

107TH CONGRESS  
1ST SESSION

# H. R. 2706

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

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2001

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

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## A BILL

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

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Medicare Telehealth  
5       Validation Act of 2001”.

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

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

5 (1) IN GENERAL.—Section 1834(m), as added  
6 by section 223(b) of the Medicare, Medicaid, and  
7 SCHIP Benefits Improvement and Protection Act of  
8 2000 (114 Stat. 2763A–487), as enacted into law by  
9 section 1(a)(6) of Public Law 106–554, is amended  
10 in paragraph (4)(C)(i) by striking “and only if such  
11 site is located” and all that follows and inserting  
12 “without regard to the geographic area where the  
13 site is located, and includes an entity that partici-  
14 pates in a Federal telemedicine demonstration  
15 project that has been approved by (or receives fund-  
16 ing from) the Secretary of Health and Human Serv-  
17 ices as of December 31, 2000.”.

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

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

1 “(VI) A skilled nursing facility  
2 (as defined in section 1819(a)).

3 “(VII) An assisted living facility.

4 “(VIII) A board and care facility.

5 “(IX) A school.

6 “(X) A county mental health  
7 clinic.

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

10 (c) FACILITATING THE PROVISION OF TELEHEALTH  
11 SERVICES ACROSS STATE LINES.—

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

21 (2) DEFINITIONS.—In paragraph (1):

22 (A) TELEHEALTH SERVICE.—The term  
23 “telehealth service” has the meaning given that  
24 term in subparagraph (F) of section

1           1834(m)(4) of the Social Security Act (42  
2           U.S.C. 1395m(m)(4)).

3           (B) PHYSICIAN, PRACTITIONER.—The  
4           terms “physician” and “practitioner” has the  
5           meaning given those terms in subparagraphs  
6           (D) and (E), respectively, of such section.

7           (C) MEDICARE PROGRAM.—The term  
8           “medicare program” means the program of  
9           health insurance administered by the Secretary  
10          of Health and Human Services under title  
11          XVIII of the Social Security Act (42 U.S.C.  
12          1395 et seq.).

13 **SEC. 3. GRANT PROGRAM FOR THE DEVELOPMENT OF**  
14 **TELEHEALTH NETWORKS.**

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

24          (b) ELIGIBLE RECIPIENTS.—

1           (1) APPLICATION.—To be eligible to receive a  
2           grant under this section, an eligible entity described  
3           in paragraph (2) shall, in consultation with the  
4           State office of rural health or other appropriate  
5           State entity, prepare and submit to the Secretary an  
6           application, at such time, in such manner, and con-  
7           taining such information as the Secretary may re-  
8           quire, including the following:

9                   (A) A description of the anticipated need  
10                  for the grant.

11                  (B) A description of the activities which  
12                  the entity intends to carry out using amounts  
13                  provided under the grant.

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

16                  (D) A description of the manner in which  
17                  the activities funded under the grant will meet  
18                  health care needs of underserved rural popu-  
19                  lations within the State.

20                  (E) A description of how the local commu-  
21                  nity or region to be served by the network or  
22                  proposed network will be involved in the devel-  
23                  opment and ongoing operations of the network.

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

1 (G) A showing of the long-term viability of  
2 the project and evidence of health care provider  
3 commitment to the network.

4 The application should demonstrate the manner in  
5 which the project will promote the integration of  
6 telehealth in the community so as to avoid redun-  
7 dancy of technology and achieve economies of scale.

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

18 (A) The organizations described in this  
19 subparagraph are the following:

20 (i) Community or migrant health cen-  
21 ters.

22 (ii) Local health departments.

23 (iii) Nonprofit hospitals.

1 (iv) Private practice health profes-  
2 sionals, including community and rural  
3 health clinics.

4 (v) Other publicly funded health or so-  
5 cial services agencies.

6 (vi) Skilled nursing facilities.

7 (vii) County mental health and other  
8 publicly funded mental health facilities.

9 (viii) Providers of home health serv-  
10 ices.

11 (B) The institutions and entities described  
12 in this subparagraph are the following:

13 (i) A public school.

14 (ii) A public library.

15 (iii) A university or college.

16 (iv) A local government entity.

17 (v) A local health or nonhealth-related  
18 business entity.

19 An eligible entity may include for-profit entities so  
20 long as the recipient of the grant is a not-for-profit  
21 entity.

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

1           (1) The applicant is a health care provider in  
2           a health care network or a health care provider that  
3           proposes to form such a network that furnishes or  
4           proposes to furnish services in a medically under-  
5           served area, health professional shortage area, or  
6           mental health professional shortage area.

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

11          (3) The applicant proposes to use Federal  
12          funds to develop plans for, or to establish, telehealth  
13          systems that will link rural hospitals and rural  
14          health care providers to other hospitals, health care  
15          providers, and patients.

16          (4) The applicant will use the amounts provided  
17          for a range of health care applications and to pro-  
18          mote greater efficiency in the use of health care re-  
19          sources.

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

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



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

5           (e) MAXIMUM AMOUNT OF ASSISTANCE TO INDIVIDUAL  
6           RECIPIENTS.—The Secretary shall establish, by  
7           regulation, the terms and conditions of the grant and the  
8           maximum amount of a grant award to be made available  
9           to an individual recipient for each fiscal year under this  
10          section. The Secretary shall cause to have published in the  
11          Federal Register or the “HRSA Preview” notice of the  
12          terms and conditions of a grant under this section and  
13          the maximum amount of such a grant for a fiscal year.

14          (f) USE OF AMOUNTS.—The recipient of a grant  
15          under this section may use sums received under such  
16          grant for the acquisition of telehealth equipment and  
17          modifications or improvements of telecommunications facilities  
18          including the following:

19               (1) The development and acquisition through  
20               lease or purchase of computer hardware and software,  
21               audio and video equipment, computer network  
22               equipment, interactive equipment, data terminal  
23               equipment, and other facilities and equipment that  
24               would further the purposes of this section.

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

4           (3) The development and acquisition of instruc-  
5           tional programming.

6           (4) Demonstration projects for teaching or  
7           training medical students, residents, and other  
8           health profession students in rural or medically un-  
9           derserved training sites about the application of tele-  
10          health.

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

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

18          (7) Transmission costs, maintenance of equip-  
19          ment, and compensation of specialists and referring  
20          health care providers.

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

23          (9) Electronic archival of patient records.

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

4           (11) Such other uses that are consistent with  
5           achieving the purposes of this section as approved by  
6           the Secretary.

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

10           (1) To acquire real property.

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

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

17           (4) For construction, except that such funds  
18           may be expended for minor renovations relating to  
19           the installation of equipment.

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

24           (h) ADMINISTRATION.—

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

5           (2) COORDINATION WITH OTHER AGENCIES.—  
6       The Secretary shall coordinate, to the extent prac-  
7       ticable, with other Federal and State agencies and  
8       not-for-profit organizations, operating similar grant  
9       programs to pool resources for funding meritorious  
10      proposals.

11          (3) INFORMATIONAL EFFORTS.—The Secretary  
12      shall establish and implement procedures to carry  
13      out outreach activities to advise potential end users  
14      located in rural and medically underserved areas of  
15      each State about the program authorized by this  
16      section.

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

20          (j) AUTHORIZATION OF APPROPRIATIONS.—There  
21      are authorized to be appropriated to carry out this section  
22      \$40,000,000 for fiscal year 2002, and such sums as may  
23      be necessary for each of the fiscal years 2003 through  
24      2008.

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

2 (a) IN GENERAL.—

3 (1) REPRESENTATION OF RURAL AREAS.—The  
4 Joint Working Group on Telemedicine shall ensure  
5 that individuals that represent the interests of rural  
6 areas and medically underserved areas are members  
7 of the Group.

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

10 (A) to identify, monitor, and coordinate  
11 Federal telehealth projects, data sets, and pro-  
12 grams;

13 (B) to analyze—

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

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

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

22 (C) to make further recommendations for  
23 coordinating Federal and State efforts to in-  
24 crease access to health services, education, and  
25 information in rural and medically underserved  
26 areas.

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

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

9           (1) an analysis of—

10               (A) the matters described in subsection  
11               (a)(3)(B);

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

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

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

20       (c) AUTHORIZATION OF APPROPRIATIONS.—There  
21       are authorized to be appropriated such sums as are nec-  
22       essary for the Joint Working Group on Telemedicine to  
23       carry out this section.

○