

107TH CONGRESS  
1ST SESSION

# S. 705

To establish a health information technology grant program for hospitals and for skilled nursing facilities and home health agencies, and to require the Secretary of Health and Human Services to establish and implement a methodology under the medicare program for providing hospitals with reimbursement for costs incurred by such hospitals with respect to information technology systems.

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IN THE SENATE OF THE UNITED STATES

APRIL 5, 2001

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

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## A BILL

To establish a health information technology grant program for hospitals and for skilled nursing facilities and home health agencies, and to require the Secretary of Health and Human Services to establish and implement a methodology under the medicare program for providing hospitals with reimbursement for costs incurred by such hospitals with respect to information technology systems.

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

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Health Information Technology and Quality Improve-  
4 ment Act of 2001”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Purpose.
- Sec. 3. Health Information Technology Grant Program for hospitals.
- Sec. 4. Continuing reimbursement for hospitals under part A of the Medicare  
Program for Capital Costs of Information Technology.
- Sec. 5. Health Information Technology Grant Program for skilled nursing fa-  
cilities and home health agencies.
- Sec. 6. Health Care Improvement Advisory Board.
- Sec. 7. AHRQ studies of grant programs.

7 **SEC. 2. PURPOSE.**

8 It is the purpose of this Act to encourage the develop-  
9 ment and use by hospitals, skilled nursing facilities, and  
10 home health agencies of information technology that  
11 can—

- 12 (1) reduce the incidence of medical errors;
- 13 (2) enhance the efficiency and quality of care of  
14 our Nation’s health care system;
- 15 (3) strengthen medical privacy protections;
- 16 (4) disseminate best practices; and
- 17 (5) prepare America’s health care system for  
18 the challenges presented by an aging population and  
19 other challenges of the 21st century.

1 **SEC. 3. HEALTH INFORMATION TECHNOLOGY GRANT PRO-**  
2 **GRAM FOR HOSPITALS.**

3 (a) GRANTS.—

4 (1) IN GENERAL.—The Secretary of Health and  
5 Human Services (in this section referred to as the  
6 “Secretary”), acting through the Administrator of  
7 the Health Care Financing Administration, shall es-  
8 tablish a program to make grants to hospitals that  
9 have submitted applications in accordance with sub-  
10 section (b) for the purpose of assisting such hos-  
11 pitals in offsetting costs related to—

12 (A) purchasing, developing, and imple-  
13 menting health care information systems de-  
14 signed to improve medical care and reduce ad-  
15 verse events and health care complications re-  
16 sulting from medical errors, including medica-  
17 tion errors; and

18 (B) establishing data systems to comply  
19 with—

20 (i) the administrative simplification  
21 requirements of part C of title XI of the  
22 Social Security Act (42 U.S.C. 1320d et  
23 seq.); and

24 (ii) privacy requirements pursuant to  
25 section 264 of the Health Insurance Port-

1 ability and Accountability Act of 1996 (42  
2 U.S.C. 1320d–2 note).

3 (2) DURATION.—The Secretary shall conduct  
4 the grant program during the 5-year period begin-  
5 ning on the date that is 20 months after the date  
6 of enactment of this Act.

7 (3) HOSPITAL DEFINED.—For purposes of this  
8 section, the term “hospital” has the meaning given  
9 such term in section 1861(e) of the Social Security  
10 Act (42 U.S.C. 1395x(e)).

11 (4) COSTS.—For purposes of this section, the  
12 term “costs” shall include total expenditures in-  
13 curred for—

14 (A) purchasing and installing computer  
15 software and hardware and purchasing or leas-  
16 ing associated data communications facilities;

17 (B) making improvements to existing com-  
18 puter software and hardware; and

19 (C) providing education and training of  
20 hospital staff on computer information systems.

21 (b) APPLICATION.—

22 (1) IN GENERAL.—A hospital seeking a grant  
23 under this section shall submit an application to the  
24 Secretary at such time and in such form and man-  
25 ner as the Secretary specifies.

1           (2) SPECIFIC INFORMATION.—An application  
2 submitted under paragraph (1) shall—

3           (A) specify the amount of funding re-  
4 quested under the grant;

5           (B) specify the manner in which the hos-  
6 pital will use such funding to achieve the pur-  
7 pose of the grant (as described in subsection  
8 (a)(1)); and

9           (C) provide assurances that any system  
10 which is funded under the grant will meet the  
11 standards established by the Health Care Im-  
12 provement Advisory Board under section  
13 6(c)(2).

14       (c) APPROVAL.—

15           (1) TIMEFRAME.—The Secretary shall either  
16 approve or disapprove an application submitted  
17 under subsection (b) within 90 days of receipt of  
18 such application.

19           (2) CONSIDERATION OF APPLICATIONS.—In  
20 awarding grants under this section, the Secretary  
21 shall do the following:

22           (A) CONSULT WITH AHRQ.—The Secretary  
23 shall consult with the Agency for Healthcare  
24 Research and Quality on the types of health  
25 care information and data systems that are

likely to best achieve the purpose of the grants  
(as described in subsection (a)(1)).

(B) CONSULT WITH BOARD.—The Secretary shall consult with the Health Care Improvement Advisory Board established under section 6 on—

(i) the types of health care information and data systems that are likely to best achieve the purpose of the grants (as described in subsection (a)(1));

(ii) how such systems can best be used in order to achieve such purpose; and

(iii) which types of systems meet the standards established by the Board under section 6(c)(2) of such section.

(C) EQUITABLE DISTRIBUTION OF GRANTS.—The Secretary shall ensure that grants are equitably distributed among different types of hospitals, using measures of equity that the Secretary determines will lead to the maximum improvement in health care delivery for the maximum number of individuals.

(D) RESERVE 20 PERCENT OF GRANT FUNDS FOR RURAL HOSPITALS.—

(i) IN GENERAL.—Subject to clause (ii), the Secretary shall ensure that at least 20 percent of the funds available for making grants under this section are used for making grants to rural hospitals.

(ii) RURAL HOSPITAL DEFINED.—For purposes of clause (i), the term “rural hospital” means a hospital that—

(I) is located in a rural area (as such term is defined for purposes of section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)));

(II) is located in an area designated by any law or regulation of the State as a rural area; or

(III) is designated by the State as a rural hospital.

(ii) AVAILABILITY OF RESERVE FUNDS IF LIMITED NUMBER OF RURAL HOSPITALS APPLY FOR GRANTS.—If the Secretary estimates that the amount of funds reserved under clause (i) for hospitals described in such clause will be greater than the amount of funds provided to such hospitals under this section, the

1 Secretary may reduce the amount reserved  
2 for such hospitals by an amount equal to  
3 such excess and use such funds for award-  
4 ing grants to hospitals located in nonrural  
5 areas.

6 (E) SPECIAL CONSIDERATION TO CERTAIN  
7 HOSPITALS.—The Secretary shall give special  
8 consideration to—

9 (i) hospitals that are in financial need  
10 (as demonstrated by low or negative oper-  
11 ating surpluses, based on the hospital's  
12 most recently audited financial state-  
13 ments);

14 (ii) hospitals located in an area that is  
15 designated as a health professional short-  
16 age area under section 332(a)(1)(A) of the  
17 Public Health Service Act (42 U.S.C.  
18 254e(a)(1)(A)) or a medically underserved  
19 area under section 330(b)(3) of such Act  
20 (42 U.S.C. 254b(b)(3));

21 (iii) not-for-profit hospitals;

22 (iv) publicly sponsored hospitals; and

23 (v) hospitals that will use funds pro-  
24 vided under the grant to establish systems  
25 that will provide access to information

1 across different provider settings, such as  
2 skilled nursing facilities and home health  
3 agencies.

4 (d) MULTIYEAR FUNDING.—Subject to subsections  
5 (a)(2) and (i), the Secretary may provide a grant under  
6 this section that provides funding to a hospital in multiple  
7 years as long as the Secretary finds that such funding is  
8 necessary in order for the hospital to achieve the purposes  
9 for which the funding is provided.

10 (e) LIMITATION ON AMOUNT OF GRANT.—A grant  
11 awarded under this section may not exceed an amount  
12 equal to 80 percent of the costs of the health care informa-  
13 tion or data systems for which the hospital is seeking  
14 funding.

15 (f) INFORMATION AND ASSISTANCE.—

16 (1) FURNISHING INFORMATION ON THE PRO-  
17 GRAM TO HOSPITALS.—The Secretary shall ensure  
18 that information on the grant program under this  
19 section, including information on the standards for  
20 systems established by the Health Care Improve-  
21 ment Advisory Board under section 6(c)(2), is made  
22 available to hospitals through—

23 (A) publication of information on the grant  
24 program in the Federal Register; and

1 (B) fiscal intermediaries under the medi-  
 2 care program.

3 (2) ASSISTANCE FOR CERTAIN HOSPITALS.—

4 (A) IN GENERAL.—The Secretary shall  
 5 provide hospitals described in clauses (i), (ii),  
 6 (iii), and (iv) of subsection (c)(2)(E) with such  
 7 technical assistance as the Secretary determines  
 8 appropriate to ensure that such hospitals are  
 9 able to successfully apply for grants under this  
 10 section.

11 (B) CONTRACTS.—

12 (i) IN GENERAL.—The Secretary may  
 13 contract with private entities in order to  
 14 provide the assistance under subparagraph  
 15 (A).

16 (ii) FUNDING.—There are authorized  
 17 to be appropriated for the purpose of en-  
 18 tering into contracts under this subpara-  
 19 graph \$10,000,000.

20 (g) HOSPITAL REQUIRED TO FURNISH SECRETARY  
 21 WITH INFORMATION.—A hospital receiving a grant under  
 22 this section shall furnish the Secretary with such informa-  
 23 tion as the Secretary may require to—

24 (1) evaluate the project for which the grant is  
 25 made; and

1           (2) ensure that funding provided under the  
2           grant is expended for the purposes specified, in ac-  
3           cordance with subsection (b)(2), in the application  
4           submitted under subsection (b)(1).

5           (h) REPORTS.—

6           (1) IN GENERAL.—The Secretary shall submit,  
7           at least annually, a report to the Committee on  
8           Ways and Means of the House of Representatives  
9           and the Committee on Finance of the Senate on the  
10          grant program established under this section.

11          (2) CONTENTS.—A report submitted pursuant  
12          to paragraph (1) shall include information on—

13                (A) the number of grants made;

14                (B) the nature of the projects for which  
15                funding is provided under the grant program;

16                (C) the distribution of grant recipients  
17                among different types of hospitals; and

18                (D) such other matters as the Secretary  
19                determines appropriate.

20          (i) FUNDING.—

21                (1) IN GENERAL.—Subject to paragraph (2),  
22                for purposes of carrying out this section, the Sec-  
23                retary shall provide for the transfer from the Fed-  
24                eral Hospital Insurance Trust Fund under section

1 1817 of the Social Security Act (42 U.S.C. 1395i)  
 2 of an amount not to exceed \$355,000,000.

3 (2) LIMITATION ON ADMINISTRATIVE EX-  
 4 PENSES.—The Secretary may not expend more than  
 5 \$5,000,000 of the amount transferred under para-  
 6 graph (1) to pay the costs of administering the  
 7 grant program under this section.

8 **SEC. 4. CONTINUING REIMBURSEMENT FOR HOSPITALS**  
 9 **UNDER PART A OF THE MEDICARE PROGRAM**  
 10 **FOR CAPITAL COSTS OF INFORMATION TECH-**  
 11 **NOLOGY.**

12 Title XVIII of the Social Security Act (42 U.S.C.  
 13 1395 et seq.) is amended by adding at the end the fol-  
 14 lowing new section:

15 “REIMBURSEMENT FOR HOSPITALS UNDER PART A FOR  
 16 CAPITAL COSTS OF INFORMATION TECHNOLOGY

17 “SEC. 1897. (a) ESTABLISHMENT OF METHOD-  
 18 OLOGY.—

19 “(1) IN GENERAL.—Based on the results of the  
 20 health information technology grant program under  
 21 section 3 of the Health Information Technology and  
 22 Quality Improvement Act of 2001, the Secretary,  
 23 acting through the Administrator of the Health Care  
 24 Financing Administration, shall establish a method-  
 25 ology for providing all hospitals with reimbursement  
 26 for costs, including the costs described in section

1        3(a)(4) of the Health Information Technology and  
2        Quality Improvement Act of 2001, incurred by such  
3        hospitals with respect to information technology sys-  
4        tems.

5            “(2) CONSULTATION.—The Secretary shall con-  
6        sult with the Health Care Improvement Advisory  
7        Board (established under section 6 of such Act) and  
8        the Agency for Healthcare Research and Quality in  
9        establishing the methodology under paragraph (1).

10          “(b) IMPLEMENTATION.—By not later than 60 days  
11        after the completion of the grant program described in  
12        subsection (a)(1), the Secretary shall implement the meth-  
13        odology established under such subsection.

14          “(c) PAYMENTS.—Payments to hospitals by reason of  
15        the implementation of the methodology established under  
16        subsection (a)(1) shall be made from the Federal Hospital  
17        Insurance Trust Fund under section 1817.

18          “(d) REPORT TO CONGRESS.—Not later than 60 days  
19        after the Secretary implements the payment methodology  
20        under this section, the Secretary shall submit a report to  
21        the Committee on Ways and Means of the House of Rep-  
22        resentatives and the Committee on Finance of the Senate  
23        that contains a detailed description of the establishment  
24        and implementation of such methodology, including the

1 basis used by the Secretary in establishing such method-  
 2 ology.”.

3 **SEC. 5. HEALTH INFORMATION TECHNOLOGY GRANT PRO-**  
 4 **GRAM FOR SKILLED NURSING FACILITIES**  
 5 **AND HOME HEALTH AGENCIES.**

6 (a) GRANTS.—

7 (1) IN GENERAL.—The Secretary of Health and  
 8 Human Services (in this section referred to as the  
 9 “Secretary”), acting through the Administrator of  
 10 the Health Care Financing Administration, shall es-  
 11 tablish a program to make grants to qualified enti-  
 12 ties that have submitted applications in accordance  
 13 with subsection (b) for the purpose of assisting such  
 14 qualified entities in offsetting costs related to—

15 (A) purchasing, developing, and imple-  
 16 menting health care information systems de-  
 17 signed to improve medical care and reduce ad-  
 18 verse events and health care complications re-  
 19 sulting from medical errors, including medica-  
 20 tion errors; and

21 (B) establishing data systems to comply  
 22 with—

23 (i) the administrative simplification  
 24 requirements of part C of title XI of the

1 Social Security Act (42 U.S.C. 1320d et  
2 seq.); and

3 (ii) privacy requirements pursuant to  
4 section 264 of the Health Insurance Port-  
5 ability and Accountability Act of 1996 (42  
6 U.S.C. 1320d–2 note).

7 (2) DURATION.—The Secretary shall conduct  
8 the grant program during the 3-year period begin-  
9 ning on the date that is 60 days after the date of  
10 enactment of this Act.

11 (3) QUALIFIED ENTITY DEFINED.—For pur-  
12 poses of this section, the term “qualified entity”  
13 means—

14 (A) a skilled nursing facility (as defined in  
15 section 1819(a) of the Social Security Act (42  
16 U.S.C. 1395i–3(e)); and

17 (B) a home health agency (as defined in  
18 section 1861(o) of such Act (42 U.S.C.  
19 1395x(o)).

20 (4) COSTS.—For purposes of this section, the  
21 term “costs” shall include total expenditures in-  
22 curred for—

23 (A) purchasing and installing computer  
24 software and hardware and purchasing or leas-  
25 ing associated data communications facilities;

1 (B) making improvements to existing com-  
2 puter software and hardware; and

3 (C) providing education and training of  
4 staff on computer information systems.

5 (b) APPLICATION.—

6 (1) IN GENERAL.—A qualified entity seeking a  
7 grant under this section shall submit an application  
8 to the Secretary at such time and in such form and  
9 manner as the Secretary specifies.

10 (2) SPECIFIC INFORMATION.—An application  
11 submitted under paragraph (1) shall—

12 (A) specify the amount of funding re-  
13 quested under the grant; and

14 (B) specify the manner in which the quali-  
15 fied entity will use such funding to achieve the  
16 purpose of the grant (as described in subsection  
17 (a)(1)).

18 (c) APPROVAL.—

19 (1) TIMEFRAME.—The Secretary shall either  
20 approve or disapprove an application submitted  
21 under subsection (b) within 90 days of receipt of  
22 such application.

23 (2) CONSIDERATION OF APPLICATIONS.—In  
24 awarding grants under this section, the Secretary  
25 shall do the following:

1 (A) CONSULT WITH AHRQ.—The Secretary  
2 shall consult with the Agency for Healthcare  
3 Research and Quality on the types of health  
4 care information and data systems that are  
5 likely to best achieve the purpose of the grants  
6 (as described in subsection (a)(1)).

7 (B) EQUITABLE REGIONAL DISTRIBUTION  
8 OF GRANTS.—The Secretary shall ensure that  
9 grants are equitably distributed among qualified  
10 entities located in different regions.

11 (C) SPECIAL CONSIDERATION TO CERTAIN  
12 QUALIFIED ENTITIES.—The Secretary shall give  
13 special consideration to—

14 (i) qualified entities that are in finan-  
15 cial need (as demonstrated by low or nega-  
16 tive operating surpluses, based on the enti-  
17 ty's most recently audited financial state-  
18 ments);

19 (ii) skilled nursing facilities located in  
20 an area that is designated as a health pro-  
21 fessional shortage area under section  
22 332(a)(1)(A) of the Public Health Service  
23 Act (42 U.S.C. 254e(a)(1)(A)) or a medi-  
24 cally underserved area under section

1                   330(b)(3) of such Act (42 U.S.C.  
2                   254b(b)(3));

3                   (iii) home health agencies that have a  
4                   majority of patients that reside in an area  
5                   that is designated as a health professional  
6                   shortage area or a medically underserved  
7                   area;

8                   (iv) not-for-profit qualified entities;  
9                   and

10                  (v) publicly sponsored qualified enti-  
11                  ties.

12           (d) MULTIYEAR FUNDING.—Subject to subsections  
13 (a)(2) and (i), the Secretary may provide a grant under  
14 this section that provides funding to a qualified entity in  
15 multiple years as long as the Secretary finds that such  
16 funding is necessary in order for the qualified entity to  
17 achieve the purposes for which the funding is provided.

18           (e) LIMITATION ON AMOUNT OF GRANT.—A grant  
19 awarded under this section may not exceed an amount  
20 equal to 80 percent of the costs of the health care informa-  
21 tion and data systems for which the qualified entity is  
22 seeking funding.

23           (f) FURNISHING INFORMATION ON THE PROGRAM TO  
24 QUALIFIED ENTITIES.—The Secretary shall ensure that

1 information on the grant program under this section is  
 2 made available to qualified entities through—

3 (1) publication of information on the grant pro-  
 4 gram in the Federal Register; and

5 (2) fiscal intermediaries under the medicare  
 6 program.

7 (g) QUALIFIED ENTITY REQUIRED TO FURNISH  
 8 SECRETARY WITH INFORMATION.—A qualified entity re-  
 9 ceiving a grant under this section shall furnish the Sec-  
 10 retary with such information as the Secretary may require  
 11 to—

12 (1) evaluate the project for which the grant is  
 13 made; and

14 (2) ensure that funding provided under the  
 15 grant is expended for the purposes specified, in ac-  
 16 cordance with subsection (b)(2), in the application  
 17 submitted under subsection (b)(1).

18 (h) REPORTS.—

19 (1) INTERIM REPORTS.—

20 (A) IN GENERAL.—Not later than 12  
 21 months and 24 months after the Secretary im-  
 22 plements the grant program under this section,  
 23 the Secretary shall submit a report to the Com-  
 24 mittee on Ways and Means of the House of  
 25 Representatives and the Committee on Finance

1 of the Senate on the grant program established  
 2 under this section.

3 (B) CONTENTS.—A report submitted pur-  
 4 suant to subparagraph (A) shall include infor-  
 5 mation on—

6 (i) the number of grants made;

7 (ii) the nature of the projects for  
 8 which funding is provided under the grant  
 9 program;

10 (iii) the regional distribution of grant  
 11 recipients; and

12 (iv) such other matters as the Sec-  
 13 retary deems appropriate.

14 (2) FINAL REPORT.—Not later than 180 days  
 15 after the completion of all of the projects for which  
 16 a grant is made under this section, the Secretary  
 17 shall submit a final report to the committees re-  
 18 ferred to in paragraph (1)(A) on the grant program,  
 19 together with recommendations for such legislation  
 20 and administrative actions as the Secretary con-  
 21 siders appropriate.

22 (i) FUNDING.—

23 (1) IN GENERAL.—Subject to paragraph (2),  
 24 for purposes of carrying out this section, the Sec-  
 25 retary shall provide for the transfer from the Fed-

1       eral Hospital Insurance Trust Fund under section  
 2       1817 of the Social Security Act (42 U.S.C. 1395i)  
 3       of an amount not to exceed \$33,000,000.

4           (2) LIMITATION ON ADMINISTRATIVE EX-  
 5       PENSES.—The Secretary may not expend more than  
 6       \$3,000,000 of the amount transferred under para-  
 7       graph (1) to pay the costs of administering the  
 8       grant program under this section.

9       **SEC. 6. HEALTH CARE IMPROVEMENT ADVISORY BOARD.**

10       (a) ESTABLISHMENT.—Not later than 60 days after  
 11       the date of enactment of this Act, the Secretary of Health  
 12       and Human Services shall establish a board to be known  
 13       as the Health Care Improvement Advisory Board (in this  
 14       section referred to as the “Board”).

15       (b) MEMBERSHIP.—The Secretary of Health and  
 16       Human Services shall ensure that the Board is composed  
 17       of the following individuals:

18           (1) Experts in health information technology.

19           (2) Experts in health care quality improvement.

20           (3) Experts in medical records privacy and se-  
 21       curity.

22           (4) Experts from hospitals (as defined in sec-  
 23       tion 1861(e) of the Social Security Act (42 U.S.C.  
 24       1395x(e)) with experience in the successful develop-

1       ment and implementation of health information tech-  
2       nologies.

3           (5) A representative from the Health Care Fi-  
4       nancing Administration.

5           (6) A representative from the Agency for  
6       Healthcare Research and Quality.

7           (7) A representative from the National Library  
8       of Medicine.

9           (8) A representative from the National Council  
10      for Vital Health Statistics.

11      (c) DUTIES.—

12           (1) ADVISE.—The Board shall advise the Sec-  
13      retary of Health and Human Services on—

14           (A) the types of health care information  
15           and data systems that are likely to best achieve  
16           the purpose of the grants to hospitals made  
17           under section 3;

18           (B) how such systems can best be used in  
19           order to achieve such purpose; and

20           (C) the establishment of a methodology for  
21           providing hospitals with reimbursement for  
22           costs incurred by such hospitals with respect to  
23           information technology systems pursuant to sec-  
24           tion 1897 of the Social Security Act (as added  
25           by section 4).

1           (2) ESTABLISHMENT OF STANDARDS.—By not  
 2           later than 20 months after the date of enactment of  
 3           this Act, the Board shall establish standards for  
 4           health care information and data systems with re-  
 5           gards to health care information technology inter-  
 6           operability, including—

7                       (A) common medical terminology;

8                       (B) records security; and

9                       (C) storage and transmission of data.

10          (d) TERMINATION.—The Board shall terminate 60  
 11          days after the date that the Secretary of Health and  
 12          Human Services implements the methodology described in  
 13          subsection (c)(1)(C).

14          (e) FUNDING.—For purposes of carrying out this sec-  
 15          tion, the Secretary shall provide for the transfer from the  
 16          Federal Hospital Insurance Trust Fund under section  
 17          1817 of the Social Security Act (42 U.S.C. 1395i) of an  
 18          amount not to exceed \$17,000,000.

19       **SEC. 7. AHRQ STUDIES OF GRANT PROGRAMS.**

20          (a) STUDY AND REPORT ON HOSPITAL GRANT PRO-  
 21          GRAM.—

22               (1) STUDY.—

23                       (A) IN GENERAL.—The Agency for  
 24                       Healthcare Research and Quality shall conduct

1 a study of the grant program conducted under  
2 section 3.

3 (B) EVALUATION.—The study conducted  
4 under subparagraph (A) shall include an eval-  
5 uation of—

6 (i) the technology employed by recipi-  
7 ents of grants under section 3;

8 (ii) the impact such grants have had  
9 on medical errors, patient safety, privacy,  
10 and quality of care; and

11 (iii) the characteristics that are com-  
12 mon to—

13 (I) effective and efficient systems  
14 and applications; and

15 (II) systems and applications  
16 that are easily implemented and read-  
17 ily accepted by health care providers  
18 and patients.

19 (2) REPORT.—Not later than the end of the  
20 third year of the 5-year period referred to in section  
21 3(a)(2), the Agency for Healthcare Research and  
22 Quality shall submit a report to the Secretary of  
23 Health and Human Services, the Committee on  
24 Ways and Means of the House of Representatives,  
25 and the Committee on Finance of the Senate on the

1 study conducted under subsection (a), together with  
 2 recommendations on the establishment of a method-  
 3 ology for providing hospitals with reimbursement for  
 4 costs incurred by such hospitals with respect to in-  
 5 formation technology systems pursuant to section  
 6 1897 of the Social Security Act (as added by section  
 7 4).

8 (3) FUNDING.—There is authorized to be ap-  
 9 propriated \$5,000,000 for the purposes of con-  
 10 ducting the study under paragraph (1) and submit-  
 11 ting the report described in paragraph (2).

12 (b) STUDY AND REPORT ON SKILLED NURSING FA-  
 13 CILITY AND HOME HEALTH AGENCY GRANT PROGRAM.—

14 (1) STUDY.—

15 (A) IN GENERAL.—The Agency for  
 16 Healthcare Research and Quality shall conduct  
 17 a study of the grant program conducted under  
 18 section 5.

19 (B) EVALUATION.—The study conducted  
 20 under subparagraph (A) shall include an eval-  
 21 uation of—

22 (i) the technology employed by recipi-  
 23 ents of grants under section 5;

1 (ii) the impact such grants have had  
 2 on medical errors, patient safety, privacy,  
 3 and quality of care; and

4 (iii) the characteristics that are com-  
 5 mon to—

6 (I) effective and efficient systems  
 7 and applications; and

8 (II) systems and applications  
 9 that are easily implemented and read-  
 10 ily accepted by health care providers  
 11 and patients.

12 (2) REPORT.—Not later than 60 days after  
 13 completion of all of the projects for which a grant  
 14 is made under section 5, the Agency for Healthcare  
 15 Research and Quality shall submit to the Secretary  
 16 and the committees referred to in subsection (a)(2)  
 17 a report on the study conducted under paragraph  
 18 (1) together with such recommendations for legisla-  
 19 tion and administrative action as the Board deter-  
 20 mines appropriate regarding the establishment of re-  
 21 imbursement methodologies to encourage the estab-  
 22 lishment and implementation of health care informa-  
 23 tion technologies by entities, such as skilled nursing  
 24 facilities and home health agencies.

1           (3) FUNDING.—There is authorized to be ap-  
2       appropriated \$5,000,000 for the purposes of con-  
3       ducting the study under paragraph (1) and submit-  
4       ting the report described in paragraph (2).

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