

107TH CONGRESS
2D SESSION

S. 2390

To improve health care in rural areas.

IN THE SENATE OF THE UNITED STATES

APRIL 29, 2002

Mr. DURBIN introduced the following bill; which was read twice and referred
to the Committee on Finance

A BILL

To improve health care 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.**

4 This Act may be cited as the “Preserving Health
5 Care in Rural America Act of 2002”.

6 **SEC. 2. MEDICARE INPATIENT PAYMENT ADJUSTMENT FOR**
7 **LOW-VOLUME HOSPITALS.**

8 Section 1886(d) of the Social Security Act (42 U.S.C.
9 1395ww(d)) is amended by adding at the end the following
10 new paragraph:

11 “(12) PAYMENT ADJUSTMENT FOR LOW-VOLUME
12 HOSPITALS.—

1 “(A) PAYMENT ADJUSTMENT.—

2 “(i) IN GENERAL.—Notwithstanding any
3 other provision of this section, for each cost re-
4 porting period (beginning with the cost report-
5 ing period that begins in fiscal year 2003), the
6 Secretary shall provide for an additional pay-
7 ment amount to each low-volume hospital (as
8 defined in clause (iii)) for discharges occurring
9 during that cost reporting period to increase
10 the amount paid to such hospital under this
11 section for such discharges by the applicable
12 percentage increase determined under clause
13 (ii).

14 “(ii) APPLICABLE PERCENTAGE IN-
15 CREASE.—The Secretary shall determine a per-
16 centage increase applicable under this para-
17 graph that ensures that—

18 “(I) no percentage increase in pay-
19 ments under this paragraph exceeds 25
20 percent of the amount of payment that
21 would otherwise be made to a low-volume
22 hospital under this section for each dis-
23 charge (but for this paragraph);

24 “(II) low-volume hospitals that have
25 the lowest number of discharges during a

1 cost reporting period receive the highest
2 percentage increase in payments due to the
3 application of this paragraph; and

4 “(III) the percentage increase in pay-
5 ments due to the application of this para-
6 graph is reduced as the number of dis-
7 charges per cost reporting period increases.

8 “(iii) LOW-VOLUME HOSPITAL DEFINED.—

9 For purposes of this paragraph, the term ‘low-
10 volume hospital’ means, for a cost reporting pe-
11 riod, a subsection (d) hospital (as defined in
12 paragraph (1)(B)) other than a critical access
13 hospital (as defined in section 1861(mm)(1))
14 that—

15 “(I) the Secretary determines had an
16 average of less than 800 discharges (deter-
17 mined with respect to all patients and not
18 just individuals receiving benefits under
19 this title) during the 3 most recent cost re-
20 porting periods for which data are avail-
21 able that precede the cost reporting period
22 to which this paragraph applies; and

23 “(II) is located at least 10 miles from
24 a similar hospital (or is deemed by the
25 Secretary to be so located by reason of

such factors as the Secretary determines appropriate, including the time required for an individual to travel to the nearest alternative source of appropriate inpatient care (taking into account the location of such alternative source of inpatient care and any weather or travel conditions that may affect such travel time)).

“(B) PROHIBITING CERTAIN REDUCTIONS.—

Notwithstanding subsection (e), the Secretary shall not reduce the payment amounts under this section to offset the increase in payments resulting from the application of subparagraph (A).”.

**SEC. 3. FAIRNESS IN THE MEDICARE DISPROPORTIONATE
SHARE HOSPITAL (DSH) ADJUSTMENT FOR
RURAL HOSPITALS.**

(a) EQUALIZING DSH PAYMENT AMOUNTS.—

(1) IN GENERAL.—Section 1886(d)(5)(F)(vii) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(F)(vii)) is amended by inserting “, and, after October 1, 2002, for any other hospital described in clause (iv),” after “clause (iv)(I)”.

(2) CONFORMING AMENDMENTS.—Section 1886(d)(5)(F) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(F)) is amended—

(A) in clause (iv)—

(i) in subclause (II), by inserting “or, for discharges occurring on or after October 1, 2002, is equal to the percent determined in accordance with the applicable formula described in clause (vii)” after “clause (xiii)”;

(ii) in subclause (III), by inserting “or, for discharges occurring on or after October 1, 2002, is equal to the percent determined in accordance with the applicable formula described in clause (vii)” after “clause (xii)”;

(iii) in subclause (IV), by inserting “or, for discharges occurring on or after October 1, 2002, is equal to the percent determined in accordance with the applicable formula described in clause (vii)” after “clause (x) or (xi)”;

(iv) in subclause (V), by inserting “or, for discharges occurring on or after October 1, 2002, is equal to the percent determined in accordance with the applicable formula described in clause (vii)” after “clause (xi)”;

and

1 (v) in subclause (VI), by inserting
 2 “or, for discharges occurring on or after
 3 October 1, 2002, is equal to the percent
 4 determined in accordance with the applica-
 5 ble formula described in clause (vii)” after
 6 “clause (x)”;

7 (B) in clause (viii), by striking “The for-
 8 mula” and inserting “For discharges occurring
 9 before October 1, 2002, the formula”; and

10 (C) in each of clauses (x), (xi), (xii), and
 11 (xiii), by striking “For purposes” and inserting
 12 “With respect to discharges occurring before
 13 October 1, 2002, for purposes”.

14 (b) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply with respect to discharges occur-
 16 ring on or after October 1, 2002.

17 **SEC. 4. CAPITAL INFRASTRUCTURE REVOLVING LOAN PRO-**
 18 **GRAM.**

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

22 “CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM
 23 “SEC. 1603. (a) AUTHORITY TO MAKE AND GUAR-
 24 ANTEE LOANS.—

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

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

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

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

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

13 “(2) AUTHORITY TO GUARANTEE LOANS.—

14 “(A) IN GENERAL.—The Secretary may
 15 guarantee the payment of principal and interest
 16 for loans made to rural entities for projects for
 17 any capital improvement described in paragraph
 18 (1) to any non-Federal lender.

19 “(B) INTEREST SUBSIDIES.—In the case
 20 of a guarantee of any loan made to a rural enti-
 21 ty under subparagraph (A), the Secretary may
 22 pay to the holder of such loan and for and on
 23 behalf of the project for which the loan was
 24 made, amounts sufficient to reduce by not more

1 than 3 percent of the net effective interest rate
2 otherwise payable on such loan.

3 “(b) AMOUNT OF LOAN.—The principal amount of
4 a loan directly made or guaranteed under subsection (a)
5 for a project for capital improvement may not exceed
6 \$5,000,000.

7 “(c) FUNDING LIMITATIONS.—

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

15 “(2) TOTAL AMOUNTS.—Subject to paragraph
16 (1), the total of the principal amount of all loans di-
17 rectly made or guaranteed under subsection (a) may
18 not exceed \$250,000,000 per year.

19 “(d) CAPITAL ASSESSMENT AND PLANNING
20 GRANTS.—

21 “(1) NONREPAYABLE GRANTS.—Subject to
22 paragraph (2), the Secretary may make a grant to
23 a rural entity, in an amount not to exceed \$50,000,
24 for purposes of capital assessment and business
25 planning.

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

4 “(e) TERMINATION OF AUTHORITY.—The Secretary
5 may not directly make or guarantee any loan under sub-
6 section (a) or make a grant under subsection (d) after
7 September 30, 2007.”.

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

11 “(15) The term ‘rural entity’ includes—

12 “(A) a rural health clinic, as defined in
13 section 1861(aa)(2) of the Social Security Act;

14 “(B) any medical facility with at least 1,
15 but less than 80, beds that is located, for pur-
16 poses of reimbursement under title XVIII of
17 such Act, in—

18 “(i) a county that is not part of a
19 metropolitan statistical area; or

20 “(ii) a rural census tract of a metro-
21 politan statistical area (as determined
22 under the most recent modification of the
23 Goldsmith Modification, originally pub-
24 lished in the Federal Register on February
25 27, 1992 (57 Fed. Reg. 6725));

1 “(C) a hospital that is classified as a rural,
 2 regional, or national referral center under sec-
 3 tion 1886(d)(5)(C) of such Act; and

4 “(D) a hospital that is a sole community
 5 hospital (as defined in section
 6 1886(d)(5)(D)(iii) of such Act).”.

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

10 (1) in subsection (b)(2)(D), by inserting “or
 11 1603(a)(2)(B)” after “1601(a)(2)(B)”; and

12 (2) in subsection (d)—

13 (A) in paragraph (1)(C), by striking “sec-
 14 tion 1601(a)(2)(B)” and inserting “sections
 15 1601(a)(2)(B) and 1603(a)(2)(B)”; and

16 (B) in paragraph (2)(A), by inserting “or
 17 1603(a)(2)(B)” after “1601(a)(2)(B)”.

18 **SEC. 5. HIGH TECHNOLOGY ACQUISITION GRANT AND**
 19 **LOAN PROGRAM.**

20 Subpart I of part D of title III of the Public Health
 21 Service Act (42 U.S.C. 241 et seq.) is amended by adding
 22 at the end the following section:

1 **“SEC. 330I. HIGH TECHNOLOGY ACQUISITION GRANT AND**
2 **LOAN PROGRAM.**

3 “(a) ESTABLISHMENT OF PROGRAM.—The Sec-
4 retary, acting through the Director of the Office of Rural
5 Health Policy of the Health Resources and Services Ad-
6 ministration, shall establish a high technology acquisition
7 grant and loan program for the purpose of—

8 “(1) improving the quality of health care in
9 rural areas through the acquisition of advanced med-
10 ical technology;

11 “(2) fostering the development of the networks
12 described in section 330A;

13 “(3) promoting resource sharing between urban
14 and rural facilities; and

15 “(4) improving patient safety and outcomes
16 through the acquisition of high technology, including
17 software, information services, and staff training.

18 “(b) GRANTS AND LOANS.—Under the program es-
19 tablished under subsection (a), the Secretary, acting
20 through the Director of the Office of Rural Health Policy,
21 may award grants and make loans to any eligible entity
22 (as defined in subsection (d)(1)) for any costs incurred
23 by the eligible entity in acquiring eligible equipment and
24 services (as defined in subsection (d)(2)).

25 “(c) LIMITATIONS.—

1 “(1) IN GENERAL.—Subject to paragraph (2),
 2 the total amount of grants and loans made under
 3 this section to an eligible entity may not exceed
 4 \$100,000.

5 “(2) FEDERAL SHARING.—

6 “(A) GRANTS.—The amount of any grant
 7 awarded under this section may not exceed 70
 8 percent of the costs to the eligible entity in ac-
 9 quiring eligible equipment and services.

10 “(B) LOANS.—The amount of any loan
 11 made under this section may not exceed 90 per-
 12 cent of the costs to the eligible entity in acquir-
 13 ing eligible equipment and services.

14 “(d) DEFINITIONS.—In this section:

15 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
 16 tity’ means a hospital, health center, or any other
 17 entity that the Secretary determines is appropriate
 18 that is located in a rural area or region.

19 “(2) ELIGIBLE EQUIPMENT AND SERVICES.—
 20 The term ‘eligible equipment and services’
 21 includes—

22 “(A) unit dose distribution systems;

23 “(B) software, information services, and
 24 staff training;

1 “(C) wireless devices to transmit medical
2 orders;

3 “(D) clinical health care informatics sys-
4 tems, including bar code systems designed to
5 avoid medication errors and patient tracking
6 systems;

7 “(E) telemedicine technology; and

8 “(F) any other technology that improves
9 the quality of health care provided in rural
10 areas including systems to improve privacy and
11 address administrative simplification needs.

12 “(e) AUTHORIZATION OF APPROPRIATIONS.—For the
13 purpose of carrying out this section there are authorized
14 to be appropriated \$20,000,000 for each of the fiscal years
15 2003 through 2008.”.

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