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104TH CONGRESS
1ST SESSION

S. 1044

To amend title III of the Public Health Service Act to consolidate and reauthorize provisions relating to health centers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 17 (legislative day, JULY 10), 1995

Mrs. KASSEBAUM (for herself, Mr. KENNEDY, Mr. JEFFORDS, Mr. PELL, and Mr. SIMON) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

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A BILL

To amend title III of the Public Health Service Act to consolidate and reauthorize provisions relating to health centers, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Health Centers Consolidation Act of 1995''.

SEC. 2. CONSOLIDATION AND REAUTHORIZATION OF PROVISIONS.

Subpart I of part D of title III of the Public Health Service Act (42 U.S.C. 254b et seq.) is amended to read as follows:

''Subpart I—Health Centers

''SEC. 330. HEALTH CENTERS.

''(a) DEFINITION OF HEALTH CENTER.—

''(1) IN GENERAL.—For purposes of this section, the term 'health center' means an entity that serves a population that is medically underserved, or a special medically underserved population comprised of migratory and seasonal agricultural workers, the homeless, and residents of public housing, by providing, either through the staff and supporting resources of the center or through contracts or cooperative arrangements—

''(A) required primary health services (as defined in subsection (b)(1)); and

''(B) as may be appropriate for particular centers, additional health services (as defined in subsection (b)(2)) necessary for the adequate support of the primary health services required under subparagraph (A);

for all residents of the area served by the center (hereafter referred to in this section as the 'catchment area').

''(2) LIMITATION.—The requirement in paragraph (1) to provide services for all residents within a catchment area shall not apply in the case of a health center receiving a grant only under subsection (f), (g), or (h).

''(b) DEFINITIONS.—For purposes of this section:

''(1) REQUIRED PRIMARY HEALTH SERVICES.—

''(A) IN GENERAL.—The term 'required primary health services' means—

''(i) basic health services which, for purposes of this section, shall consist of—

''(I) health services related to family medicine, internal medicine, pediatrics, obstetrics, or gynecology that are furnished by physicians and where appropriate, physician assistants, nurse practitioners, and nurse midwives;

''(II) diagnostic laboratory and radiologic services;

''(III) preventive health services, including—

''(aa) prenatal and perinatal services;

''(bb) screening for breast and cervical cancer;

''(cc) well-child services;

''(dd) immunizations against vaccine-preventable diseases;

''(ee) screenings for elevated blood lead levels, communicable diseases, and cholesterol;

''(ff) pediatric eye, ear, and dental screenings to determine the need for vision and hearing correction and dental care;

''(gg) voluntary family planning services; and

''(hh) preventive dental services;

''(IV) emergency medical services; and

''(V) pharmaceutical services as may be appropriate for particular centers;

''(ii) referrals to providers of medical services and other health-related services

(including substance abuse and mental health services);

''(iii) patient case management services (including counseling, referral, and follow-up services) and other services designed to assist health center patients in establishing eligibility for and gaining access to Federal, State, and local programs that provide or financially support the provision of medical, social, educational, or other related services;

''(iv) services that enable individuals to use the services of the health center (including outreach and transportation services and, if a substantial number of the individuals in the population served by a center are of limited English-speaking ability, the services of appropriate personnel fluent in the language spoken by a predominant number of such individuals); and

''(v) education of patients and the general population served by the health center regarding the availability and proper use of health services.

''(B) EXCEPTION.—With respect to a health center that receives a grant only under subsection (f), the Secretary, upon a showing of good cause, shall—

''(i) waive the requirement that the center provide all required primary health services under this paragraph; and

''(ii) approve, as appropriate, the provision of certain required primary health services only during certain periods of the year.

''(2) ADDITIONAL HEALTH SERVICES.—The term 'additional health services' means services that are not included as required primary health services and that are appropriate to meet the health needs of the population served by the health center involved. Such term may include—

''(A) environmental health services, including—

''(i) the detection and alleviation of unhealthful conditions associated with water supply;

''(ii) sewage treatment;

''(iii) solid waste disposal;

''(iv) rodent and parasitic infestation;

''(v) field sanitation;

''(vi) housing; and

''(vii) other environmental factors related to health; and

''(B) in the case of health centers receiving grants under subsection (f), special occupation-related health services for migratory and seasonal agricultural workers, including—

''(i) screening for and control of infectious diseases, including parasitic diseases; and

''(ii) injury prevention programs, including prevention of exposure to unsafe levels of agricultural chemicals including pesticides.

''(3) MEDICALLY UNDERSERVED POPULATIONS.—

''(A) IN GENERAL.—The term 'medically underserved population' means the population of an urban or rural area designated by the Secretary as an area with a shortage of personal health services or a population group designated by the Secretary as having a shortage of such services.

''(B) CRITERIA.—In carrying out subparagraph (A), the Secretary shall prescribe criteria for determining the specific shortages of personal health services of an area or population group. Such criteria shall—

''(i) take into account comments received by the Secretary from the chief executive officer of a State and local officials in a State; and

''(ii) include factors indicative of the health status of a population group or residents of an area, the ability of the residents of an area or of a population group to pay for health services and their accessibility to them, and the availability of health professionals to residents of an area or to a population group.

''(C) LIMITATION.—The Secretary may not designate a medically underserved population in a State or terminate the designation of such a population unless, prior to such designation or termination, the Secretary provides reasonable notice and opportunity for comment and consults with—

''(i) the chief executive officer of such State;

''(ii) local officials in such State; and

''(iii) the organization, if any, which represents a majority of health centers in such State.

''(D) PERMISSIBLE DESIGNATION.—The Secretary may designate a medically underserved population that does not meet the criteria established under subparagraph (B) if the chief executive officer of the State in which such population is located and local officials of such State recommend the designation of such population based on unusual local conditions which are a barrier to access to or the availability of personal health services.

''(c) PLANNING GRANTS.—

''(1) IN GENERAL.—

''(A) CENTERS.—The Secretary may make grants to public and nonprofit private entities for projects to plan and develop health centers which will serve medically underserved populations. A project for which a grant may be made under this subsection may include the cost of the acquisition, expansion, and mod-

ernization of existing buildings and construction of new buildings (including the costs of amortizing the principal of, and paying the interest on, loans) and shall include—

''(i) an assessment of the need that the population proposed to be served by the health center for which the project is undertaken has for required primary health services and additional health services;

''(ii) the design of a health center program for such population based on such assessment;

''(iii) efforts to secure, within the proposed catchment area of such center, financial and professional assistance and support for the project;

''(iv) initiation and encouragement of continuing community involvement in the development and operation of the project; and

''(v) proposed linkages between the center and other appropriate provider entities, such as health departments, local hospitals, and rural health clinics, to provide

better coordinated, higher quality, and more cost-effective health care services.

''(B) COMPREHENSIVE SERVICE DELIVERY NETWORKS AND PLANS.—The Secretary may make grants to health centers that receive assistance under this section to enable the centers to plan and develop a network or plan for the provision of health services, which may include the provision of health services on a prepaid basis or through another managed care arrangement, to some or to all of the individuals which the centers serve. Such a grant may only be made for such a center if—

''(i) the center has received grants under subsection (d)(1)(A) for at least 2 consecutive years preceding the year of the grant under this subparagraph or has otherwise demonstrated, as required by the Secretary, that such center has been providing primary care services for at least the 2 consecutive years immediately preceding such year; and

''(ii) the center provides assurances satisfactory to the Secretary that the provision of such services on a prepaid basis,

or under another managed care arrangement, will not result in the diminution of the level or quality of health services provided to the medically underserved population served prior to the grant under this subparagraph.

Any such grant may include the acquisition and lease, expansion, and modernization of existing buildings, construction of new buildings, acquisition or lease of equipment which may include data and information systems, and providing training and technical assistance related to the provision of health services on a prepaid basis or under another managed care arrangement, and for other purposes that promote the development of managed care networks and plans.

''(2) LIMITATION.—Not more than two grants may be made under this subsection for the same project, except that upon a showing of good cause, the Secretary may make additional grant awards.

''(d) OPERATING GRANTS.—

''(1) AUTHORITY.—

''(A) IN GENERAL.—The Secretary may make grants for the costs of the operation of public and nonprofit private health centers that

provide health services to medically underserved populations.

''(B) ENTITIES THAT FAIL TO MEET CERTAIN REQUIREMENTS.—The Secretary may make grants, for a period of not to exceed 2-years, for the costs of the operation of public and nonprofit private entities which provide health services to medically underserved populations but with respect to which the Secretary is unable to make each of the determinations required by subsection (j)(3).

''(2) USE OF FUNDS.—The costs for which a grant may be made under subparagraph (A) or (B) of paragraph (1) may include the costs of acquiring, expanding, and modernizing existing buildings and constructing new buildings (including the costs of amortizing the principal of, and paying interest on, loans), the costs of repaying loans for buildings, and the costs of providing training related to the provision of required primary health services and additional health services and to the management of health center programs.

''(3) LIMITATION.—Not more than two grants may be made under subparagraph (B) of paragraph (1) for the same entity.

''(4) AMOUNT.—

''(A) IN GENERAL.—The amount of any grant made in any fiscal year under paragraph (1) to a health center shall be determined by the Secretary, but may not exceed the amount by which the costs of operation of the center in such fiscal year exceed the total of—

''(i) State, local, and other operational funding provided to the center; and

''(ii) the fees, premiums, and third-party reimbursements, which the center may reasonably be expected to receive for its operations in such fiscal year.

''(B) PAYMENTS.—Payments under grants under subparagraph (A) or (B) of paragraph (1) shall be made in advance or by way of reimbursement and in such installments as the Secretary finds necessary and adjustments may be made for overpayments or underpayments.

''(C) USE OF NONGRANT FUNDS.—Nongrant funds described in clauses (i) and (ii) of subparagraph (A), including any such funds in excess of those originally expected, shall be used as permitted under this section, and may be used for such other purposes as are not spe-

cifically prohibited under this section if such use furthers the objectives of the project.

''(e) INFANT MORTALITY GRANTS.—

''(1) IN GENERAL.—The Secretary may make grants to health centers for the purpose of assisting such centers in—

''(A) providing comprehensive health care and support services for the reduction of—

''(i) the incidence of infant mortality; and

''(ii) morbidity among children who are less than 3 years of age; and

''(B) developing and coordinating service and referral arrangements between health centers and other entities for the health management of pregnant women and children described in subparagraph (A).

''(2) PRIORITY.—In making grants under this subsection the Secretary shall give priority to health centers providing services to any medically underserved population among which there is a substantial incidence of infant mortality or among which there is a significant increase in the incidence of infant mortality.

''(3) REQUIREMENTS.—The Secretary may make a grant under this subsection only if the health center involved agrees that—

''(A) the center will coordinate the provision of services under the grant to each of the recipients of the services;

''(B) such services will be continuous for each such recipient;

''(C) the center will provide follow-up services for individuals who are referred by the center for services described in paragraph (1);

''(D) the grant will be expended to supplement, and not supplant, the expenditures of the center for primary health services (including prenatal care) with respect to the purpose described in this subsection; and

''(E) the center will coordinate the provision of services with other maternal and child health providers operating in the catchment area.

''(f) MIGRATORY AND SEASONAL AGRICULTURAL WORKERS.—

''(1) IN GENERAL.—The Secretary may award grants for the purposes described in subsections (c), (d), and (e) for the planning and delivery of services

to a special medically underserved population comprised of—

''(A) migratory agricultural workers, seasonal agricultural workers, and members of the families of such migratory and seasonal agricultural workers who are within a designated catchment area; and

''(B) individuals who have previously been migratory agricultural workers but who no longer meet the requirements of subparagraph (A) of paragraph (4) because of age or disability and members of the families of such individuals who are within such catchment area.

''(2) ENVIRONMENTAL CONCERNS.—The Secretary may enter into grants or contracts under this subsection with public and private entities to—

''(A) assist the States in the implementation and enforcement of acceptable environmental health standards, including enforcement of standards for sanitation in migratory agricultural worker labor camps, and applicable Federal and State pesticide control standards; and

''(B) conduct projects and studies to assist the several States and entities which have received grants or contracts under this section in

the assessment of problems related to camp and field sanitation, exposure to unsafe levels of agricultural chemicals including pesticides, and other environmental health hazards to which migratory agricultural workers and members of their families are exposed.

''(3) DEFINITIONS.—For purposes of this subsection:

''(A) MIGRATORY AGRICULTURAL WORKER.—The term 'migratory agricultural worker' means an individual whose principal employment is in agriculture on a seasonal basis, who has been so employed within the last 24 months, and who establishes for the purposes of such employment a temporary abode.

''(B) SEASONAL AGRICULTURAL WORKER.—The term 'seasonal agricultural worker' means an individual whose principal employment is in agriculture on a seasonal basis and who is not a migratory agricultural worker.

''(C) AGRICULTURE.—The term 'agriculture' means farming in all its branches, including—

''(i) cultivation and tillage of the soil;

''(ii) the production, cultivation, growing, and harvesting of any commodity grown on, in, or as an adjunct to or part of a commodity grown in or on, the land; and

''(iii) any practice (including preparation and processing for market and delivery to storage or to market or to carriers for transportation to market) performed by a farmer or on a farm incident to or in conjunction with an activity described in clause (ii).

''(g) HOMELESS POPULATION.—

''(1) IN GENERAL.—The Secretary may award grants for the purposes described in subsections (c), (d), and (e) for the planning and delivery of services to a special medically underserved population comprised of homeless individuals, including grants for innovative programs that provide outreach and comprehensive primary health services to homeless children and children at risk of homelessness.

''(2) REQUIRED SERVICES.—In addition to required primary health services (as defined in subsection (b)(1)), an entity that receives a grant under

this subsection shall be required to provide substance abuse services as a condition of such grant.

''(3) SUPPLEMENT NOT SUPPLANT REQUIREMENT.—A grant awarded under this subsection shall be expended to supplement, and not supplant, the expenditures of the health center and the value of in kind contributions for the delivery of services to the population described in paragraph (1).

''(4) DEFINITIONS.—For purposes of this section:

''(A) HOMELESS INDIVIDUAL.—The term 'homeless individual' means an individual who lacks housing (without regard to whether the individual is a member of a family), including an individual whose primary residence during the night is a supervised public or private facility that provides temporary living accommodations and an individual who is a resident in transitional housing.

''(B) SUBSTANCE ABUSE.—The term 'substance abuse' has the same meaning given such term in section 534(4).

''(C) SUBSTANCE ABUSE SERVICES.—The term 'substance abuse services' includes detoxi-

fication and residential treatment for substance abuse provided in settings other than hospitals.

''(h) RESIDENTS OF PUBLIC HOUSING.—

''(1) IN GENERAL.—The Secretary may award grants for the purposes described in subsections (c), (d), and (e) for the planning and delivery of services to a special medically underserved population comprised of residents of public housing (such term, for purposes of this subsection, shall have the same meaning given such term in section 3(b)(1) of the United States Housing Act of 1937) and individuals living in areas immediately accessible to such public housing.

''(2) SUPPLEMENT NOT SUPPLANT.—A grant awarded under this subsection shall be expended to supplement, and not supplant, the expenditures of the health center and the value of in kind contributions for the delivery of services to the population described in paragraph (1).

''(3) CONSULTATION WITH RESIDENTS.—The Secretary may not make a grant under paragraph (1) unless, with respect to the residents of the public housing involved, the applicant for the grant—

''(A) has consulted with the residents in the preparation of the application for the grant; and

''(B) agrees to provide for ongoing consultation with the residents regarding the planning and administration of the program carried out with the grant.

''(i) APPLICATIONS.—

''(1) SUBMISSION.—No grant may be made under this section unless an application therefore is submitted to, and approved by, the Secretary. Such an application shall be submitted in such form and manner and shall contain such information as the Secretary shall prescribe.

''(2) DESCRIPTION OF NEED.—An application for a grant under subparagraph (A) or (B) of subsection (d)(1) for a health center shall include—

''(A) a description of the need for health services in the catchment area of the center;

''(B) a demonstration by the applicant that the area or the population group to be served by the applicant has a shortage of personal health services; and

''(C) a demonstration that the center will be located so that it will provide services to the

greatest number of individuals residing in the catchment area or included in such population group.

Such a demonstration shall be made on the basis of the criteria prescribed by the Secretary under subsection (b)(3) or on any other criteria which the Secretary may prescribe to determine if the area or population group to be served by the applicant has a shortage of personal health services. In considering an application for a grant under subparagraph (A) or (B) of subsection (d)(1), the Secretary may require as a condition to the approval of such application an assurance that the applicant will provide any health service defined under paragraphs (1) and (2) of subsection (b) that the Secretary finds is needed to meet specific health needs of the area to be served by the applicant. Such a finding shall be made in writing and a copy shall be provided to the applicant.

''(3) REQUIREMENTS.—Except as provided in subsection (d)(1)(B), the Secretary may not approve an application for a grant under subparagraph (A) or (B) of subsection (d)(1) unless the Secretary determines that the entity for which the application is

submitted is a health center (within the meaning of subsection (a)) and that—

''(A) the required primary health services of the center will be available and accessible in the catchment area of the center promptly, as appropriate, and in a manner which assures continuity;

''(B) the center will have an ongoing quality improvement system that includes clinical services and management, and that maintains the confidentiality of patient records;

''(C) the center will demonstrate its financial responsibility by the use of such accounting procedures and other requirements as may be prescribed by the Secretary;

''(D) the center—

''(i) has or will have a contractual or other arrangement with the agency of the State, in which it provides services, which administers or supervises the administration of a State plan approved under title XIX of the Social Security Act for the payment of all or a part of the center's costs in providing health services to persons who

are eligible for medical assistance under such a State plan; or

''(ii) has made or will make every reasonable effort to enter into such an arrangement;

''(E) the center has made or will make and will continue to make every reasonable effort to collect appropriate reimbursement for its costs in providing health services to persons who are entitled to insurance benefits under title XVIII of the Social Security Act, to medical assistance under a State plan approved under title XIX of such Act, or to assistance for medical expenses under any other public assistance program or private health insurance program;

''(F) the center—

''(i) has prepared a schedule of fees or payments for the provision of its services consistent with locally prevailing rates or charges and designed to cover its reasonable costs of operation and has prepared a corresponding schedule of discounts to be applied to the payment of such fees or payments, which discounts are adjusted on the basis of the patient's ability to pay;

''(ii) has made and will continue to make every reasonable effort—

''(I) to secure from patients payment for services in accordance with such schedules; and

''(II) to collect reimbursement for health services to persons described in subparagraph (E) on the basis of the full amount of fees and payments for such services without application of any discount; and

''(iii) has submitted to the Secretary such reports as the Secretary may require to determine compliance with this subparagraph;

''(G) the center has established a governing board which except in the case of an entity operated by an Indian tribe or tribal or Indian organization under the Indian Self-Determination Act—

''(i) is composed of individuals, a majority of whom are being served by the center and who, as a group, represent the individuals being served by the center;

''(ii) meets at least once a month, selects the services to be provided by the center, schedules the hours during which such services will be provided, approves the center's annual budget, approves the selection of a director for the center, and, except in the case of a governing board of a public center (as defined in the second sentence of this paragraph), establishes general policies for the center; and

''(iii) in the case of an application for a second or subsequent grant for a public center, has approved the application or if the governing body has not approved the application, the failure of the governing body to approve the application was unreasonable;

except that, upon a showing of good cause the Secretary shall waive all or part of the requirements of this subparagraph in the case of a health center that receives a grant pursuant to subsection (f), (g), (h), or (o);

''(H) the center has developed—

''(i) an overall plan and budget that meets the requirements of the Secretary; and

''(ii) an effective procedure for compiling and reporting to the Secretary such statistics and other information as the Secretary may require relating to—

''(I) the costs of its operations;

''(II) the patterns of use of its services;

''(III) the availability, accessibility, and acceptability of its services; and

''(IV) such other matters relating to operations of the applicant as the Secretary may require;

''(I) the center will review periodically its catchment area to—

''(i) ensure that the size of such area is such that the services to be provided through the center (including any satellite) are available and accessible to the residents of the area promptly and as appropriate;

''(ii) ensure that the boundaries of such area conform, to the extent practicable, to relevant boundaries of political subdivisions, school districts, and Federal and State health and social service programs; and

''(iii) ensure that the boundaries of such area eliminate, to the extent possible, barriers to access to the services of the center, including barriers resulting from the area's physical characteristics, its residential patterns, its economic and social grouping, and available transportation;

''(J) in the case of a center which serves a population including a substantial proportion of individuals of limited English-speaking ability, the center has—

''(i) developed a plan and made arrangements responsive to the needs of such population for providing services to the extent practicable in the language and cultural context most appropriate to such individuals; and

''(ii) identified an individual on its staff who is fluent in both that language

and in English and whose responsibilities shall include providing guidance to such individuals and to appropriate staff members with respect to cultural sensitivities and bridging linguistic and cultural differences; and

''(K) the center, has developed an ongoing referral relationship with one or more hospitals.

For purposes of subparagraph (G), the term 'public center' means a health center funded (or to be funded) through a grant under this section to a public agency.

''(4) APPROVAL OF NEW OR EXPANDED SERVICE APPLICATIONS.—The Secretary shall approve applications for grants under subparagraph (A) or (B) of subsection (d)(1) for health centers which—

''(A) have not received a previous grant under such subsection; or

''(B) have applied for such a grant to expand their services;

in such a manner that the ratio of the medically underserved populations in rural areas which may be expected to use the services provided by such centers to the medically underserved populations in urban areas which may be expected to use the services pro-

vided by such centers is not less than two to three or greater than three to two.

''(5) NEW CONSTRUCTION.—The Secretary may make a grant under subsection (c) or (d) for the construction of new buildings for a health center only if the Secretary determines that appropriate facilities are not available through acquiring, modernizing, or expanding existing buildings and that the entity to which the grant will be made has made reasonable efforts to secure from other sources funds, in lieu of the grant, to construct such facilities.

''(j) TECHNICAL AND OTHER ASSISTANCE.—The Secretary may provide (either through the Department of Health and Human Services or by grant or contract) all necessary technical and other nonfinancial assistance (including fiscal and program management assistance and training in such management) to any public or private nonprofit entity to assist entities in developing plans for, or operating as, health centers, and in meeting the requirements of subsection (i)(2).

''(k) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—For the purpose of carrying out this section there are authorized to be appropriated $756,000,000 for fiscal year 1996, and such

sums as may be necessary for each of the fiscal years 1997 through 2000.

''(2) SPECIAL PROVISIONS.—The Secretary may not expend in any fiscal year, for grants under this section to public centers (as defined in the second sentence of subsection (i)(3)) the governing boards of which (as described in subsection (i)(3)(G)(ii)) do not establish general policies for such centers, an amount which exceeds 5 percent of the amounts appropriated under this section for that fiscal year. For purposes of applying the preceding sentence, the term 'public centers' shall not include health centers that receive grants pursuant to subsection (g) or (h).

''(3) FUNDING REPORT.—The Secretary shall annually prepare and submit to the appropriate committees of Congress a report concerning the distribution of funds under this section that are provided to meet the health care needs of medically underserved populations, including the homeless, residents of public housing, and migratory and seasonal agricultural workers, and the appropriateness of the delivery systems involved in responding to the needs of the particular populations. Such report shall include an assessment of the relative health care access needs of the targeted populations and the rationale

for any substantial changes in the distribution of funds.

''(l) MEMORANDUM OF AGREEMENT.—In carrying out this section, the Secretary may enter into a memorandum of agreement with a State. Such memorandum may include, where appropriate, provisions permitting such State to—

''(1) analyze the need for primary health services for medically underserved populations within such State;

''(2) assist in the planning and development of new health centers;

''(3) review and comment upon annual program plans and budgets of health centers, including comments upon allocations of health care resources in the State;

''(4) assist health centers in the development of clinical practices and fiscal and administrative systems through a technical assistance plan which is responsive to the requests of health centers; and

''(5) share information and data relevant to the operation of new and existing health centers.

''(m) RECORDS.—

''(1) IN GENERAL.—Each entity which receives a grant under subsection (d) shall establish and maintain such records as the Secretary shall require.

''(2) AVAILABILITY.—Each entity which is required to establish and maintain records under this subsection shall make such books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying or mechanical reproduction on or off the premises of such entity upon a reasonable request therefore. The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have the authority to conduct such examination, copying, and reproduction.

''(n) DELEGATION OF AUTHORITY.—The Secretary may delegate the authority to administer the programs authorized by this section to any office within the Service, except that the authority to enter into, modify, or issue approvals with respect to grants or contracts may be delegated only within the Health Resources and Services Administration.

''(o) SPECIAL CONSIDERATION.—In making grants under this section, the Secretary shall give special consid-

eration to the unique needs of sparsely populated rural areas, including priority in the awarding of grants for new health centers under subsections (c) and (d), and the granting of waivers as appropriate and permitted under subsections (b)(1)(B)(i) and (i)(3)(G).''.

SEC. 3. RURAL HEALTH OUTREACH, NETWORK DEVELOPMENT, AND TELEMEDICINE GRANT PROGRAM.

(a) IN GENERAL.—Subpart I of part D of title III of the Public Health Service Act (42 U.S.C. 254b et seq.) (as amended by section 2) is further amended by adding at the end thereof the following new section:

''SEC. 330A. RURAL HEALTH OUTREACH, NETWORK DEVELOPMENT, AND TELEMEDICINE GRANT PROGRAM.

''(a) ADMINISTRATION.—The rural health services outreach demonstration grant program established under section 301 shall be administered by the Office of Rural Health Policy (of the Health Resources and Services Administration), in consultation with State rural health offices or other appropriate State governmental entities.

''(b) GRANTS.—Under the program referred to in subsection (a), the Secretary, acting through the Director of the Office of Rural Health Policy, may award grants to expand access to, coordinate, restrain the cost of, and

improve the quality of essential health care services, including preventive and emergency services, through the development of integrated health care delivery systems or networks in rural areas and regions.

''(c) ELIGIBLE NETWORKS.—

''(1) OUTREACH NETWORKS.—To be eligible to receive a grant under this section, an entity shall—

''(A) be a rural public or nonprofit private entity that is or represents a network or potential network that includes three or more health care providers or other entities that provide or support the delivery of health care services; and

''(B) in consultation with the State office of rural health or other appropriate State entity, prepare and submit to the Secretary an application, at such time, in such manner, and containing such information as the Secretary may require, including—

''(i) a description of the activities which the applicant intends to carry out using amounts provided under the grant;

''(ii) a plan for continuing the project after Federal support is ended;

''(iii) a description of the manner in which the activities funded under the grant

will meet health care needs of underserved rural populations within the State; and

''(iv) a description of how the local community or region to be served by the network or proposed network will be involved in the development and ongoing operations of the network.

''(2) FOR-PROFIT ENTITIES.—An eligible network may include for-profit entities so long as the network grantee is a nonprofit entity.

''(3) TELEMEDICINE NETWORKS.—

''(A) IN GENERAL.—An entity that is a health care provider and a member of an existing or proposed telemedicine network, or an entity that is a consortium of health care providers that are members of an existing or proposed telemedicine network shall be eligible for a grant under this section.

''(B) REQUIREMENT.—A telemedicine network referred to in subparagraph (A) shall, at a minimum, be composed of—

''(i) a multispecialty entity that is located in an urban or rural area, which can provide 24-hour a day access to a range of specialty care; and

''(ii) at least two rural health care facilities, which may include rural hospitals, rural physician offices, rural health clinics, rural community health clinics, and rural nursing homes.

''(d) PREFERENCE.—In awarding grants under this section, the Secretary shall give preference to applicant networks that include—

''(1) a majority of the health care providers serving in the area or region to be served by the network;

''(2) any federally qualified health centers, rural health clinics, and local public health departments serving in the area or region;

''(3) outpatient mental health providers serving in the area or region; or

''(4) appropriate social service providers, such as agencies on aging, school systems, and providers under the women, infants, and children program, to improve access to and coordination of health care services.

''(e) USE OF FUNDS.—

''(1) IN GENERAL.—Amounts provided under grants awarded under this section shall be used—

''(A) for the planning and development of integrated self-sustaining health care networks; and

''(B) for the initial provision of services.

''(2) EXPENDITURES IN RURAL AREAS.—

''(A) IN GENERAL.—In awarding a grant under this section, the Secretary shall ensure that not less than 50 percent of the grant award is expended in a rural area or to provide services to residents of rural areas.

''(B) TELEMEDICINE NETWORKS.—An entity described in subsection (c)(3) may not use in excess of—

''(i) 40 percent of the amounts provided under a grant under this section to carry out activities under paragraph (3)(A)(iii); and

''(ii) 20 percent of the amounts provided under a grant under this section to pay for the indirect costs associated with carrying out the purposes of such grant.

''(3) TELEMEDICINE NETWORKS.—

''(A) IN GENERAL.—An entity described in subsection (c)(3), may use amounts provided under a grant under this section to—

''(i) demonstrate the use of telemedicine in facilitating the development of rural health care networks and for improving access to health care services for rural citizens;

''(ii) provide a baseline of information for a systematic evaluation of telemedicine systems serving rural areas;

''(iii) purchase or lease and install equipment; and

''(iv) operate the telemedicine system and evaluate the telemedicine system.

''(B) LIMITATIONS.—An entity described in subsection (c)(3), may not use amounts provided under a grant under this section—

''(i) to build or acquire real property;

''(ii) purchase or install transmission equipment (such as laying cable or telephone lines, microwave towers, satellite dishes, amplifiers, and digital switching equipment); or

''(iii) for construction, except that such funds may be expended for minor renovations relating to the installation of equipment;

''(f) TERM OF GRANTS.—Funding may not be provided to a network under this section for in excess of a 3-year period.

''(g) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section there are authorized to be appropriated $36,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.''.

(b) TRANSITION.—The Secretary of Health and Human Services shall ensure the continued funding of grants made, or contracts or cooperative agreements entered into, under subpart I of part D of title III of the Public Health Service Act (42 U.S.C. 254b et seq.) (as such subpart existed on the day prior to the date of enactment of this Act), until the expiration of the grant period or the term of the contract or cooperative agreement. Such funding shall be continued under the same terms and conditions as where in effect on the date on which the grant, contract or cooperative agreement was awarded, subject to the availability of appropriations.

SEC. 4. TECHNICAL AND CONFORMING AMENDMENTS.

(a) IN GENERAL.—The Public Health Service Act is amended—

(1) in section 224(g)(4) (42 U.S.C. 233(g)(4)) by striking ''under'' and all that follows through the end thereof and inserting ''under section 330.'';

(2) in section 340C(a)(2) (42 U.S.C. 256c) by striking ''diseases'' and all that follows through the end thereof and inserting ''with assistance provided under section 330.''; and

(3) by repealing subparts V and VI of part D of title III (42 U.S.C. 256 et seq.).

(b) SOCIAL SECURITY ACT.—The Social Security Act is amended—

(1) in clauses (i) and (ii)(I) of section 1861(aa)(4)(A) (42 U.S.C. 1395x(aa)(4)(A)(i) and (ii)(I)) by striking ''section 329, 330, or 340'' and inserting ''section 330 (other than subsection (h))''; and

(2) in clauses (i) and (ii)(II) of section 1905(l)(2)(B) (42 U.S.C. 1396d(l)(2)(B)(i) and (ii)(II)) by striking ''section 329, 330, 340, or 340A'' and inserting ''section 330''.

(c) REFERENCES.—Whenever any reference is made in any provision of law, regulation, rule, record, or document to a community health center, migrant health center, public housing health center, or homeless health center,

such reference shall be considered a reference to a health center.

(d) ADDITIONAL AMENDMENTS.—After consultation with the appropriate committees of the Congress, the Secretary of Health and Human Services shall prepare and submit to the Congress a legislative proposal in the form of an implementing bill containing technical and conforming amendments to reflect the changes made by this Act.

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act shall become effective on October 1, 1995.

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