23 (42 U.S.C. 1395m(l)) is amended by redesignating
 24 paragraph (8), as added by section 221(a) of BIPA
 25 (114 Stat. 2763A–486), as paragraph (9).

1 (c) COVERAGE OF COSTS FOR CERTAIN EMERGENCY
2 ROOM ON-CALL PROVIDERS.—

3 (1) IN GENERAL.—Section 1834(g)(5) (42
4 U.S.C. 1395m(g)(5)) is amended—

5 (A) in the heading—

6 (i) by inserting “CERTAIN” before
7 “EMERGENCY”; and

8 (ii) by striking “PHYSICIANS” and in-
9 serting “PROVIDERS”;

10 (B) by striking “emergency room physi-
11 cians who are on-call (as defined by the Sec-
12 retary)” and inserting “physicians, physician
13 assistants, nurse practitioners, and clinical
14 nurse specialists who are on-call (as defined by
15 the Secretary) to provide emergency services”;
16 and

17 (C) by striking “physicians’ services” and
18 inserting “services covered under this title”.

19 (2) EFFECTIVE DATE.—The amendment made
20 by paragraph (1) shall apply with respect to costs
21 incurred for services provided on or after January 1,
22 2004.

23 (d) AUTHORIZATION OF PERIODIC INTERIM PAY-
24 MENT (PIP).—

1 (1) IN GENERAL.—Section 1815(e)(2) (42
2 U.S.C. 1395g(e)(2)) is amended—

3 (A) in subparagraph (C), by striking
4 “and” after the semicolon at the end;

5 (B) in subparagraph (D), by adding “and”
6 after the semicolon at the end; and

7 (C) by inserting after subparagraph (D)
8 the following new subparagraph:

9 “(E) inpatient critical access hospital services,”.

10 (2) EFFECTIVE DATE.—The amendments made
11 by paragraph (1) shall apply with respect to pay-
12 ments for inpatient critical access hospital services
13 furnished on or after January 1, 2004.

14 (e) EXCLUSION OF NEW CAHS FROM PPS HOS-
15 PITAL WAGE INDEX CALCULATION.—Section
16 1886(d)(3)(E)(i) (42 U.S.C. 1395ww(d)(3)(E)(i)), as
17 amended by section 104, is amended by inserting after the
18 first sentence the following new sentence: “In calculating
19 the hospital wage levels under the preceding sentence ap-
20 plicable with respect to cost reporting periods beginning
21 on or after January 1, 2004, the Secretary shall exclude
22 the wage levels of any hospital that became a critical ac-
23 cess hospital prior to the cost reporting period for which
24 such hospital wage levels are calculated.”.

1 **SEC. 108. PERMANENT TREATMENT OF CERTAIN PHYSI-**
 2 **CIAN PATHOLOGY SERVICES UNDER MEDI-**
 3 **CARE.**

4 (a) IN GENERAL.—Section 1848(i) (42 U.S.C.
 5 1395w-4(i)) is amended by adding at the end the fol-
 6 lowing new paragraph:

7 “(4) TREATMENT OF CERTAIN PHYSICIAN PA-
 8 THOLOGY SERVICES.—

9 “(A) IN GENERAL.—With respect to serv-
 10 ices furnished on or after January 1, 2001, if
 11 an independent laboratory furnishes the tech-
 12 nical component of a physician pathology serv-
 13 ice to a fee-for-service medicare beneficiary who
 14 is an inpatient or outpatient of a covered hos-
 15 pital, the Secretary shall treat such component
 16 as a service for which payment shall be made
 17 to the laboratory under this section and not as
 18 an inpatient hospital service for which payment
 19 is made to the hospital under section 1886(d)
 20 or as a hospital outpatient service for which
 21 payment is made to the hospital under section
 22 1833(t).

23 “(B) DEFINITIONS.—In this paragraph:

24 “(i) COVERED HOSPITAL.—

25 “(I) IN GENERAL.—The term
 26 ‘covered hospital’ means, with respect

1 to an inpatient or outpatient, a hos-
 2 pital that had an arrangement with
 3 an independent laboratory that was in
 4 effect as of July 22, 1999, under
 5 which a laboratory furnished the tech-
 6 nical component of physician pathol-
 7 ogy services to fee-for-service medi-
 8 care beneficiaries who were hospital
 9 inpatients or outpatients, respectively,
 10 and submitted claims for payment for
 11 such component to a carrier with a
 12 contract under section 1842 and not
 13 to the hospital.

14 “(II) CHANGE IN OWNERSHIP
 15 DOES NOT AFFECT DETERMINA-
 16 TION.—A change in ownership with
 17 respect to a hospital on or after the
 18 date referred to in subclause (I) shall
 19 not affect the determination of wheth-
 20 er such hospital is a covered hospital
 21 for purposes of such subclause.

22 “(ii) FEE-FOR-SERVICE MEDICARE
 23 BENEFICIARY.—The term ‘fee-for-service
 24 medicare beneficiary’ means an individual
 25 who is entitled to (or enrolled for) benefits

under part A, or enrolled under this part,
or both, but who is not enrolled in any of
the following:

“(I) A Medicare+Choice plan
under part C.

“(II) A plan offered by an eligi-
ble organization under section 1876.

“(III) A program of all-inclusive
care for the elderly (PACE) under
section 1894.

“(IV) A social health mainte-
nance organization (SHMO) dem-
onstration project established under
section 4018(b) of the Omnibus
Budget Reconciliation Act of 1987
(Public Law 100–203).”.

(b) CONFORMING AMENDMENT.—Section 542 of
BIPA (114 Stat. 2763A–550) is repealed.

(c) EFFECTIVE DATES.—The amendments made by
this section shall take effect as if included in the enact-
ment of the Medicare, Medicaid, and SCHIP Benefits Im-
provement and Protection Act of 2000 (114 Stat. 2763A–
463 et seq.), as enacted into law by section 1(a)(6) of Pub-
lic Law 106–554.

TITLE II—OTHER RURAL HOSPITAL REFORMS

SEC. 201. CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM.

(a) IN GENERAL.—Part A of title XVI of the Public Health Service Act (42 U.S.C. 300q et seq.) is amended by adding at the end the following new section:

“CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM

“SEC. 1603. (a) AUTHORITY TO MAKE AND GUARANTEE LOANS.—

“(1) AUTHORITY TO MAKE LOANS.—The Secretary may make loans from the fund established under section 1602(d) to any rural entity for projects for capital improvements, including—

“(A) the acquisition of land necessary for the capital improvements;

“(B) the renovation or modernization of any building;

“(C) the acquisition or repair of fixed or major movable equipment; and

“(D) such other project expenses as the Secretary determines appropriate.

“(2) AUTHORITY TO GUARANTEE LOANS.—

“(A) IN GENERAL.—The Secretary may guarantee the payment of principal and interest

1 for loans made to rural entities for projects for
2 any capital improvement described in paragraph
3 (1) to any non-Federal lender.

4 “(B) INTEREST SUBSIDIES.—In the case
5 of a guarantee of any loan made to a rural enti-
6 ty under subparagraph (A), the Secretary may
7 pay to the holder of such loan, for and on be-
8 half of the project for which the loan was made,
9 amounts sufficient to reduce (by not more than
10 3 percent) the net effective interest rate other-
11 wise payable on such loan.

12 “(b) AMOUNT OF LOAN.—The principal amount of
13 a loan directly made or guaranteed under subsection (a)
14 for a project for capital improvement may not exceed
15 \$5,000,000.

16 “(c) FUNDING LIMITATIONS.—

17 “(1) GOVERNMENT CREDIT SUBSIDY EXPO-
18 SURE.—The total of the Government credit subsidy
19 exposure under the Credit Reform Act of 1990 scor-
20 ing protocol with respect to the loans outstanding at
21 any time with respect to which guarantees have been
22 issued, or which have been directly made, under sub-
23 section (a) may not exceed \$50,000,000 per year.

24 “(2) TOTAL AMOUNTS.—Subject to paragraph
25 (1), the total of the principal amount of all loans di-

1 rectly made or guaranteed under subsection (a) may
 2 not exceed \$250,000,000 per year.

3 “(d) CAPITAL ASSESSMENT AND PLANNING
 4 GRANTS.—

5 “(1) NONREPAYABLE GRANTS.—Subject to
 6 paragraph (2), the Secretary may make a grant to
 7 a rural entity, in an amount not to exceed \$50,000,
 8 for purposes of capital assessment and business
 9 planning.

10 “(2) LIMITATION.—The cumulative total of
 11 grants awarded under this subsection may not ex-
 12 ceed \$2,500,000 per year.

13 “(e) TERMINATION OF AUTHORITY.—The Secretary
 14 may not directly make or guarantee any loan under sub-
 15 section (a) or make a grant under subsection (d) after
 16 September 30, 2008.”.

17 (b) RURAL ENTITY DEFINED.—Section 1624 of the
 18 Public Health Service Act (42 U.S.C. 300s–3) is amended
 19 by adding at the end the following new paragraph:

20 “(14)(A) The term ‘rural entity’ includes—

21 “(i) a rural health clinic, as defined in sec-
 22 tion 1861(aa)(2) of the Social Security Act;

23 “(ii) any medical facility with at least 1
 24 bed, but with less than 50 beds, that is located
 25 in—

1 “(I) a county that is not part of a
2 metropolitan statistical area; or

3 “(II) a rural census tract of a metro-
4 politan statistical area (as determined
5 under the most recent modification of the
6 Goldsmith Modification, originally pub-
7 lished in the Federal Register on February
8 27, 1992 (57 Fed. Reg. 6725));

9 “(iii) a hospital that is classified as a
10 rural, regional, or national referral center under
11 section 1886(d)(5)(C) of the Social Security
12 Act; and

13 “(iv) a hospital that is a sole community
14 hospital (as defined in section
15 1886(d)(5)(D)(iii) of the Social Security Act).

16 “(B) For purposes of subparagraph (A), the
17 fact that a clinic, facility, or hospital has been geo-
18 graphically reclassified under the medicare program
19 under title XVIII of the Social Security Act shall not
20 preclude a hospital from being considered a rural en-
21 tity under clause (i) or (ii) of subparagraph (A).”.

22 (c) CONFORMING AMENDMENTS.—Section 1602 of
23 the Public Health Service Act (42 U.S.C. 300q–2) is
24 amended—

1 (1) in subsection (b)(2)(D), by inserting “or
 2 1603(a)(2)(B)” after “1601(a)(2)(B)”; and

3 (2) in subsection (d)—

4 (A) in paragraph (1)(C), by striking “sec-
 5 tion 1601(a)(2)(B)” and inserting “sections
 6 1601(a)(2)(B) and 1603(a)(2)(B)”; and

7 (B) in paragraph (2)(A), by inserting “or
 8 1603(a)(2)(B)” after “1601(a)(2)(B)”.

9 **SEC. 202. FIVE-YEAR EXTENSION OF THE AUTHORIZATION**
 10 **FOR APPROPRIATIONS FOR CERTAIN MEDI-**
 11 **CARE RURAL GRANTS.**

12 Section 1820(j) (42 U.S.C. 1395i–4(j)) is amended
 13 by striking “subsection (g)” and all that follows and in-
 14 serting “subsection (g)—

15 “(1) \$25,000,000 in each of the fiscal years
 16 1998 through 2003; and

17 “(2) \$40,000,000 in each of the fiscal years
 18 2004 through 2008.”.

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