

106TH CONGRESS  
1ST SESSION

# S. 980

To promote access to health care services in rural areas.

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## IN THE SENATE OF THE UNITED STATES

MAY 6, 1999

Mr. BAUCUS (for himself, Mr. DASCHLE, Mr. THOMAS, Mr. HARKIN, Mr. GRASSLEY, Mr. CONRAD, Mr. ROBERTS, Mr. FRIST, Mr. JOHNSON, Mr. ROCKEFELLER, Mr. JEFFORDS, Mr. WELLSTONE, and Mr. MURKOWSKI) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To promote access to health care services in rural areas.

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

### 3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Promoting Health in Rural Areas Act of 1999”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

### TITLE I—PROMOTING ACCESS TO HEALTH CARE SERVICES IN RURAL AREAS UNDER THE MEDICARE PROGRAM

#### Subtitle A—Hospital-Related Provisions

- Sec. 101. Sole community hospitals.
- Sec. 102. Revision of criteria for designation as a critical access hospital.
- Sec. 103. Graduate medical education technical amendments.
- Sec. 104. Medicare-dependent small rural hospitals.
- Sec. 105. All-inclusive payment option for outpatient critical access hospital services.
- Sec. 106. Exclusion of swing beds in critical access hospitals from PPS for SNFs.
- Sec. 107. Exclusion of small rural providers from PPS for hospital outpatient department services.
- Sec. 108. Modification of DSH.
- Sec. 109. Hospital geographic reclassification for labor costs for all items and services reimbursed under prospective payment systems.
- Sec. 110. Requirement that wage levels for hospitals be standardized with respect to occupational mix before adjusting payment rates; study and report.

#### Subtitle B—General Provisions

- Sec. 121. Payments to Medicare+Choice organizations.
- Sec. 122. Direct billing of medicare, medicaid, and other third-party payors by Indian tribes and Alaska Native and tribal organizations.
- Sec. 123. Additional duties for MedPAC and rural representation on MedPAC.
- Sec. 124. Coverage of qualified mental health professional services under medicare.
- Sec. 125. Study and report regarding barriers that individuals residing in rural areas face in obtaining quality mental health services.
- Sec. 126. Medicare waivers for providers in rural areas.
- Sec. 127. Revision of per-visit payment limits for rural health clinic services.
- Sec. 128. Expansion of additional payments for services furnished in health professional shortage areas.
- Sec. 129. Authority to establish a prospective payment system for RHC services.
- Sec. 130. Separate wage indexes for making adjustments to payments under the prospective payment systems for skilled nursing facilities and home health agencies.
- Sec. 131. Requirement to consider rural issues in establishing fee schedule for ambulance services.

#### TITLE II—ADDITIONAL PROVISIONS TO ADDRESS SHORTAGES OF HEALTH PROFESSIONALS IN RURAL AREAS

- Sec. 201. Health professional shortage areas.
- Sec. 202. Exclusion of certain amounts received under the National Health Service Corps Scholarship Program.
- Sec. 203. Designation of underserved areas under health care contracts administered by the Office of Personnel Management.
- Sec. 204. New prospective payment system for Federally-qualified health centers and rural health clinics under the medicaid program.
- Sec. 205. Revision and clarification of medicare reimbursement of telehealth services.
- Sec. 206. Study and reports to Congress regarding telehealth licensure.
- Sec. 207. Joint working group on telehealth.

#### TITLE III—DEVELOPMENT OF TELEHEALTH NETWORKS

Subtitle A—Development of Telehealth Networks

- Sec. 301. Financial assistance authorized.
- Sec. 302. Financial assistance described.
- Sec. 303. Eligible telehealth networks.
- Sec. 304. Use of financial assistance.
- Sec. 305. Application.
- Sec. 306. Approval of application.
- Sec. 307. Administration.
- Sec. 308. Regulations.
- Sec. 309. Authorization of appropriations.

Subtitle B—Rural Health Outreach and Network Development Grant  
Program

- Sec. 315. Rural health outreach and network development grant program.

TITLE IV—MISCELLANEOUS PROVISIONS

- Sec. 401. Bank deductibility of small, tax-exempt debts.
- Sec. 402. Access to data.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) Rural communities have long had great dif-  
4 ficulty recruiting and retaining health care providers  
5 to serve the needs of their residents.

6 (2) Despite great increases in the production of  
7 providers in this country (the number of individuals  
8 per physician fell from 724 in 1965 to 375 in 1995),  
9 individuals living in rural areas have not shared eq-  
10 uitably in the benefits of this expansion.

11 (3) Over 73 percent of Americans live in non-  
12 metropolitan counties, but only 11 percent of patient  
13 care physicians practice in those counties, and this  
14 proportion has been falling for the last 25 years.

15 (4) The following conditions are characteristic  
16 of rural populations:

1 (A) The relative lack of health care re-  
 2 sources as compared to urban areas.

3 (B) The uneven pattern of disease burden.

4 (C) The irregular distribution of programs  
 5 and resources resulting from policy variations  
 6 across the Nation.

7 **TITLE I—PROMOTING ACCESS**  
 8 **TO HEALTH CARE SERVICES**  
 9 **IN RURAL AREAS UNDER THE**  
 10 **MEDICARE PROGRAM**  
 11 **Subtitle A—Hospital-Related**  
 12 **Provisions**

13 **SEC. 101. SOLE COMMUNITY HOSPITALS.**

14 (a) IN GENERAL.—Section 1886(b)(3)(C) of the So-  
 15 cial Security Act (42 U.S.C. 1395ww(b)(3)(C)) is  
 16 amended—

17 (1) in clause (i), by redesignating subclauses (I)  
 18 and (II) as items (aa) and (bb), respectively;

19 (2) by redesignating clauses (i), (ii), (iii), and  
 20 (iv) as subclauses (I), (II), (III), and (IV), respec-  
 21 tively;

22 (3) by striking “(C) In” and inserting “(C)(i)  
 23 Subject to clause (ii), in”;

24 (4) in the last sentence, by striking “clause (i)”  
 25 and inserting “subclause (I)”; and

1 (5) by inserting at the end the following:

2 “(ii)(I) If 1 or more of the alternative target amounts  
3 determined under subclause (II) for discharges occurring  
4 in fiscal year 2001 is greater than the target amount de-  
5 termined under clause (i) for such discharges, clause (i)  
6 shall be applied for such discharges by using the greatest  
7 of such alternative target amounts (and such amount shall  
8 be used in applying clause (i)(IV) to subsequent fiscal  
9 years).

10 “(II) The alternative target amounts are the amounts  
11 equal to the allowable operating costs of inpatient hospital  
12 services (as defined in subsection (a)(4)) recognized under  
13 this title for the hospital’s cost reporting period (if any)  
14 beginning in each of the alternative base years, increased  
15 (in a compounded manner) by the applicable percentage  
16 increases applied to the hospital under this paragraph for  
17 discharges occurring in fiscal years beginning after the al-  
18 ternative base year and before fiscal year 2001.

19 “(III) The alternative base years are fiscal years  
20 1982, 1987, 1996, and 1997.”.

21 (b) ELIGIBILITY FOR GEOGRAPHIC RECLASSIFICA-  
22 TION WITHOUT REGARD TO WAGE INDEX THRESHOLD.—

23 (1) IN GENERAL.—Section 1886(d)(10)(D)(iii)  
24 of the Social Security Act (42 U.S.C.  
25 1395ww(d)(10)(D)(iii)) is amended by inserting “or

1 a sole community hospital under paragraph (5)(D)”  
 2 after “a rural referral center under paragraph  
 3 (5)(C)”.

4 (2) EFFECTIVE DATE.—The amendment made  
 5 by paragraph (1) shall take effect on January 1,  
 6 2000, and apply with respect to applications sub-  
 7 mitted for geographic reclassification for cost report-  
 8 ing periods beginning on or after such date.

9 **SEC. 102. REVISION OF CRITERIA FOR DESIGNATION AS A**  
 10 **CRITICAL ACCESS HOSPITAL.**

11 (a) CONVERSION OF DOWNSIZED OR RECENTLY  
 12 CLOSED HOSPITALS TO CRITICAL ACCESS HOSPITALS.—  
 13 Section 1820(c)(2) of the Social Security Act (42 U.S.C.  
 14 1395i–4(c)(2)) is amended—

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

18 (2) by adding at the end the following:

19 “(C) RECENTLY CLOSED FACILITIES.—A  
 20 State may designate a facility as a critical ac-  
 21 cess hospital if the facility—

22 “(i) was a nonprofit or public hospital  
 23 that ceased operations within the 3-year  
 24 period ending on the date of enactment of

1 the Promoting Health in Rural Areas Act  
2 of 1999; and

3 “(ii) as of the effective date of such  
4 designation, meets the criteria for designa-  
5 tion under subparagraph (B).

6 “(D) DOWNSIZED FACILITIES.—A State  
7 may designate a health clinic or a health center  
8 (as defined by the State) as a critical access  
9 hospital if such clinic or center—

10 “(i) is licensed by the State as a  
11 health clinic or a health center;

12 “(ii) was a nonprofit or public hos-  
13 pital that was downsized to a health clinic  
14 or health center; and

15 “(iii) as of the effective date of such  
16 designation, meets the criteria for designa-  
17 tion under subparagraph (B).”.

18 (b) CRITERIA FOR DESIGNATION.—Section  
19 1820(c)(2)(B)(iii) of the Social Security Act (42 U.S.C.  
20 1395i–4(c)(2)(B)(iii)) is amended by striking “to exceed  
21 96 hours” and inserting “to exceed, on average, 96 hours  
22 per patient”.

23 (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall take effect on the date of enactment of  
25 this Act.

1 **SEC. 103. GRADUATE MEDICAL EDUCATION TECHNICAL**  
 2 **AMENDMENTS.**

3 (a) INDIRECT GRADUATE MEDICAL EDUCATION AD-  
 4 JUSTMENT.—

5 (1) IN GENERAL.—Section 1886(d)(5)(B)(v) of  
 6 the Social Security Act (42 U.S.C.  
 7 1395ww(d)(5)(B)(v)) is amended—

8 (A) by striking “(v) In determining” and  
 9 inserting “(v)(I) Subject to subclause (II), in  
 10 determining”;

11 (B) by striking “in the hospital with re-  
 12 spect to the hospital’s most recent cost report-  
 13 ing period ending on or before December 31,  
 14 1996” and inserting “who were appointed by  
 15 the hospital’s approved medical residency train-  
 16 ing programs for the hospital’s most recent cost  
 17 reporting period ending on or before December  
 18 31, 1996”; and

19 (C) by adding at the end the following:

20 “(II) Beginning on or after January 1, 1997, in the  
 21 case of a hospital that sponsors only 1 allopathic or osteo-  
 22 pathic residency program, the limit determined for such  
 23 hospital under subclause (I) may, at the hospital’s discre-  
 24 tion, be increased by 1 for each calendar year but shall  
 25 not exceed a total of 3 more than the limit determined  
 26 for the hospital under subclause (I).”.



1 (2) ADDITIONAL TECHNICAL AMENDMENTS.—

2 Section 1886(d)(5)(B) of the Social Security Act (42  
3 U.S.C. 1395ww(d)(5)(B)) is amended by moving  
4 clauses (ii), (v), and (vi) 2 ems to the left.

5 (b) DIRECT GRADUATE MEDICAL EDUCATION AD-  
6 JUSTMENT.—

7 (1) LIMITATION ON NUMBER OF RESIDENTS.—

8 Section 1886(h)(4)(F) of the Social Security Act (42  
9 U.S.C. 1395ww(h)(4)(F)) is amended by inserting  
10 “who were appointed by the hospital’s approved  
11 medical residency training programs” after “may  
12 not exceed the number of such full-time equivalent  
13 residents”.

14 (2) FUNDING FOR NEW PROGRAMS.—The first  
15 sentence of section 1886(h)(4)(H)(i) of the Social  
16 Security Act (42 U.S.C. 1395ww(h)(4)(H)(i)) is  
17 amended by inserting “and before September 30,  
18 1999” after “January 1, 1995”.

19 (3) FUNDING FOR PROGRAMS MEETING RURAL  
20 NEEDS.—The second sentence of section  
21 1886(h)(4)(H)(i) of the Social Security Act (42  
22 U.S.C. 1395ww(h)(4)(H)(i)) is amended by striking  
23 the period at the end and inserting “, including fa-  
24 cilities that are not located in an underserved rural

1 area but have established separately accredited rural  
2 training tracks.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall take effect as if included in the enact-  
5 ment of the Balanced Budget Act of 1997.

6 **SEC. 104. MEDICARE-DEPENDENT SMALL RURAL HOS-**  
7 **PITALS.**

8 (a) MAKING PAYMENT PROVISION PERMANENT.—  
9 Section 1886(d)(5)(G)(i) of the Social Security Act (42  
10 U.S.C. 1395ww(d)(5)(G)(i)) is amended by striking “and  
11 before October 1, 2001,”.

12 (b) OPTION TO BASE ELIGIBILITY ON DISCHARGES  
13 DURING ANY OF THE 3 MOST RECENT AUDITED COST  
14 REPORTING PERIODS.—Section 1886(d)(5)(G)(iv)(IV) of  
15 the Social Security Act (42 U.S.C.  
16 1395ww(d)(5)(G)(iv)(IV)) is amended by inserting “, or  
17 any of the 3 most recent audited cost reporting periods,”  
18 after “1987”.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply with respect to discharges occur-  
21 ring on or after October 1, 1999.

1 **SEC. 105. ALL-INCLUSIVE PAYMENT OPTION FOR OUT-**  
2 **PATIENT CRITICAL ACCESS HOSPITAL SERV-**  
3 **ICES.**

4 (a) IN GENERAL.—Section 1834(g) of the Social Se-  
5 curity Act (42 U.S.C. 1395m(g)) is amended to read as  
6 follows:

7 “(g) PAYMENT FOR OUTPATIENT CRITICAL ACCESS  
8 HOSPITAL SERVICES.—The amount of payment under  
9 this part for outpatient critical access hospital services  
10 shall be determined by using 1 of the 2 following methods,  
11 as elected by the critical access hospital:

12 “(1) COST-BASED FACILITY FEE PLUS PROFES-  
13 SIONAL CHARGES.—

14 “(A) FACILITY FEE.—With respect to fa-  
15 cility services, not including any services for  
16 which payment may be made under subpara-  
17 graph (B), there shall be paid amounts equal to  
18 the reasonable costs of the critical access hos-  
19 pital in providing such services, less the amount  
20 that such hospital may charge as described in  
21 section 1866(a)(2)(A).

22 “(B) REASONABLE CHARGES FOR PROFES-  
23 SIONAL SERVICES.—In electing treatment under  
24 this paragraph, payment for professional med-  
25 ical services otherwise included within out-  
26 patient critical access hospital services shall be

1           made under such other provisions of this part  
 2           as would apply to payment for such services if  
 3           they were not included in outpatient critical ac-  
 4           cess hospital services.

5           “(2) ALL-INCLUSIVE RATE.—With respect to  
 6           both facility services and professional medical serv-  
 7           ices, there shall be paid amounts equal to the rea-  
 8           sonable costs of the critical access hospital in pro-  
 9           viding such services, less the amount that such hos-  
 10          pital may charge as described in section  
 11          1866(a)(2)(A).

12          The amount of payment shall be determined under either  
 13          method without regard to the amount of the customary  
 14          or other charge.”.

15          (b) EFFECTIVE DATE.—The amendment made by  
 16          subsection (a) shall take effect as if included in the enact-  
 17          ment of the Balanced Budget Act of 1997.

18          **SEC. 106. EXCLUSION OF SWING BEDS IN CRITICAL ACCESS**

19                               **HOSPITALS FROM PPS FOR SNFS.**

20          (a) IN GENERAL.—Section 1888(e)(7) of the Social  
 21          Security Act (42 U.S.C. 1395yy(e)(7)) is amended—

22                       (1) in the heading, by striking “TRANSITION”  
 23          and inserting “SPECIAL RULES”;

(2) in subparagraph (A), by striking “IN GENERAL.—The” and inserting “TRANSITION.—Except as provided in subparagraph (C), the”; and

(3) by adding at the end the following:

“(C) EXEMPTION OF SWING BEDS IN CRITICAL ACCESS HOSPITALS FROM PPS.—The prospective payment system under this subsection shall not apply (and section 1834(g) shall apply) to services provided by a critical access hospital under an agreement described in subparagraph (B).”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to services provided on or after October 1, 1999.

**SEC. 107. EXCLUSION OF SMALL RURAL PROVIDERS FROM PPS FOR HOSPITAL OUTPATIENT DEPARTMENT SERVICES.**

(a) IN GENERAL.—Section 1833(t)(1) of the Social Security Act (42 U.S.C. 1395l(t)(1)) is amended—

(1) in subparagraph (B), by striking “For purposes of this” and inserting “Subject to subparagraph (C), for purposes of this”; and

(2) by adding at the end the following:

1           “(C) EXCLUSION FOR SERVICES FURNISHED BY  
2           SMALL RURAL PROVIDERS.—The term ‘covered OPD  
3           services’ does not include services furnished by a—

4                   “(i) medicare-dependent, small rural hos-  
5                   pital, as defined in section 1886(d)(5)(G)(iv);

6                   “(ii) a critical access hospital, as defined in  
7                   section 1861(mm)(1); or

8                   “(iii) sole community hospital, as defined  
9                   in section 1886(d)(5)(D)(iii);

10          if such hospital, within the 180-day period beginning  
11          on the date of enactment of the Promoting Health  
12          in Rural Areas Act of 1999, requests the Secretary  
13          to exclude services furnished by such hospital from  
14          the prospective payment system established under  
15          this subsection.”.

16          (b) EFFECTIVE DATE.—The amendments made by  
17          subsection (a) shall apply to payments for covered OPD  
18          services furnished on or after January 1, 2000.

19      **SEC. 108. MODIFICATION OF DSH.**

20          (a) COLLECTION OF CHARGE DATA.—Section  
21          1886(d)(5)(F) of the Social Security Act (42 U.S.C.  
22          1395ww(d)(5)(F)) is amended by adding at the end the  
23          following:

24               “(x) The Secretary shall collect from all subsection  
25          (d) hospitals annual data on inpatient and outpatient

1 charges, including all such charges for each of the fol-  
 2 lowing categories:

3 “(I) All patients.

4 “(II) Patients who are eligible for benefits (ex-  
 5 cluding any State supplementation) under the sup-  
 6 plemental security income program under title XVI  
 7 and entitled to benefits under part A.

8 “(III) Patients who are entitled to (or, if they  
 9 applied, would be eligible for) medical assistance  
 10 under title XIX.

11 “(IV) Patients who are beneficiaries of indigent  
 12 care programs sponsored by State or local govern-  
 13 ments.

14 “(V) To the extent that payment is not made  
 15 by patients, such charges.

16 In collecting the data for patients described in subclause  
 17 (II), the Secretary may estimate the charges for such pa-  
 18 tients based on supplemental security income program  
 19 data from other sources and from the data collected for  
 20 patients described in subclause (I).”.

21 (b) REVISION OF FORMULA FOR DISPROPORTIONATE  
 22 PATIENT PERCENTAGE.—Section 1886(d)(5)(F)(vi) of  
 23 the Social Security Act (42 U.S.C. 1395ww(d)(5)(F)(vi))  
 24 is amended to read as follows:

1       “(vi) In this subparagraph, the term ‘dispropor-  
 2       tionate patient percentage’ means, with respect to a cost  
 3       reporting period of a hospital—

4               “(I) the charges described in subclauses (II)  
 5       through (V) of clause (x) for such period; divided by

6               “(II) the charges described in clause (x)(I) for  
 7       such period.”.

8       (c) ESTABLISHING GENERAL QUALIFYING DIS-  
 9       PROPORTIONATE PATIENT PERCENTAGE THRESHOLD TO  
 10       COVER HALF OF PPS HOSPITALS.—Section  
 11       1886(d)(5)(F)(v) of the Social Security Act (42 U.S.C.  
 12       1395ww(d)(5)(F)(v)) is amended by striking “equals, or  
 13       exceeds—” and all that follows and inserting “equals or  
 14       exceeds a threshold percentage, which is established by the  
 15       Secretary in a manner so that, if the amendments to this  
 16       subparagraph made by section 108 of the Promoting  
 17       Health in Rural Areas Act of 1999 had been in effect for  
 18       cost reporting periods ending in fiscal year 2000, 50 per-  
 19       cent of subsection (d) hospitals would have been eligible  
 20       for an additional payment under this subparagraph for  
 21       such periods. The Secretary shall establish such threshold  
 22       percentage based upon data collected by the Secretary  
 23       under clause (x) for such cost reporting periods.”.



1 (d) ESTABLISHING UNIFORM GENERAL PAYMENT  
2 FORMULA.—Section 1886(d)(5)(F) of the Social Security  
3 Act (42 U.S.C. 1395ww(d)(5)(F)) is amended—

4 (1) in clause (iv), by striking “that is not de-  
5 scribed in clause (i)(II) and that—” and all that fol-  
6 lows and inserting “described in clause (i) is equal  
7 to (P–T)(CF), where—

8 “(I) ‘P’ is the hospital’s disproportionate pa-  
9 tient percentage (as defined in clause (vi));

10 “(II) ‘T’ is equal to the threshold percentage  
11 established by the Secretary under clause (v); and

12 “(III) ‘CF’ is equal to such conversion factor as  
13 the Secretary may establish so that, applying such  
14 conversion factor as if the amendments to this sub-  
15 paragraph made by section 108 of the Promoting  
16 Health in Rural Areas Act of 1999 had been in ef-  
17 fect for cost reporting periods ending in fiscal year  
18 2000, the total of the additional payments that  
19 would have been made under this subparagraph is  
20 equal to the total of the payments actually made  
21 under this subparagraph (not taking into account  
22 such amendments).

23 The Secretary shall establish the conversion factor under  
24 subclause (III) based upon data collected by the Secretary

1 under clause (x) for cost reporting periods ending in fiscal  
2 year 2000.”;

3 (2) by amending clause (i) to read as follows:

4 “(i) The Secretary shall provide, in accordance with  
5 this subparagraph, for an additional payment amount for  
6 each subsection (d) hospital which serves a significantly  
7 disproportionate number of low-income patients (as de-  
8 fined in clause (v)).”;

9 (3) in clause (ii), by striking “clause (iii) or  
10 (iv)” and inserting “clause (iv)”; and

11 (4) by striking clauses (iii), (vii), and (viii).

12 (e) EFFECTIVE DATE.—The amendments made by  
13 this section apply to payments for discharges occurring on  
14 or after January 1, 2001.

15 **SEC. 109. HOSPITAL GEOGRAPHIC RECLASSIFICATION FOR**  
16 **LABOR COSTS FOR ALL ITEMS AND SERVICES**  
17 **REIMBURSED UNDER PROSPECTIVE PAY-**  
18 **MENT SYSTEMS.**

19 (a) IN GENERAL.—Section 1886 of the Social Secu-  
20 rity Act (42 U.S.C. 1395ww) is amended by adding at the  
21 end the following:

22 “(l) APPLICATION OF HOSPITAL GEOGRAPHIC RE-  
23 CLASSIFICATION FOR INPATIENT SERVICES TO ALL HOS-  
24 PITAL FURNISHED ITEMS AND SERVICES REIMBURSED  
25 UNDER PROSPECTIVE PAYMENT SYSTEM.—

1           “(1) IN GENERAL.—In the case of a hospital  
2       with an application approved by the Medicare Geo-  
3       graphic Classification Review Board under sub-  
4       section (d)(10)(C) to change the hospital’s geo-  
5       graphic classification for a fiscal year for purposes  
6       of the factor used to adjust the DRG prospective  
7       payment rate for area differences in hospital wage  
8       levels that applies to such hospital under subsection  
9       (d)(3)(E), the change in the hospital’s geographic  
10      classification for such purposes shall apply for pur-  
11      poses of adjustments to payments for variations in  
12      costs which are attributable to wages and wage-re-  
13      lated costs for all pps-reimbursed items and services.

14           “(2) PPS-REIMBURSED ITEMS AND SERVICES  
15      DEFINED.—For purposes of paragraph (1), the term  
16      ‘pps-reimbursed items and services’ means, for cost  
17      reporting periods beginning during the fiscal year  
18      for which such change has been approved, items and  
19      services furnished by the hospital, or by an entity or  
20      department of the hospital which is provider-based  
21      (as determined by the Secretary), for which  
22      payments—

23           “(A) are made under the prospective pay-  
24      ment system for hospital outpatient department  
25      services under section 1833(t); and

1 “(B) are adjusted for variations in costs  
 2 which are attributable to wages and wage-re-  
 3 lated costs.”.

4 (b) EFFECTIVE DATE.—The amendment made by  
 5 subsection (a) shall apply to items and services furnished  
 6 on or after January 1, 2000.

7 **SEC. 110. REQUIREMENT THAT WAGE LEVELS FOR HOS-**  
 8 **PITALS BE STANDARDIZED WITH RESPECT**  
 9 **TO OCCUPATIONAL MIX BEFORE ADJUSTING**  
 10 **PAYMENT RATES; STUDY AND REPORT.**

11 (a) OCCUPATIONAL MIX.—

12 (1) IN GENERAL.—Section 1886(d)(3)(E) of  
 13 the Social Security Act (42 U.S.C.  
 14 1395ww(d)(3)(E)) is amended—

15 (A) in the first sentence, by inserting “,  
 16 but only after such wage levels have been stand-  
 17 ardized with respect to occupational mix” be-  
 18 fore the period; and

19 (B) in the third sentence, by striking “To  
 20 the extent determined feasible by the Secretary,  
 21 such” and inserting “Such”.

22 (2) EFFECTIVE DATE.—The amendments made  
 23 by paragraph (1) shall apply to adjustments made  
 24 on or after October 1, 2002.

25 (b) STUDY AND REPORT.—

1           (1) STUDY.—The Secretary of Labor shall con-  
2       duct a study on the feasibility and costs of having  
3       the Bureau of Labor Statistics collect data on wages  
4       that would assist the Secretary of Health and  
5       Human Services in determining (with reasonable ac-  
6       curacy)—

7           (A) average wage levels, at the metropoli-  
8       tan statistical area, statewide, and rural level,  
9       by—

10           (i) sector, including hospitals, skilled  
11       nursing facilities, home health agencies,  
12       and physicians' offices; and

13           (ii) occupational category within each  
14       sector; and

15           (B) the proportion of the workforce in each  
16       occupational category within each sector.

17       (2) REPORT.—Not later than June 1, 2000, the  
18       Secretary of Labor shall submit a report to Congress  
19       on the study conducted under paragraph (1), to-  
20       gether with any recommendations that the Secretary  
21       determines to be appropriate.



1 **SEC. 122. DIRECT BILLING OF MEDICARE, MEDICAID, AND**  
 2 **OTHER THIRD-PARTY PAYORS BY INDIAN**  
 3 **TRIBES AND ALASKA NATIVE AND TRIBAL OR-**  
 4 **GANIZATIONS.**

5 (a) PERMANENT AUTHORIZATION.—The Indian  
 6 Health Care Improvement Act (25 U.S.C. 1645) is  
 7 amended by inserting the following after section 404:

8 “DIRECT BILLING OF MEDICARE, MEDICAID, AND OTHER  
 9 THIRD-PARTY PAYORS BY INDIAN TRIBES AND ALAS-  
 10 KA NATIVE AND TRIBAL ORGANIZATIONS

11 “SEC. 405. (a) ESTABLISHMENT OF DIRECT BILLING  
 12 PROGRAM.—

13 “(1) IN GENERAL.—The Secretary shall estab-  
 14 lish a program under which Indian tribes, tribal or-  
 15 ganizations, and Alaska Native health organizations  
 16 that contract or compact for the operation of a hos-  
 17 pital or clinic of the Service under the Indian Self-  
 18 Determination and Education Assistance Act may  
 19 elect to directly bill for, and receive payment for,  
 20 health care services provided by such hospital or  
 21 clinic for which payment is made under title XVIII  
 22 of the Social Security Act (42 U.S.C. 1395 et seq.)  
 23 (in this section referred to as the ‘medicare pro-  
 24 gram’), under a State plan for medical assistance  
 25 approved under title XIX of the Social Security Act  
 26 (42 U.S.C. 1396 et seq.) (in this section referred to

1 as the ‘medicaid program’), or from any other third-  
2 party payor.

3 “(2) APPLICATION OF 100 PERCENT FMAP.—

4 The third sentence of section 1905(b) of the Social  
5 Security Act (42 U.S.C. 1396d(b)) shall apply for  
6 purposes of reimbursement under the medicaid pro-  
7 gram for health care services directly billed under  
8 the program established under this section.

9 “(b) DIRECT REIMBURSEMENT.—

10 “(1) USE OF FUNDS.—Each hospital or clinic  
11 participating in the program described in subsection  
12 (a) of this section shall be reimbursed directly under  
13 the medicare and medicaid programs for services  
14 furnished, without regard to the provisions of section  
15 1880(c) of the Social Security Act (42 U.S.C.  
16 1395qq(c)) and sections 402(a) and 813(b)(2)(A),  
17 but all funds so reimbursed shall first be used by  
18 the hospital or clinic for the purpose of making any  
19 improvements in the hospital or clinic that may be  
20 necessary to achieve or maintain compliance with the  
21 conditions and requirements applicable generally to  
22 facilities of such type under the medicare or med-  
23 icaid programs. Any funds so reimbursed which are  
24 in excess of the amount necessary to achieve or  
25 maintain such conditions shall be used—



1           “(A) solely for improving the health re-  
2           sources deficiency level of the Indian tribe; and

3           “(B) in accordance with the regulations of  
4           the Service applicable to funds provided by the  
5           Service under any contract entered into under  
6           the Indian Self-Determination Act (25 U.S.C.  
7           450f et seq.).

8           “(2) AUDITS.—The amounts paid to the hos-  
9           pitals and clinics participating in the program estab-  
10          lished under this section shall be subject to all audit-  
11          ing requirements applicable to programs adminis-  
12          tered directly by the Service and to facilities partici-  
13          pating in the medicare and medicaid programs.

14          “(3) SECRETARIAL OVERSIGHT.—

15               “(A) QUARTERLY REPORTS.—Subject to  
16               subparagraph (B), the Secretary shall monitor  
17               the performance of hospitals and clinics partici-  
18               pating in the program established under this  
19               section, and shall require such hospitals and  
20               clinics to submit reports on the program to the  
21               Secretary on a quarterly basis during the first  
22               2 years of participation in the program and an-  
23               nually thereafter.

24               “(B) ANNUAL REPORTS.—Any participant  
25               in the demonstration program authorized under

1           this section as in effect on the day before the  
 2           date of enactment of the Promoting Health in  
 3           Rural Areas Act of 1999 shall only be required  
 4           to submit annual reports under this paragraph.

5           “(4) NO PAYMENTS FROM SPECIAL FUNDS.—  
 6           Notwithstanding section 1880(c) of the Social Secu-  
 7           rity Act (42 U.S.C. 1395qq(c)) or section 402(a), no  
 8           payment may be made out of the special funds de-  
 9           scribed in such sections for the benefit of any hos-  
 10          pital or clinic during the period that the hospital or  
 11          clinic participates in the program established under  
 12          this section.

13          “(c) REQUIREMENTS FOR PARTICIPATION.—

14                 “(1) APPLICATION.—Except as provided in  
 15                 paragraph (2)(B), in order to be eligible for partici-  
 16                 pation in the program established under this section,  
 17                 an Indian tribe, tribal organization, or Alaska Na-  
 18                 tive health organization shall submit an application  
 19                 to the Secretary that establishes to the satisfaction  
 20                 of the Secretary that—

21                         “(A) the Indian tribe, tribal organization,  
 22                         or Alaska Native health organization contracts  
 23                         or compacts for the operation of a facility of the  
 24                         Service;

1           “(B) the facility is eligible to participate in  
2           the medicare or medicaid programs under sec-  
3           tion 1880 or 1911 of the Social Security Act  
4           (42 U.S.C. 1395qq; 1396j);

5           “(C) the facility meets the requirements  
6           that apply to programs operated directly by the  
7           Service; and

8           “(D) the facility is accredited by an ac-  
9           crediting body designated by the Secretary or  
10          has submitted a plan, which has been approved  
11          by the Secretary, for achieving such accredita-  
12          tion.

13          “(2) APPROVAL.—

14                 “(A) IN GENERAL.—The Secretary shall  
15                 review and approve a qualified application not  
16                 later than 90 days after the date the applica-  
17                 tion is submitted to the Secretary unless the  
18                 Secretary determines that any of the criteria set  
19                 forth in paragraph (1) are not met.

20                 “(B) GRANDFATHER OF DEMONSTRATION  
21                 PROGRAM PARTICIPANTS.—Any participant in  
22                 the demonstration program authorized under  
23                 this section as in effect on the day before the  
24                 date of enactment of the Promoting Health in  
25                 Rural Areas Act of 1999 shall be deemed ap-

1           proved for participation in the program estab-  
2           lished under this section and shall not be re-  
3           quired to submit an application in order to par-  
4           ticipate in the program.

5           “(C) DURATION.—An approval by the Sec-  
6           retary of a qualified application under subpara-  
7           graph (A), or a deemed approval of a dem-  
8           onstration program under subparagraph (B),  
9           shall continue in effect as long as the approved  
10          applicant or the deemed approved demonstra-  
11          tion program meets the requirements of this  
12          section.

13          “(d) EXAMINATION AND IMPLEMENTATION OF  
14          CHANGES.—

15               “(1) IN GENERAL.—The Secretary, acting  
16           through the Service, and with the assistance of the  
17           Administrator of the Health Care Financing Admin-  
18           istration, shall examine on an ongoing basis and  
19           implement—

20               “(A) any administrative changes that may  
21           be necessary to facilitate direct billing and re-  
22           imbursement under the program established  
23           under this section, including any agreements  
24           with States that may be necessary to provide

1 for direct billing under the medicaid program;  
2 and

3 “(B) any changes that may be necessary to  
4 enable participants in the program established  
5 under this section to provide to the Service  
6 medical records information on patients served  
7 under the program that is consistent with the  
8 medical records information system of the Serv-  
9 ice.

10 “(2) ACCOUNTING INFORMATION.—The ac-  
11 counting information that a participant in the pro-  
12 gram established under this section shall be required  
13 to report shall be the same as the information re-  
14 quired to be reported by participants in the dem-  
15 onstration program authorized under this section as  
16 in effect on the day before the date of enactment of  
17 the Promoting Health in Rural Areas Act of 1999.  
18 The Secretary may from time to time, after con-  
19 sultation with the program participants, change the  
20 accounting information submission requirements.

21 “(e) WITHDRAWAL FROM PROGRAM.—A participant  
22 in the program established under this section may with-  
23 draw from participation in the same manner and under  
24 the same conditions that a tribe or tribal organization may  
25 retrocede a contracted program to the Secretary under au-

1 thority of the Indian Self-Determination Act (25 U.S.C.  
 2 450 et seq.). All cost accounting and billing authority  
 3 under the program established under this section shall be  
 4 returned to the Secretary upon the Secretary's acceptance  
 5 of the withdrawal of participation in this program.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 1880 of the Social Security Act (42  
 8 U.S.C. 1395qq) is amended by adding at the end the  
 9 following:

10 “(e) For provisions relating to the authority of cer-  
 11 tain Indian tribes, tribal organizations, and Alaska Native  
 12 health organizations to elect to directly bill for, and receive  
 13 payment for, health care services provided by a hospital  
 14 or clinic of such tribes or organizations and for which pay-  
 15 ment may be made under this title, see section 405 of the  
 16 Indian Health Care Improvement Act (25 U.S.C. 1645).”.

17 (2) Section 1911 of the Social Security Act (42  
 18 U.S.C. 1396j) is amended by adding at the end the  
 19 following:

20 “(d) For provisions relating to the authority of cer-  
 21 tain Indian tribes, tribal organizations, and Alaska Native  
 22 health organizations to elect to directly bill for, and receive  
 23 payment for, health care services provided by a hospital  
 24 or clinic of such tribes or organizations and for which pay-

1 ment may be made under this title, see section 405 of the  
 2 Indian Health Care Improvement Act (25 U.S.C. 1645).”.

3 (c) EFFECTIVE DATE.—The amendments made by  
 4 this section shall take effect on the date of enactment of  
 5 this Act.

6 **SEC. 123. ADDITIONAL DUTIES FOR MEDPAC AND RURAL**  
 7 **REPRESENTATION ON MEDPAC.**

8 (a) ADDITIONAL DUTIES.—Section 1805(b)(2) of the  
 9 Social Security Act (42 U.S.C. 1395b–6(b)(2)) is amended  
 10 by adding at the end the following:

11 “(D) MEDICARE PAYMENTS IN RURAL  
 12 AREAS.—Specifically, the Commission shall  
 13 review—

14 “(i) the impact that the prospective  
 15 payment systems for skilled nursing facil-  
 16 ity services under section 1888(e), for  
 17 home health services under section 1895,  
 18 and for hospital outpatient department  
 19 services under section 1833(t) have on ac-  
 20 cess to services in rural areas; and

21 “(ii) the operating margins for hos-  
 22 pitals located in rural or frontier areas.”.

23 (b) RURAL REPRESENTATION.—Section  
 24 1805(c)(2)(A) of the Social Security Act (42 U.S.C.  
 25 1395b–6(c)(2)(A)) is amended by adding at the end the

1 following: “At least 2 of the members of the Commission  
 2 shall be individuals who can represent the interests of  
 3 rural health care providers and beneficiaries.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall take effect on the date of enactment of  
 6 this Act.

7 **SEC. 124. COVERAGE OF QUALIFIED MENTAL HEALTH PRO-**  
 8 **FESSIONAL SERVICES UNDER MEDICARE.**

9 (a) IN GENERAL.—Section 1861(s)(2) of the Social  
 10 Security Act (42 U.S.C. 1395x(s)(2)) is amended—

11 (1) in subparagraph (S), by striking “and” at  
 12 the end;

13 (2) in subparagraph (T), by striking the period  
 14 at the end and inserting “; and”; and

15 (3) by adding at the end the following:

16 “(U) qualified mental health professional serv-  
 17 ices (as defined in subsection (uu));”.

18 (b) PAYMENT RULES.—

19 (1) DETERMINATION OF AMOUNT OF PAY-  
 20 MENT.—Section 1833(a)(1) of the Social Security  
 21 Act (42 U.S.C. 1395l(a)(1)) is amended—

22 (A) by striking “and” before “(S)”; and

23 (B) by striking the semicolon at the end  
 24 and inserting the following: “, and (T) with re-  
 25 spect to qualified mental health professional



1 services described in section 1861(s)(2)(U), the  
 2 amounts paid shall be the amount determined  
 3 by a fee schedule established by the Secretary  
 4 for purposes of this subparagraph;”.

5 (2) SEPARATE PAYMENT FOR SERVICES  
 6 OF INSTITUTIONAL PROVIDERS.—Section  
 7 1832(a)(2)(B)(iii) of the Social Security Act (42  
 8 U.S.C. 1395k(a)(2)(B)(iii)) is amended—

9 (A) by striking “and services” and insert-  
 10 ing “services”; and

11 (B) by striking the semicolon at the end  
 12 and inserting the following: “, and qualified  
 13 mental health professional services described in  
 14 section 1861(s)(2)(U);”.

15 (c) SERVICES DESCRIBED.—Section 1861 of the So-  
 16 cial Security Act (42 U.S.C. 1395x) is amended by adding  
 17 at the end the following:

18 “Qualified Mental Health Professional Services

19 “(uu)(1) The term ‘qualified mental health profes-  
 20 sional services’ means—

21 “(A) such services furnished (with such fre-  
 22 quency limits as the Secretary determines appro-  
 23 priate) to an eligible individual by a mental health  
 24 professional as the mental health professional is le-  
 25 gally authorized to perform under State law (or

1 under a State regulatory mechanism provided by  
 2 State law) of the State in which such services are  
 3 performed; and

4 “(B) such services and supplies (with such lim-  
 5 its) furnished as an incident to services described in  
 6 subparagraph (A),

7 as would otherwise be covered if furnished by a physician  
 8 (or as an incident to a physician’s professional service).

9 “(2) In this subsection:

10 “(A) The term ‘eligible individual’ means an in-  
 11 dividual who resides in an area designated by the  
 12 Secretary as a mental health professional shortage  
 13 area.

14 “(B) The term ‘mental health professional’  
 15 means an individual who—

16 “(i) holds a master’s or doctor’s degree in  
 17 the field of mental health;

18 “(ii) has at least 2 years of post-degree su-  
 19 pervised clinical experience; and

20 “(iii) has been certified or licensed as a  
 21 mental health professional for the diagnosis and  
 22 treatment of mental illnesses by the State (or  
 23 under the State regulatory mechanism provided  
 24 by State law) in which the individual furnishes  
 25 qualified mental health professional services.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to services furnished on or after  
3 October 1, 1999.

4 **SEC. 125. STUDY AND REPORT REGARDING BARRIERS THAT**  
5 **INDIVIDUALS RESIDING IN RURAL AREAS**  
6 **FACE IN OBTAINING QUALITY MENTAL**  
7 **HEALTH SERVICES.**

8 (a) STUDY.—The Secretary of Health and Human  
9 Services shall conduct a study on—

10 (1) the barriers that beneficiaries under the  
11 medicare program under title XVIII of the Social  
12 Security Act (42 U.S.C. 1395 et seq.) who reside in  
13 rural areas face in obtaining quality mental health  
14 services; and

15 (2) ways to reduce or eliminate such barriers.

16 (b) REPORT.—Not later than January 1, 2001, the  
17 Secretary of Health and Human Services shall submit a  
18 report to Congress on the study conducted under sub-  
19 section (a), together with any recommendations for legisla-  
20 tion that the Secretary determines to be appropriate to  
21 reduce or eliminate the barriers described in subsection  
22 (a).

1 **SEC. 126. MEDICARE WAIVERS FOR PROVIDERS IN RURAL**  
 2 **AREAS.**

3 Notwithstanding section 1886(d)(2)(D) of the Social  
 4 Security Act (42 U.S.C. 1395ww(d)(2)(D)), by not later  
 5 than 180 days after the date of enactment of this Act,  
 6 the Secretary of Health and Human Services shall estab-  
 7 lish a waiver process in which entities and individuals  
 8 under the medicare program that are determined by the  
 9 Office of Management and Budget to be located in an  
 10 urban or large urban area for purposes of reimbursement  
 11 under such program may apply to the Secretary to be con-  
 12 sidered to be located in a rural area for such purposes  
 13 if such entity or individual is located—

14 (1) in a rural area within a metropolitan coun-  
 15 ty, as defined by the most recent update of the Gold-  
 16 smith Modification; or

17 (2) in a rural area as determined by using a  
 18 census tract definition of a rural area adopted by  
 19 the Office of Rural Health Policy in awarding  
 20 grants.

21 **SEC. 127. REVISION OF PER-VISIT PAYMENT LIMITS FOR**  
 22 **RURAL HEALTH CLINIC SERVICES.**

23 (a) IN GENERAL.—Section 1833(f) of the Social Se-  
 24 curity Act (42 U.S.C. 1395l(f)) is amended—

25 (1) in paragraph (1), by striking “and” at the  
 26 end;

1 (2) in paragraph (2)—

2 (A) by striking “in a subsequent year” and  
3 inserting “in each of the years 1989 through  
4 1999”; and

5 (B) by striking the period at the end and  
6 inserting a comma; and

7 (3) by adding at the end the following:

8 “(3) in 2000, at an amount per visit that the  
9 Secretary determines (by regulation) is reasonable  
10 and related to the costs of furnishing rural health  
11 clinic services, but in no case shall such amount be  
12 less than the limit applicable under this subsection  
13 in 1999, and

14 “(4) in a subsequent year, at the limit estab-  
15 lished under this subsection for the previous year—

16 “(A) increased by the percentage increase  
17 in the MEI (as defined in section 1842(i)(3))  
18 applicable to primary care services (as defined  
19 in section 1842(i)(4)) furnished as of the first  
20 day of that year; and

21 “(B) adjusted, as determined appropriate  
22 by the Secretary, for changes in the scope of  
23 services that rural health clinics are authorized  
24 to provide.

1 In determining the amount under paragraph (3), the Sec-  
 2 retary shall use the fee schedule established under section  
 3 1848(b).”.

4 (b) EFFECTIVE DATE.—The amendments made by  
 5 subsection (a) shall apply to services furnished on or after  
 6 January 1, 2000.

7 **SEC. 128. EXPANSION OF ADDITIONAL PAYMENTS FOR**  
 8 **SERVICES FURNISHED IN HEALTH PROFES-**  
 9 **SIONAL SHORTAGE AREAS.**

10 (a) IN GENERAL.—Section 1833(m) of the Social Se-  
 11 curity Act (42 U.S.C. 1395l(m)) is amended—

12 (1) by inserting “(or services furnished by a  
 13 physician assistant or nurse practitioner that would  
 14 be physicians’ services if furnished by a physician)”  
 15 after “physicians’ services”;

16 (2) by inserting “or nurse practitioner” after  
 17 “physician”; and

18 (3) by striking “clause (A)” and inserting “sub-  
 19 paragraphs (A) and (C)”.

20 (b) EFFECTIVE DATE.—The amendments made by  
 21 subsection (a) shall apply to payments for services pro-  
 22 vided on or after January 1, 2000.

1 **SEC. 129. AUTHORITY TO ESTABLISH A PROSPECTIVE PAY-**  
 2 **MENT SYSTEM FOR RHC SERVICES.**

3 (a) ESTABLISHMENT OF SYSTEM.—Section 1833 of  
 4 the Social Security Act (42 U.S.C. 1395l) is amended by  
 5 adding at the end the following:

6 “(u) AUTHORITY TO ESTABLISH PROSPECTIVE PAY-  
 7 MENT SYSTEM FOR RURAL HEALTH CLINIC SERVICES.—

8 “(1) IN GENERAL.—Notwithstanding sub-  
 9 sections (a)(3) and (f), the Secretary may establish  
 10 by regulation a prospective payment system for rural  
 11 health clinic services (except for such services pro-  
 12 vided by a rural health clinic located in a rural hos-  
 13 pital with less than 50 beds).

14 “(2) BUDGET NEUTRAL PAYMENTS.—If the  
 15 Secretary establishes a prospective payment system  
 16 pursuant to paragraph (1), the Secretary shall es-  
 17 tablish the initial payment levels under such system  
 18 in a manner that results in aggregate payments (in-  
 19 cluding payments by individuals to whom services  
 20 are provided) for the first year, as estimated by the  
 21 Secretary, approximately equal to the aggregate pay-  
 22 ments that would have otherwise been made under  
 23 this part.”.

24 (b) CONFORMING AMENDMENTS.—

25 (1) PAYMENT.—Section 1833(a)(3) of the So-  
 26 cial Security Act (42 U.S.C. 1395l(a)(3)) is amend-

1 ed by inserting “subject to subsection (u),” before  
 2 “in the case”.

3 (2) LIMITS.—Section 1833(f) of the Social Se-  
 4 curity Act (42 U.S.C. 1395l(f)) is amended by strik-  
 5 ing “In establishing” and inserting “Subject to sub-  
 6 section (u), in establishing”.

7 (3) REQUIREMENT FOR RURAL HEALTH CLIN-  
 8 ICS.—Clause (ii) of the second sentence of section  
 9 1861(aa)(2) of the Social Security Act (42 U.S.C.  
 10 1395x(aa)(2)) is amended by inserting “(and section  
 11 1833(u) if the Secretary implements a prospective  
 12 payment system under that section)” after “section  
 13 1833”.

14 **SEC. 130. SEPARATE WAGE INDEXES FOR MAKING ADJUST-**  
 15 **MENTS TO PAYMENTS UNDER THE PROSPEC-**  
 16 **TIVE PAYMENT SYSTEMS FOR SKILLED NURS-**  
 17 **ING FACILITIES AND HOME HEALTH AGEN-**  
 18 **CIES.**

19 (a) SKILLED NURSING FACILITY PROSPECTIVE PAY-  
 20 MENT SYSTEM.—Section 1888(e)(4)(G)(ii) of the Social  
 21 Security Act (42 U.S.C. 1395yy(e)(4)(G)(ii)) is amended  
 22 by adding at the end the following: “Beginning in 2001,  
 23 the area wage adjustment under this clause shall be based  
 24 on the wages of individuals employed at skilled nursing  
 25 facilities.”.



1 (b) HOME HEALTH PROSPECTIVE PAYMENT SYS-  
 2 TEM.—

3 (1) IN GENERAL.—Section 1895(b)(4)(C) of the  
 4 Social Security Act (42 U.S.C. 1395fff(b)(4)(C)) is  
 5 amended by striking the second sentence and insert-  
 6 ing the following: “Such factors shall be based on  
 7 the wages of individuals employed at home health  
 8 agencies.”.

9 (2) EFFECTIVE DATE.—The amendment made  
 10 by paragraph (1) shall take effect as if included in  
 11 the enactment of the Balanced Budget Act of 1997.

12 **SEC. 131. REQUIREMENT TO CONSIDER RURAL ISSUES IN**  
 13 **ESTABLISHING FEE SCHEDULE FOR AMBU-**  
 14 **LANCE SERVICES.**

15 (a) IN GENERAL.—Section 1834(l)(2)(C) of the So-  
 16 cial Security Act (42 U.S.C. 1395m(l)(2)(C)) is amended  
 17 by inserting “, including differences in rural and non-rural  
 18 areas” after “differences”.

19 (b) EFFECTIVE DATE.—The amendment made by  
 20 subsection (a) shall take effect as if included in the enact-  
 21 ment of the Balanced Budget Act of 1997.

1 **TITLE II—ADDITIONAL PROVI-**  
 2 **SIONS TO ADDRESS SHORT-**  
 3 **AGES OF HEALTH PROFES-**  
 4 **SIONALS IN RURAL AREAS**

5 **SEC. 201. HEALTH PROFESSIONAL SHORTAGE AREAS.**

6 (a) IN GENERAL.—Section 332 of the Public Health  
 7 Service Act (42 U.S.C. 254e) is amended—

8 (1) in subsection (a)(1)(A), by inserting after  
 9 “services)” the following: “, or a frontier area (as  
 10 defined by the Secretary),”; and

11 (2) by adding at the end of subsection (c), the  
 12 following:

13 “(3) Any pending retirements or resignations of  
 14 physicians available within the area involved. In im-  
 15 plementing this paragraph, the Secretary shall waive  
 16 the requirements of this section with respect to the  
 17 number of physicians serving the area for the 12-  
 18 month period ending on the date on which the re-  
 19 tirement or resignation takes effect.”.

20 (b) DEVELOPMENT OF DEFINITION OF FRONTIER.—  
 21 For purposes of section 332 of the Public Health Service  
 22 Act (42 U.S.C. 254e) and for purposes of payment under  
 23 title XVIII of the Social Security Act (42 U.S.C. 1395  
 24 et seq.), the Secretary of Health and Human Services  
 25 shall, by regulation, define the term “frontier”. Such defi-

1 nition shall take into account population density and dis-  
 2 tance in miles, and time in minutes, to the nearest medical  
 3 facility.

4 (c) REQUIREMENTS FOR FUTURE REGULATIONS RE-  
 5 GARDING THE DESIGNATION OF A HPSA.—The Secretary  
 6 of Health and Human Services shall not implement any  
 7 regulation that establishes a new methodology for desig-  
 8 nating an area as a health professional shortage area  
 9 under section 332 of the Public Health Service Act (42  
 10 U.S.C. 254e) unless such methodology—

11 (1) is not detrimental to underserved rural or  
 12 frontier communities, including that the method-  
 13 ology does not result in the provision of fewer serv-  
 14 ices in such communities; and

15 (2) includes consideration of the percentage of  
 16 the population over the age of 65 years residing in  
 17 an area.

18 (d) REPORT TO CONGRESS.—Not later than January  
 19 1, 2001, the Secretary of Health and Human Services  
 20 shall submit a report to Congress which contains a de-  
 21 tailed description of—

22 (1) the development of a definition of the term  
 23 “frontier” pursuant to subsection (b);

24 (2) the impact that the use of such definition  
 25 has on Federal health care programs; and

1           (3) any recommendations that the Secretary de-  
 2           termines to be appropriate.

3           (e) EFFECTIVE DATE.—The amendments made by  
 4           subsection (a) shall take effect on the date of enactment  
 5           of this Act.

6   **SEC. 202. EXCLUSION OF CERTAIN AMOUNTS RECEIVED**  
 7                           **UNDER THE NATIONAL HEALTH SERVICE**  
 8                           **CORPS SCHOLARSHIP PROGRAM.**

9           (a) IN GENERAL.—Subsection (c) of section 117 of  
 10          the Internal Revenue Code of 1986 (relating to the exclu-  
 11          sion from gross income amounts received as a qualified  
 12          scholarship) is amended—

13                 (1) by striking “Subsections (a)” and inserting  
 14          the following:

15                 “(1) IN GENERAL.—Subject to paragraph (2),  
 16          subsections (a)”;

17                 (2) by adding at the end the following:

18                 “(2) NATIONAL HEALTH CORPS SCHOLARSHIP  
 19          PROGRAM.—Paragraph (1) shall not apply to any  
 20          amount received by an individual under the National  
 21          Health Corps Scholarship Program under section  
 22          338A(g)(1)(A) of the Public Health Service Act.”.

23           (b) EFFECTIVE DATE.—The amendments made by  
 24          subsection (a) shall apply to amounts received in taxable  
 25          years beginning after December 31, 1995.

1 **SEC. 203. DESIGNATION OF UNDERSERVED AREAS UNDER**  
 2 **HEALTH CARE CONTRACTS ADMINISTERED**  
 3 **BY THE OFFICE OF PERSONNEL MANAGE-**  
 4 **MENT.**

5 Section 8902(m)(2)(A) of title 5, United States Code,  
 6 is amended by striking “a State where 25 percent” and  
 7 all that follows through the period and inserting “an area  
 8 designated as a health professional shortage area by the  
 9 Department of Health and Human Services in accordance  
 10 with section 332 of the Public Health Service Act (42  
 11 U.S.C. 254e).”.

12 **SEC. 204. NEW PROSPECTIVE PAYMENT SYSTEM FOR FED-**  
 13 **ERALLY-QUALIFIED HEALTH CENTERS AND**  
 14 **RURAL HEALTH CLINICS UNDER THE MED-**  
 15 **ICAID PROGRAM.**

16 (a) IN GENERAL.—Section 1902(a)(13) of the Social  
 17 Security Act (42 U.S.C. 1396a(a)(13)) is amended—

18 (1) in subparagraph (A), by adding “and” at  
 19 the end;

20 (2) in subparagraph (B), by striking “and” at  
 21 the end; and

22 (3) by striking subparagraph (C).

23 (b) NEW PROSPECTIVE PAYMENT SYSTEM.—Section  
 24 1902 of the Social Security Act (42 U.S.C. 1396a) is  
 25 amended by adding at the end the following:

1       “(aa) PAYMENT FOR SERVICES PROVIDED BY FED-  
2 ERALLY-QUALIFIED HEALTH CENTERS AND RURAL  
3 HEALTH CLINICS.—

4           “(1) IN GENERAL.—Beginning with fiscal year  
5 2000 and each succeeding fiscal year, the State plan  
6 shall provide for payment for services described in  
7 section 1905(a)(2)(C) furnished by a Federally-  
8 qualified health center and services described in sec-  
9 tion 1905(a)(2)(B) furnished by a rural health clinic  
10 in accordance with the provisions of this subsection.

11          “(2) FISCAL YEAR 2000.—For fiscal year 2000,  
12 the State plan shall provide for payment for such  
13 services in an amount (calculated on a per visit  
14 basis) that is equal to 100 percent of the costs of  
15 the center or clinic of furnishing such services dur-  
16 ing fiscal year 1999 which are reasonable and re-  
17 lated to the cost of furnishing such services, or  
18 based on such other tests of reasonableness as the  
19 Secretary prescribes in regulations under section  
20 1833(a)(3), or in the case of services to which such  
21 regulations do not apply, the same methodology used  
22 under section 1833(a)(3), adjusted to take into ac-  
23 count any increase in the scope of such services fur-  
24 nished by the center or clinic during fiscal year  
25 2000.

1           “(3) FISCAL YEAR 2001 AND SUCCEEDING  
 2           YEARS.—For fiscal year 2001 and each succeeding  
 3           fiscal year, the State plan shall provide for payment  
 4           for such services in an amount (calculated on a per  
 5           visit basis) that is equal to the amount calculated for  
 6           such services under this subsection for the preceding  
 7           fiscal year—

8                   “(A) increased by the percentage increase  
 9                   in the MEI (medicare economic index) (as de-  
 10                  fined in section 1842(i)(3)) applicable to pri-  
 11                  mary care services (as defined in section  
 12                  1842(i)(4)) for that fiscal year; and

13                   “(B) adjusted to take into account any in-  
 14                  crease in the scope of such services furnished by  
 15                  the center or clinic during that fiscal year.

16           “(4) ESTABLISHMENT OF INITIAL YEAR PAY-  
 17           MENT AMOUNT FOR NEW CENTERS OR CLINICS.—In  
 18           any case in which an entity first qualifies as a Fed-  
 19           erally-qualified health center or rural health clinic  
 20           after October 1, 2000, the State plan shall provide  
 21           for payment for services described in section  
 22           1905(a)(2)(C) furnished by the center or services  
 23           described in section 1905(a)(2)(B) furnished by the  
 24           clinic in the first fiscal year in which the center or  
 25           clinic qualifies in an amount (calculated on a per

1 visit basis) that is equal to 100 percent of the costs  
2 of furnishing such services during such fiscal year  
3 in accordance with the regulations and methodology  
4 referred to in paragraph (2). For each fiscal year  
5 following the fiscal year in which the entity first  
6 qualifies as a Federally-qualified health center or  
7 rural health clinic, the State plan shall provide for  
8 the payment amount to be calculated in accordance  
9 with paragraph (3) of this subsection.

10 “(5) ADMINISTRATION IN THE CASE OF MAN-  
11 AGED CARE.—In the case of services furnished by a  
12 Federally-qualified health center or rural health clinic  
13 pursuant to a contract between the center or clinic  
14 and a managed care entity (as defined in section  
15 1932(a)(1)(B)), the State plan shall provide for pay-  
16 ment to the center or clinic (at least quarterly) by  
17 the State of a supplemental payment equal to the  
18 amount (if any) by which the amount determined  
19 under paragraphs (2), (3), and (4) of this subsection  
20 exceeds the amount of the payments provided under  
21 the contract.

22 “(6) ALTERNATIVE PAYMENT SYSTEM.—Not-  
23 withstanding any other provision of this section, the  
24 State plan may provide for payment in any fiscal  
25 year to a Federally-qualified health center for serv-



1       ices described in section 1905(a)(2)(C) or to a rural  
 2       health clinic for services described in section  
 3       1905(a)(2)(B) in an amount that is in excess of the  
 4       amount otherwise required to be paid to the center  
 5       or clinic under this subsection.”.

6       (b) CONFORMING AMENDMENTS.—

7           (1) Section 4712 of the Balanced Budget Act  
 8       of 1997 (Public Law 105–33; 111 Stat. 508) is  
 9       amended by striking subsection (c).

10          (2) Section 1915(b) of the Social Security Act  
 11       (42 U.S.C. 1396n(b)) is amended by striking  
 12       “1902(a)(13)(E)” and inserting “1902(aa)”.

13       (c) EFFECTIVE DATE.—The amendments made by  
 14       this section take effect on October 1, 1999.

15       **SEC. 205. REVISION AND CLARIFICATION OF MEDICARE RE-**  
 16                               **IMBURSEMENT OF TELEHEALTH SERVICES.**

17       (a) IN GENERAL.—Section 4206(a) of the Balanced  
 18       Budget Act of 1997 (42 U.S.C. 1395l note) is amended  
 19       to read as follows:

20           “(a) REIMBURSEMENT OF TELEHEALTH SERVICES  
 21       AUTHORIZED.—

22           “(1) IN GENERAL.—Beginning on the date of  
 23       enactment of the Comprehensive Telehealth Act of  
 24       1999 and subject to paragraph (3), the Secretary of  
 25       Health and Human Services shall make payments

1 from the Federal Supplementary Medical Insurance  
 2 Trust Fund under part B of title XVIII of the So-  
 3 cial Security Act (42 U.S.C. 1395j et seq.) in ac-  
 4 cordance with the methodology described in sub-  
 5 section (b) for items and services for which payment  
 6 may be made under such part that are provided via  
 7 telecommunications systems including store-and-for-  
 8 ward technologies (as defined in paragraph (2)) by  
 9 a physician (as defined in section 1861(r) of such  
 10 Act (42 U.S.C. 1395x(r))) or a practitioner (as de-  
 11 fined in paragraph (2)) to a beneficiary under the  
 12 medicare program residing in a county in a rural  
 13 area (as defined in section 1886(d)(2)(D) of such  
 14 Act (42 U.S.C. 1395ww(d)(2)(D))) notwithstanding  
 15 that the physician or practitioner providing the item  
 16 or service via telecommunication systems is not at  
 17 the same location as the medicare beneficiary.

18 “(2) DEFINITIONS.—

19 “(A) PRACTITIONER.—For purposes of  
 20 paragraph (1), the term ‘practitioner’  
 21 includes—

22 “(i) a practitioner described in section  
 23 1842(b)(18)(C) of the Social Security Act  
 24 (42 U.S.C. 1395u(b)(18)(C)) (including a  
 25 clinical psychologist); and

1                   “(ii) a physical, occupational, or  
2                   speech therapist.

3                   “(B) STORE-AND-FORWARD TECH-  
4                   NOLOGIES.—For purposes of paragraph (1), the  
5                   term ‘store-and-forward technologies’ has the  
6                   meaning given that term by the Secretary, ex-  
7                   cept that the term shall include technologies  
8                   through which information (including any audio  
9                   recording or visual image) is transferred and  
10                  stored for purposes of review by a health care  
11                  provider if the patient, the referring physician,  
12                  or the health care provider is not present at the  
13                  time the asynchronous review occurs at the re-  
14                  mote site.

15               “(3) RULE OF CONSTRUCTION.—Nothing in  
16               this subsection shall be construed as requiring pay-  
17               ment for services provided to a patient solely on the  
18               basis of information conveyed via facsimile machine  
19               or via traditional telephone conversation.”.

20               (b) ANY HEALTH CARE PRACTITIONER MAY  
21               PRESENT BENEFICIARY TO CONSULTING PHYSICIAN.—  
22               Section 4206(b) of the Balanced Budget Act of 1997 (42  
23               U.S.C. 1395l note) is amended by adding at the end the  
24               following:

1           “(5) Any health care practitioner (whether or  
2           not such practitioner is certified under the medicare  
3           program) that is acting on instructions from the re-  
4           ferring physician or practitioner may present the  
5           beneficiary to the consulting physician or practi-  
6           tioner for the provision of items and services. The  
7           referring physician and the practitioner shall not re-  
8           ceive any reimbursement for such presentation other  
9           than the payment that the referring physician re-  
10          ceives pursuant to paragraph (1).”.

11          (c) ALL CPT BILLING CODES COVERED UNDER  
12          TELEHEALTH PROGRAM.—Section 4206 of the Balanced  
13          Budget Act of 1997 (42 U.S.C. 1395l note) is amended  
14          by adding at the end the following:

15          “(e) COVERAGE OF SERVICES.—Payment for items  
16          and services provided pursuant to subsection (a) shall in-  
17          clude payment for all current procedural terminology bill-  
18          ing codes that are covered under the medicare program  
19          under title XVIII of the Social Security Act (42 U.S.C.  
20          1395 et seq.).”.

21          (d) EFFECTIVE DATE.—The amendments made by  
22          this section shall take effect on the date of enactment of  
23          this Act.

1 **SEC. 206. STUDY AND REPORTS TO CONGRESS REGARDING**  
2 **TELEHEALTH LICENSURE.**

3 (a) STUDY.—The Secretary shall conduct a study  
4 regarding—

5 (1) the number, percentage, and types of health  
6 care providers licensed to provide telehealth services  
7 across State lines, including the number and types  
8 of health care providers licensed to provide such  
9 services in more than 3 States;

10 (2) the status of any reciprocal, mutual recogni-  
11 tion, fast-track, or other licensure agreements be-  
12 tween or among various States;

13 (3) the status of any efforts to develop uniform  
14 national sets of standards for the licensure of health  
15 care providers to provide telehealth services across  
16 State lines;

17 (4) a projection of future utilization of tele-  
18 health consultations across State lines;

19 (5) State efforts to increase or reduce licensure  
20 as a burden to interstate telehealth practice; and

21 (6) any State licensure requirements that ap-  
22 pear to constitute unnecessary barriers to the provi-  
23 sion of telehealth services across State lines.

24 (b) REPORTS TO CONGRESS.—

25 (1) INITIAL REPORT.—Not later than January  
26 1, 2000, the Secretary shall submit to the appro-

1        appropriate committees of Congress a detailed report on  
 2        the study conducted under subsection (a).

3            (2) ANNUAL REPORTS.—

4            (A) IN GENERAL.—Not later than January  
 5            1, 2001, and each January 1 thereafter, the  
 6            Secretary shall submit to the appropriate com-  
 7            mittees of Congress a report on relevant devel-  
 8            opments regarding the matters studied by the  
 9            Secretary pursuant to subsection (a).

10           (B) RECOMMENDATIONS.—If, with respect  
 11           to a report submitted under subparagraph (A),  
 12           the Secretary determines that States are not  
 13           making progress in facilitating the provision of  
 14           telehealth services across State lines by elimi-  
 15           nating unnecessary requirements, adopting re-  
 16           ciprocal licensing arrangements for telehealth  
 17           services, implementing uniform requirements  
 18           for telehealth licensure, or other means, the  
 19           Secretary shall include in the report rec-  
 20           ommendations concerning the scope and nature  
 21           of Federal actions required to reduce licensure  
 22           as a barrier to the interstate provision of tele-  
 23           health services.

24   **SEC. 207. JOINT WORKING GROUP ON TELEHEALTH.**

25           (a) IN GENERAL.—

1           (1) REDESIGNATION.—The Joint Working  
2       Group on Telemedicine, established by the Secretary,  
3       shall hereafter be known as the “Joint Working  
4       Group on Telehealth” with the chairperson being  
5       designated by the Director of the Office for the Ad-  
6       vancement of Telehealth.

7           (2) MISSION.—The mission of the Joint Work-  
8       ing Group on Telehealth is to—

9                   (A) identify, monitor, and coordinate Fed-  
10       eral telehealth projects, data sets, and pro-  
11       grams;

12                  (B) analyze—

13                       (i) how telehealth systems are expand-  
14       ing access to health care services, edu-  
15       cation, and information;

16                       (ii) the clinical, educational, or admin-  
17       istrative efficacy and cost-effectiveness of  
18       telehealth applications; and

19                       (iii) the quality of the telehealth serv-  
20       ices delivered; and

21                  (C) make further recommendations for co-  
22       ordinating Federal and State efforts to increase  
23       access to health care services, education, and  
24       information in rural and underserved areas.

1           (3) ANNUAL REPORTS.—Not later than Janu-  
2       ary 1, 2000, and annually thereafter, the Joint  
3       Working Group on Telehealth shall report to Con-  
4       gress on the status of the Group’s mission and the  
5       state of the telehealth field generally.

6       (b) REPORT SPECIFICS.—The annual report required  
7       under subsection (a)(3) shall include—

8           (1) an analysis of—

9                (A) the matters described in subsection  
10          (a)(2)(B);

11               (B) the Federal activities with respect to  
12          telehealth; and

13               (C) the progress of the Joint Working  
14          Group on Telehealth’s efforts to coordinate  
15          Federal telehealth programs; and

16          (2) recommendations for a coordinated Federal  
17          strategy to increase health care access through tele-  
18          health.

19       (c) TERMINATION.—The Joint Working Group on  
20       Telehealth shall terminate on the date that the Group sub-  
21       mits the annual report that is due to be submitted on Jan-  
22       uary 1, 2004, under subsection (a)(3).

23       (d) AUTHORIZATION OF APPROPRIATIONS.—There  
24       are authorized to be appropriated such sums as are nec-



1 essary for the Joint Working Group on Telehealth to carry  
 2 out the purposes of this section.

3 **TITLE III—DEVELOPMENT OF**  
 4 **TELEHEALTH NETWORKS**  
 5 **Subtitle A—Development of**  
 6 **Telehealth Networks**

7 **SEC. 301. FINANCIAL ASSISTANCE AUTHORIZED.**

8 (a) IN GENERAL.—The Secretary, acting through the  
 9 Director of the Office for Advancement of Telehealth, shall  
 10 provide financial assistance (as described in section 302)  
 11 to eligible telehealth networks (as described in section  
 12 303) for the purpose of expanding access to health care  
 13 services for individuals in rural and frontier areas through  
 14 the use of telehealth networks.

15 (b) MAXIMUM AMOUNT OF FINANCIAL ASSIST-  
 16 ANCE.—The Secretary may establish the maximum  
 17 amount of financial assistance made available to a recipi-  
 18 ent for each fiscal year under this title by publishing no-  
 19 tice of such amount in the Federal Register or the Health  
 20 Resources and Services Administration Preview.

21 **SEC. 302. FINANCIAL ASSISTANCE DESCRIBED.**

22 (a) IN GENERAL.—Financial assistance shall consist  
 23 of loans (as described under subsection (b)), grants (as  
 24 described under subsection (c)), or both as apportioned  
 25 under subsection (d).

1 (b) LOANS.—

2 (1) IN GENERAL.—The Secretary is authorized  
3 to provide loans to eligible telehealth networks under  
4 this title.

5 (2) MAXIMUM TERM OF LOANS.—

6 (A) IN GENERAL.—Subject to subpara-  
7 graph (B), the Secretary may establish the  
8 maximum term of any loan provided under this  
9 title by publishing notice of such term in the  
10 Federal Register or the Health Resources and  
11 Services Administration Preview.

12 (B) LIMITATION.—The maximum term of  
13 any loan provided under this title shall be for  
14 a period of not more than 10 years.

15 (3) LOAN SECURITY AND FEASIBILITY.—The  
16 Secretary shall make a loan under this title only if  
17 the Secretary determines that—

18 (A) the security for the loan is reasonably  
19 adequate; and

20 (B) the loan will be repaid within the term  
21 of such loan.

22 (4) LOAN FORGIVENESS PROGRAM.—

23 (A) ESTABLISHMENT.—With respect to  
24 loans provided under this title, the Secretary  
25 shall establish a loan forgiveness program under

1 which recipients of such loans may apply to  
 2 have all or a portion of such loans forgiven.

3 (B) APPLICATION.—

4 (i) IN GENERAL.—Any recipient of a  
 5 loan under this title that desires to have  
 6 such loan forgiven under the program es-  
 7 tablished under subparagraph (A) shall  
 8 submit an application to the Secretary  
 9 within 180 days of the end of the term of  
 10 such loan, in such manner, and accom-  
 11 panied by such information as the Sec-  
 12 retary may reasonably require.

13 (ii) CONTENTS.—Each application  
 14 submitted pursuant to clause (i) shall—

15 (I) demonstrate that the recipient  
 16 has a financial need for such forgive-  
 17 ness; and

18 (II) demonstrate that the recipi-  
 19 ent has satisfied the quality and cost-  
 20 effectiveness criteria developed under  
 21 subparagraph (C).

22 (C) QUALITY AND COST-EFFECTIVENESS  
 23 CRITERIA.—As part of the program established  
 24 under subparagraph (A), the Secretary shall de-  
 25 velop criteria for determining the quality and

1 cost-effectiveness of programs operated with  
2 loans provided under this title.

3 (c) GRANTS.—The Secretary is authorized to award  
4 grants to eligible telehealth networks under this title.

5 (d) APPORTIONMENT.—

6 (1) IN GENERAL.—Subject to paragraph (2),  
7 the Secretary shall determine what portion of the fi-  
8 nancial assistance provided to an eligible telehealth  
9 network is a grant and what portion of such finan-  
10 cial assistance is a loan.

11 (2) REQUIREMENTS.—In determining the ap-  
12 portionment under paragraph (1), the Secretary  
13 shall—

14 (A) ensure that the Federal Government  
15 receives the maximum feasible repayment of the  
16 financial assistance by basing such apportion-  
17 ment on the ability of the recipient to repay a  
18 loan provided under this title; and

19 (B) fully use the funds made available to  
20 carry out this title.

21 **SEC. 303. ELIGIBLE TELEHEALTH NETWORKS.**

22 (a) IN GENERAL.—An entity that is a health care  
23 provider and a member of an existing or proposed tele-  
24 health network, or an entity that is a consortium of health  
25 care providers that are members of an existing or proposed

1 telehealth network shall be eligible for financial assistance  
2 under this title.

3 (b) REQUIREMENTS.—

4 (1) IN GENERAL.—A telehealth network re-  
5 ferred to in subsection (a) shall, at a minimum, be  
6 composed of a multispecialty entity (as defined in  
7 paragraph (2)(A)), a network of community-based  
8 health care providers (as defined in paragraph  
9 (2)(B)), and a public entity (as defined in paragraph  
10 (2)(C)).

11 (2) DEFINITIONS.—

12 (A) MULTISPECIALTY ENTITY.—For pur-  
13 poses of paragraph (1), the term “multispe-  
14 cialty entity” means an entity which—

15 (i) provides 24-hour access to a range  
16 of diagnostic and therapeutic services; and

17 (ii) may be located in an urban area.

18 (B) NETWORK OF COMMUNITY-BASED  
19 HEALTH CARE PROVIDERS.—For purposes of  
20 paragraph (1), the term “network of commu-  
21 nity-based health care providers” means a net-  
22 work located in a rural area (as defined by the  
23 Secretary) that includes at least 2 of the fol-  
24 lowing:

1 (i) A community or migrant health  
2 center.

3 (ii) A local health department.

4 (iii) A nonprofit or public hospital.

5 (iv) A health professional in private  
6 practice.

7 (v) A rural health clinic.

8 (vi) A skilled nursing facility.

9 (vii) A county mental health facility or  
10 other publicly funded mental health facil-  
11 ity.

12 (viii) A provider of home health serv-  
13 ices.

14 (ix) Any other publicly funded health  
15 or social services agency.

16 (C) PUBLIC ENTITY.—For purposes of  
17 paragraph (1), the term “public entity” means  
18 an entity that demonstrates its use of the tele-  
19 health network for purposes of education and  
20 economic development (as required by the Sec-  
21 retary), and includes—

22 (i) a public school;

23 (ii) a public library;

24 (iii) a college or university;

25 (iv) a local government entity; or

1 (v) a local business entity that is not  
2 related to the provision of health care serv-  
3 ices.

4 (c) FOR-PROFIT ENTITY.—A telehealth network may  
5 include for-profit entities so long as the recipient of finan-  
6 cial assistance under this title is a nonprofit entity.

7 **SEC. 304. USE OF FINANCIAL ASSISTANCE.**

8 (a) PERMITTED USES.—Any recipient of financial as-  
9 sistance under this title may use such financial assistance  
10 for the acquisition of telehealth equipment and modifica-  
11 tions or improvements of telehealth services including—

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

18 (2) the provision of technical assistance and in-  
19 struction for the development and use of such equip-  
20 ment;

21 (3) the development and acquisition of instruc-  
22 tional programming;

23 (4) demonstration projects for teaching or  
24 training medical students, residents, and other stu-

1       dents in health professions in rural training sites re-  
2       garding the application of telehealth;

3           (5) transmission costs, maintenance of equip-  
4       ment, compensation of specialists, and referring  
5       health care providers;

6           (6) development of projects to use telehealth to  
7       facilitate collaboration among health care providers;

8           (7) electronic archival of patient records;

9           (8) collection and analysis of usage statistics  
10      and data that can be used to document the cost-ef-  
11      fectiveness of the telehealth services; or

12          (9) such other uses that are consistent with  
13      achieving the purposes of this title as approved by  
14      the Secretary.

15      (b) PROHIBITED USES.—Any recipient of financial  
16      assistance under this title may not use such financial as-  
17      sistance for the following purposes:

18          (1) To build structures on or acquire real prop-  
19      erty, except that such funds may be expended for  
20      minor renovations relating to the installation of  
21      equipment.

22          (2) To purchase or lease equipment to the ex-  
23      tent the expenditures would exceed more than 40  
24      percent of the financial assistance provided in the  
25      form of grants pursuant to section 302(c).



1           (3) To purchase or install transmission equip-  
2           ment (such as laying cable or telephone lines, micro-  
3           wave towers, amplifiers, and digital switching equip-  
4           ment).

5           (4) For indirect costs (as determined by the  
6           Secretary) to the extent the expenditures would ex-  
7           ceed more than 20 percent of the financial assist-  
8           ance.

9   **SEC. 305. APPLICATION.**

10       (a) IN GENERAL.—Each eligible telehealth network  
11       that desires to receive financial assistance under this title,  
12       in consultation with the State office of rural health or  
13       other appropriate State agency, shall submit an applica-  
14       tion to the Secretary at such time, in such manner, and  
15       accompanied by such additional information as the Sec-  
16       retary may reasonably require.

17       (b) CONTENTS.—Each application submitted pursu-  
18       ant to subsection (a) shall include at least the following  
19       information:

20           (1) A description of the anticipated need for fi-  
21           nancial assistance.

22           (2) A description of the activities which the en-  
23           tity intends to carry out using the financial assist-  
24           ance provided under this title.

1           (3) A plan for continuing the project after fi-  
2       nancial assistance provided under this title has  
3       ended.

4           (4) A description of the manner in which the  
5       activities funded by the financial assistance provided  
6       under this title will meet health care needs of under-  
7       served rural populations within the State.

8           (5) A description of how the local community or  
9       region to be served by the proposed telehealth net-  
10      work will be involved in the development and ongoing  
11      operations of the telehealth network.

12          (6) A description of the source and amount of  
13      non-Federal funds the entity would pledge for the  
14      project.

15          (7) A description of the long-term viability of  
16      the project and evidence of health care provider com-  
17      mitment to the telehealth network.

18 **SEC. 306. APPROVAL OF APPLICATION.**

19          (a) IN GENERAL.—The Secretary shall approve appli-  
20      cations in accordance with the criteria established in sub-  
21      section (b) and the preferences described in subsection (c).

22          (b) CRITERIA.—The Secretary shall not approve an  
23      application under this section unless the Secretary finds  
24      the following:

1           (1) EXPENDITURES IN RURAL AREAS.—At least  
2       50 percent of the financial assistance is expended—

3           (A) in a rural area; or

4           (B) to provide services to residents of rural  
5       areas.

6           (2) PROMOTION OF INTEGRATION.—The appli-  
7       cation demonstrates that the project will—

8           (A) promote the integration of telehealth  
9       in the community;

10          (B) avoid redundancy of technology;

11          (C) achieve economies of scale; and

12          (D) coordinate telehealth services across  
13       different networks within a geographic region.

14       (c) PREFERENCES.—In providing financial assistance  
15   under this title, the Secretary shall give preference to any  
16   applicant telehealth network that—

17          (1) is a health care provider in a telehealth net-  
18       work or a health care provider that proposes to form  
19       such a network, in which the majority of the health  
20       care providers in such network are located in an  
21       area that is designated by the Federal Government  
22       or the State as—

23           (A) a medically underserved area; or

24           (B) a health, dental health, or mental  
25       health professional shortage area;

1           (2) proposes to use financial assistance pro-  
2       vided under this title to plan and establish telehealth  
3       networks that will link rural hospitals and rural  
4       health care providers to other hospitals, health care  
5       providers, and patients;

6           (3) proposes to use financial assistance pro-  
7       vided under this title—

8               (A) to offer a range of health care applica-  
9       tions; and

10              (B) to promote greater efficiency in the  
11       use of health care resources;

12           (4) demonstrates financial, institutional, and  
13       community support for the long-term viability of the  
14       telehealth network through cost participation and  
15       other indicators determined by the Secretary; and

16           (5) demonstrates a detailed plan for coordi-  
17       nating telehealth network use by eligible telehealth  
18       networks so that health care services are given pri-  
19       ority over services that are not related to the provi-  
20       sion of health care services.

21 **SEC. 307. ADMINISTRATION.**

22       (a) NONDUPLICATION.—The Secretary shall ensure  
23       that services and programs developed with financial assist-  
24       ance provided under this title do not duplicate established

1 telehealth networks that adequately serve rural popu-  
2 lations.

3 (b) COORDINATION WITH OTHER AGENCIES.—The  
4 Secretary shall coordinate, to the extent practicable, with  
5 other Federal and State agencies with similar grant, loan,  
6 or other financial assistance programs to pool resources  
7 for funding meritorious proposals for the development of  
8 telehealth networks in rural areas.

9 (c) INFORMATIONAL EFFORTS.—The Secretary shall  
10 establish and implement procedures to carry out informa-  
11 tional efforts that notify potential applicants located in the  
12 rural areas of each State of the financial assistance avail-  
13 able under this title.

14 **SEC. 308. REGULATIONS.**

15 Not later than 180 days after the date of enactment  
16 of this Act, the Secretary shall by regulation prescribe  
17 such rules and regulations as the Secretary deems nec-  
18 essary to carry out the provisions of this title.

19 **SEC. 309. AUTHORIZATION OF APPROPRIATIONS.**

20 There are authorized to be appropriated to carry out  
21 this title, \$40,000,000 for fiscal year 2000, and such sums  
22 as may be necessary for each of fiscal years 2001 through  
23 2006.

1 **Subtitle B—Rural Health Outreach**  
 2 **and Network Development**  
 3 **Grant Program**

4 **SEC. 315. RURAL HEALTH OUTREACH AND NETWORK DE-**  
 5 **VELOPMENT GRANT PROGRAM.**

6 (a) IN GENERAL.—Section 330A of subpart I of part  
 7 D of title III of the Public Health Service Act (42 U.S.C.  
 8 254c) is amended—

9 (1) in the heading, by striking “**OUTREACH,**  
 10 **NETWORK, DEVELOPMENT, AND TELEMEDI-**  
 11 **CINE**” and inserting “**OUTREACH AND NETWORK**  
 12 **DEVELOPMENT**”;

13 (2) in subsection (c)—

14 (A) in paragraph (1)(A)—

15 (i) by striking “nonprofit private enti-  
 16 ty” and inserting “private nonprofit enti-  
 17 ty”; and

18 (ii) by striking “three” and inserting  
 19 “3”;

20 (B) in paragraph (2), by striking “so long  
 21 as” and inserting “as long as”; and

22 (C) by striking paragraph (3); and

23 (3) in subsection (e)—

1 (A) in paragraph (1), by striking  
 2 “Amounts” and inserting “Subject to para-  
 3 graphs (2) and (3), amounts”;

4 (B) in paragraph (2)—

5 (i) by striking “RURAL AREAS.—” and  
 6 all that follows through “In awarding” and  
 7 inserting “RURAL AREAS.—In awarding”;  
 8 and

9 (ii) by striking subparagraph (B); and

10 (C) by striking paragraph (3) and insert-  
 11 ing the following:

12 “(3) LIMITATIONS.—An eligible network de-  
 13 scribed in subsection (c) may not use—

14 “(A) more than 40 percent of the amounts  
 15 provided under a grant under this section to  
 16 purchase equipment; or

17 “(B) any of the amounts provided under a  
 18 grant under this section—

19 “(i) to build structures on or acquire  
 20 real property; or

21 “(ii) for construction.”.

22 (b) TRANSITION.—The Secretary of Health and  
 23 Human Services shall ensure the continued funding of  
 24 grants made, or contracts or cooperative agreements en-  
 25 tered into, under subpart I of part D of title III of the

1 Public Health Service Act (42 U.S.C. 254b et seq.) (as  
 2 such subpart existed on the day prior to the date of enact-  
 3 ment of this Act), until the expiration of the grant period  
 4 or the term of the contract or cooperative agreement. Such  
 5 funding shall be continued under the same terms and con-  
 6 ditions as were in effect on the date on which the grant,  
 7 contract, or cooperative agreement was awarded, subject  
 8 to the availability of appropriations.

## 9 **TITLE IV—MISCELLANEOUS** 10 **PROVISIONS**

### 11 **SEC. 401. BANK DEDUCTIBILITY OF SMALL, TAX-EXEMPT** 12 **DEBTS.**

13 (a) IN GENERAL.—Section 265(b)(3) of the Internal  
 14 Revenue Code of 1986 (relating to exception for certain  
 15 tax-exempt obligations) is amended by adding at the end  
 16 the following:

17 “(G) ELECTION TO APPLY LIMITATION ON  
 18 AMOUNT OF OBLIGATIONS AT BORROWER  
 19 LEVEL.—

20 “(i) IN GENERAL.—An issuer, the  
 21 proceeds of the obligations of which are to  
 22 be used to make or finance eligible loans,  
 23 may elect to apply subparagraphs (C) and  
 24 (D) by treating each borrower as the issuer  
 25 of a separate issue.



1           “(ii) ELIGIBLE LOAN.—For purposes  
2 of this subparagraph—

3           “(I) IN GENERAL.—The term ‘el-  
4 igible loan’ means 1 or more loans to  
5 a qualified borrower the proceeds of  
6 which are used by the borrower for  
7 health care or educational purposes  
8 and the outstanding balance of which  
9 issued during a calendar year does not  
10 exceed \$5,000,000.

11          “(II) QUALIFIED BORROWER.—  
12 The term ‘qualified borrower’ means a  
13 borrower which is an organization de-  
14 scribed in section 501(c)(3) and ex-  
15 empt from taxation under section  
16 501(a).

17          “(iii) MANNER OF ELECTION.—The  
18 election described in clause (i) may be  
19 made by an issuer for any calendar year at  
20 any time prior to its first issuance during  
21 such year of obligations the proceeds of  
22 which will be used to make or finance 1 or  
23 more eligible loans.

24          “(iv) MODIFICATION OF RULE FOR  
25 COMPOSITE ISSUES.—In the case of an ob-

1                   ligation which is issued by any issuer  
2                   which has made the election described in  
3                   clause (i), subparagraph (F) shall be ap-  
4                   plied without regard to clause (i) of such  
5                   subparagraph.”

6           (b) EFFECTIVE DATE.—The amendment made by  
7   subsection (a) shall apply to taxable years beginning after  
8   December 31, 1999.

9   **SEC. 402. ACCESS TO DATA.**

10          (a) REQUIREMENT.—The heads of the agencies de-  
11   scribed in subsection (b) shall negotiate and enter into  
12   interagency agreements with agencies and offices of the  
13   Department of Health and Human Services under which  
14   such agencies and offices will be provided access to data  
15   sets for intramural and extramural research conducted or  
16   supported by such agencies or offices.

17          (b) AGENCY HEADS.—The agencies described in this  
18   section are the following:

19               (1) The National Center for Health Statistics.

20               (2) The Centers for Disease Control and Pre-  
21   vention.

22               (3) The Agency for Health Care Policy and Re-  
23   search.

24               (4) The Bureau of the Census.

1       (c) INFORMATION.—The information that is to be  
2 made available under interagency agreements under this  
3 section shall include all information that is necessary for  
4 scholarly and policy research. Such information shall be  
5 made available in a manner that includes a description of  
6 the geographic area or location of the individuals who are  
7 the subject of such information.

8       (d) AVAILABILITY.—Information that is subject to an  
9 interagency agreement under this section shall be made  
10 available to bona fide researchers as determined appro-  
11 priate by the Secretary of Health and Human Services.

12       (e) CONFIDENTIALITY.—Each interagency agreement  
13 entered into under this section shall contain provisions  
14 that protect the confidentiality of the individuals who are  
15 the subjects of such information.

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