

109TH CONGRESS
2D SESSION

H. R. 4858

To provide for the restoration of health care-related services in Hurricane Katrina-affected areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 2006

Mr. JEFFERSON (for himself, Mrs. CHRISTENSEN, Mr. CLAY, Mr. CLYBURN, Mr. RANGEL, Mr. DAVIS of Illinois, Mr. MEEKS of New York, Mrs. JONES of Ohio, Ms. LEE, Mr. BISHOP of Georgia, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. LEWIS of Georgia, Mr. AL GREEN of Texas, Ms. CORRINE BROWN of Florida, Mr. HASTINGS of Florida, Mr. SCOTT of Virginia, Ms. WATERS, Ms. MOORE of Wisconsin, Ms. MILLENDER-McDONALD, Mr. WYNN, Mr. SCOTT of Georgia, Mr. MEEK of Florida, Ms. NORTON, Ms. JACKSON-LEE of Texas, Mr. CLEAVER, Mr. CUMMINGS, Ms. KILPATRICK of Michigan, and Mr. OWENS) 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

A BILL

To provide for the restoration of health care-related services in Hurricane Katrina-affected areas, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Katrina Health Access,
3 Recovery, and Empowerment Act of 2006”.

4 **SEC. 2. TABLE OF CONTENTS.**

5 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Findings.
- Sec. 4. Hurricane Katrina-affected area defined.

TITLE I—REBUILDING HEALTH CARE INFRASTRUCTURE

- Sec. 101. Small business concerns.
- Sec. 102. Credit for expenditures by health professionals in Hurricane Katrina-affected area for medical professional malpractice insurance.
- Sec. 103. Deduction for premiums of physicians in Hurricane Katrina-affected area for medical liability insurance for high risk specialties.
- Sec. 104. Deduction for premiums for medical liability insurance for practices in Hurricane Katrina-affected area serving medically underserved communities.
- Sec. 105. Grants and contracts regarding health provider shortages.

TITLE II—REBUILDING PIPELINES OF PROVIDERS IN MEDICALLY NEEDY AND UNDERSERVED AREAS AND COMMUNITIES

- Sec. 201. Amendment to the Public Health Service Act.

TITLE III—PROVIDING RELIEF TO ACADEMIC INSTITUTIONS

- Sec. 301. Grants to institutions of higher education.

TITLE IV—RESTORING KEY COMPONENTS OF THE HEALTH CARE INFRASTRUCTURE IN MEDICALLY-NEEDY AND MEDICALLY UNDERSERVED AREAS

- Sec. 401. Medically-needy Katrina recovery zones.
- Sec. 402. Repair and disparities grants.
- Sec. 403. Disaster relief Medicaid.

6 **SEC. 3. FINDINGS.**

7 The Congress finds the following:

- 8 (1) Many of the communities that were most
- 9 affected by Hurricane Katrina had poor health care
- 10 infrastructures and some of the highest poverty
- 11 rates before the storm reached the coast. For exam-

1 ple, Louisiana had the fourth highest uninsurance
2 rate in the Nation and nearly one in four residents
3 was living in poverty. Today, the number of people
4 from the Gulf Coast who are uninsured and lack ac-
5 cess to adequate health care has significantly in-
6 creased.

7 (2) Numerous studies show that poverty has a
8 direct impact on the health, health care, and well-
9 being of all people.

10 (3) Studies confirm that numerous factors exac-
11 erbate health disparities, including: poverty;
12 uninsurance; unemployment; low educational attain-
13 ment; the absence of culturally and linguistically
14 competent care; and a lack of access to housing,
15 needed health care services and treatments, and
16 health care information.

17 (4) In New Orleans, more than 2 in 3 displaced
18 providers (4,486) were in three central New Orleans
19 parishes—Plaquemines, St. Bernard, and Jefferson
20 parishes—all of which were evacuated (Ricketts
21 2005). Additionally, it is estimated that more than
22 one in three (35 percent) of the displaced physicians
23 in these three central New Orleans parishes were
24 primary care physicians (Ricketts 2005).

1 (5) The Medical Center of Louisiana and New
2 Orleans (MCLNO) was the only Level 1 trauma cen-
3 ter in the region and included Charity and Univer-
4 sity Hospitals. More than 50 percent of inpatient
5 care provided by MCLNO was provided to uninsured
6 patients and more than 8 in 10 (85 percent) pa-
7 tients had annual incomes that were \$20,000 or less.

8 **SEC. 4. HURRICANE KATRINA-AFFECTED AREA DEFINED.**

9 In this Act, the term “Hurricane Katrina-affected
10 area” means an area in a county or parish in Alabama,
11 Louisiana, or Mississippi, for which a major disaster has
12 been declared in accordance with section 401 of the Robert
13 T. Stafford Disaster Relief and Emergency Assistance Act
14 (42 U.S.C. 5170) as a result of Hurricane Katrina.

15 **TITLE I—REBUILDING HEALTH**
16 **CARE INFRASTRUCTURE**

17 **SEC. 101. SMALL BUSINESS CONCERNS.**

18 (a) LOANS.—During fiscal years 2006 and 2007, the
19 Secretary of Health and Human Services shall provide
20 low-interest loans to eligible small business concerns for
21 the restoration of health care and other services connected
22 to health care.

23 (b) CANCELLATION OF LOANS.—At the end of the
24 5-year period beginning on the date of the provision of
25 a loan under this section, the Secretary shall cancel the

1 unpaid balance and any accrued interest on the loan if
2 the eligible small business concern meets each of the fol-
3 lowing:

4 (1) The eligible small business concern is oper-
5 ating at 70 percent or greater of the level of oper-
6 ation of the concern before Hurricane Katrina.

7 (2) The eligible small business concern has not,
8 because of a change in ownership, control, or affili-
9 ation, ceased to be a small business concern.

10 (3) If the eligible small business concern pro-
11 vides direct health care, the concern gives an assur-
12 ance satisfactory to the Secretary that the concern
13 will not, because of a change in ownership, control,
14 or affiliation, cease to be a small business concern
15 during the 5 years following such 5-year period.

16 (4) If the eligible business concern does not
17 provide direct health care, the concern gives an as-
18 surance satisfactory to the Secretary that the owner-
19 ship of the concern will not, because of a change in
20 ownership, control, or affiliation, cease to be a small
21 business concern during the 2 years following such
22 5-year period.

23 (c) CONSULTATION.—The Secretary shall carry out
24 this section in consultation with—

1 (1) the Office of Minority Health in the Depart-
2 ment of Health and Human Services; and

3 (2) the Director of the Office of Small and Dis-
4 advantaged Business Utilization (OFSDBU) in each
5 of the Department of Health and Human Services
6 and the Department of Homeland Security.

7 (d) ELIGIBLE SMALL BUSINESS CONCERN.—In this
8 section, the term “eligible small business concern” means
9 a small business concern that—

10 (1) was located in a Hurricane Katrina-affected
11 area as of August 28, 2005; and

12 (2) provides health care or health care-related
13 services to individuals in such area.

14 (e) USE OF LOANS.—A loan under this section shall
15 be used for the restoration of health care for individuals
16 in a Hurricane Katrina-affected area or for the restoration
17 of other services connected to such health care. Such res-
18 toration may include rebuilding physical structures.

19 (f) APPLICATION.—

20 (1) IN GENERAL.—To seek a loan under this
21 section, an eligible small business concern shall sub-
22 mit an application to the Secretary at such time, in
23 such manner, and containing such information as
24 the Secretary may require.

1 (2) APPROVAL.—Not later than 30 days after
2 the receipt of an application for a loan under this
3 section, the Secretary shall approve or disapprove
4 the application. If the Secretary disapproves the ap-
5 plication, the Secretary shall provide the applicant
6 with a written explanation of the reasons for the dis-
7 approval.

8 (g) PRIORITY.—In making loans under this section,
9 the Secretary shall give—

10 (1) highest priority to eligible small business
11 concerns providing direct health care primarily to
12 medically-needy individuals; and

13 (2) second highest priority to eligible small
14 business concerns providing health-care related serv-
15 ices primarily to medically-needy individuals.

16 (h) OTHER DEFINITIONS.—In this section:

17 (1) The term “small business concern” has the
18 meaning given to that term in section 3 of the Small
19 Business Act (15 U.S.C. 632) and the regulations
20 promulgated thereunder.

21 (2) The term “Secretary” means the Secretary
22 of Health and Human Services.

23 (i) AUTHORIZATION OF APPROPRIATIONS.—To carry
24 out this section, there are authorized to be appropriated

1 such sums as may be necessary for fiscal years 2006
2 through 2012.

3 **SEC. 102. CREDIT FOR EXPENDITURES BY HEALTH PROFES-**
4 **SIONALS IN HURRICANE KATRINA-AFFECTED**
5 **AREA FOR MEDICAL PROFESSIONAL MAL-**
6 **PRACTICE INSURANCE.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 (relating to business tax credits) is amended by add-
10 ing at the end the following:

11 **“SEC. 45N. CREDIT FOR EXPENDITURES BY HEALTH PRO-**
12 **FESSIONALS IN HURRICANE KATRINA-AF-**
13 **FECTED AREA FOR MEDICAL PROFESSIONAL**
14 **MALPRACTICE INSURANCE.**

15 “(a) GENERAL RULE.—For purposes of section 38,
16 in the case of a taxpayer who is an eligible health profes-
17 sional, the medical malpractice insurance expenditure tax
18 credit determined under this section for a covered year
19 shall equal 15 percent of the qualified medical malpractice
20 insurance expenditures incurred by the professional during
21 the covered year.

22 “(b) DEFINITIONS.—In this section:

23 “(1) COVERED YEAR.—The term ‘covered year’
24 means taxable years beginning in 2005 and 2006.

1 “(2) ELIGIBLE HEALTH PROFESSIONAL.—The
2 term ‘eligible health professional’ means a physician,
3 nurse, mental health provider, pharmacist, para-
4 medic, dentist, allied health professional, hospice
5 care provider, or other individual health care pro-
6 vider whose primary place of employment is located
7 in the Hurricane Katrina-affected area.

8 “(3) HURRICANE KATRINA-AFFECTED AREA.—
9 The term ‘Hurricane Katrina-affected area’ means
10 an area in a county or parish in Alabama, Lou-
11 isiana, or Mississippi, for which a major disaster has
12 been declared in accordance with section 401 of the
13 Robert T. Stafford Disaster Relief and Emergency
14 Assistance Act as a result of Hurricane Katrina.

15 “(4) QUALIFIED MEDICAL MALPRACTICE INSUR-
16 ANCE EXPENDITURE.—The term ‘qualified medical
17 malpractice insurance expenditure’ means so much
18 of any professional insurance premium, surcharge,
19 payment, or other cost or expense required as a con-
20 dition of State licensure which is incurred by an eli-
21 gible health professional in a covered year for the
22 sole purpose of providing or furnishing general med-
23 ical malpractice liability insurance for such eligible
24 health professional as does not exceed twice the

1 Statewide average of such costs for similarly situ-
2 ated eligible health professionals.

3 “(c) SPECIAL RULES.—

4 “(1) IN GENERAL.—Except as provided in para-
5 graph (2), the credit determined under this section
6 shall be claimed by the eligible health professional
7 incurring the qualified medical malpractice insurance
8 expenditure.

9 “(2) CERTIFICATION.—Each State, through its
10 board of medical licensure and State board (or agen-
11 cy) regulating insurance, annually shall provide such
12 information to the Secretary of Health and Human
13 Services as is necessary to permit the Secretary to
14 calculate average costs for purposes of subsection
15 (b)(4) and to certify such average costs (rounded to
16 the nearest whole dollar) to the Secretary of the
17 Treasury on or before the 15th day of November of
18 each year.”.

19 (b) CREDIT MADE PART OF GENERAL BUSINESS
20 CREDIT.—Section 38(b) of such Code (relating to current
21 year business credit) is amended by striking “and” at the
22 end of paragraph (25), by striking the period at the end
23 of paragraph (26) and inserting “, and”, and by adding
24 at the end the following new paragraph:

1 “(27) the medical malpractice insurance ex-
2 penditure tax credit determined under section
3 45N(a).”.

4 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of
5 the Internal Revenue Code of 1986 (relating to certain
6 expenses for which credits are allowable) is amended by
7 adding at the end the following new subsection:

8 “(d) CREDIT FOR MEDICAL MALPRACTICE LIABILITY
9 INSURANCE PREMIUMS.—

10 “(1) IN GENERAL.—No deduction shall be al-
11 lowed for that portion of the qualified medical mal-
12 practice insurance expenditures (as defined in sec-
13 tion 45N(b)) otherwise allowable as a deduction for
14 the taxable year which is equal to the amount of the
15 credit allowable for the taxable year under section
16 45 (determined without regard to section 38(c)).

17 “(2) CONTROLLED GROUPS.—In the case of a
18 corporation which is a member of a controlled group
19 of corporations (within the meaning of section
20 41(f)(5)) or a trade or business which is being treat-
21 ed as being under common control with other trades
22 or business (within the meaning of section
23 41(f)(1)(B)), this subsection shall be applied under
24 rules prescribed by the Secretary similar to the rules

1 applicable under subparagraphs (A) and (B) of sec-
2 tion 41(f)(1).”.

3 (d) GRANTS TO NON-PROFIT HOSPITALS AND CLIN-
4 ICS.—

5 (1) IN GENERAL.—The Secretary of Health and
6 Human Services, acting through the Administrator
7 of the Health Resources and Services Administra-
8 tion, shall award grants to eligible non-profit hos-
9 pitals and clinics to assist such hospitals and clinics
10 in defraying qualified medical malpractice insurance
11 expenditures.

12 (2) ELIGIBLE NON-PROFIT HOSPITAL OR CLIN-
13 IC.—To be eligible to receive a grant under para-
14 graph (1), an entity shall—

15 (A) be a non-profit hospital or clinic;

16 (B) be located in a the Hurricane Katrina-
17 affected area;

18 (C) serve primarily medically underserved
19 communities;

20 (D) be unable to claim the tax credit de-
21 scribed in section 45N of the Internal Revenue
22 Code of 1986 for the year for which an applica-
23 tion is submitted under subparagraph (E); and

24 (E) prepare and submit to the Secretary of
25 Health and Human Services an application at

1 such time, in such manner, and containing such
2 information as the Secretary may require.

3 (3) AMOUNT OF GRANT.—The amount of a
4 grant to a non-profit hospital or clinic under para-
5 graph (1) shall equal 15 percent of the amount of
6 the qualified medical malpractice insurance expendi-
7 tures of the hospital or clinic for the year involved.

8 (4) QUALIFIED MEDICAL MALPRACTICE INSUR-
9 ANCE EXPENDITURE.—In this subsection, the term
10 “qualified medical malpractice insurance expendi-
11 ture” means so much of any professional insurance
12 premium, surcharge, payment, or other cost or ex-
13 pense required as a condition of State licensure
14 which is incurred by a non-profit hospital or clinic
15 in a year for the sole purpose of providing or fur-
16 nishing general medical malpractice liability insur-
17 ance for such hospital or clinic as does not exceed
18 twice the Statewide average of such costs for simi-
19 larly situated hospitals or clinics.

20 (5) HURRICANE KATRINA-AFFECTED AREA.—In
21 this subsection, the term “Hurricane Katrina-af-
22 fected area” means an area in a county or parish in
23 Alabama, Louisiana, or Mississippi, for which a
24 major disaster has been declared in accordance with
25 section 401 of the Robert T. Stafford Disaster Relief

1 and Emergency Assistance Act (42 U.S.C. 5170) as
 2 a result of Hurricane Katrina.

3 (6) AUTHORIZATION OF APPROPRIATIONS.—

4 There are authorized to be appropriated to carry out
 5 this subsection such sums as may be necessary for
 6 each of fiscal years 2005 and 2006.

7 (e) CLERICAL AMENDMENT.—The table of sections
 8 for subpart D of part IV of subchapter A of chapter 1
 9 of the Internal Revenue Code of 1986 is amended by add-
 10 ing at the end the following new item:

“Sec. 45N. Credit for expenditures by health professionals in Hurricane
 Katrina-affected area for medical professional malpractice in-
 surance.”.

11 (f) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to expenditures incurred on or
 13 after August 29, 2005, in taxable years ending after such
 14 date.

15 **SEC. 103. DEDUCTION FOR PREMIUMS OF PHYSICIANS IN**
 16 **HURRICANE KATRINA-AFFECTED AREA FOR**
 17 **MEDICAL LIABILITY INSURANCE FOR HIGH**
 18 **RISK SPECIALTIES.**

19 (a) IN GENERAL.—Part VI of subchapter B of chap-
 20 ter 1 of the Internal Revenue Code of 1986 (relating to
 21 itemized deductions for individuals and corporations) is
 22 amended by adding at the end the following new section:

1 **“SEC. 199A. DEDUCTION FOR PREMIUMS OF PHYSICIANS IN**
2 **HURRICANE KATRINA-AFFECTED AREA FOR**
3 **MEDICAL LIABILITY INSURANCE FOR HIGH**
4 **RISK SPECIALTIES.**

5 “(a) IN GENERAL.—In the case of a physician whose
6 medical practice is located in the Hurricane Katrina-af-
7 fected area and is in a high risk specialty, there shall be
8 allowed as a deduction from gross income for the taxable
9 year an amount equal to 125 percent of the aggregate pre-
10 miums paid for medical liability insurance with respect to
11 such specialty for such taxable year.

12 “(b) HIGH RISK SPECIALTY.—

13 “(1) IN GENERAL.—For purposes of this sec-
14 tion, a specialty is a high risk specialty for a taxable
15 year if, for the calendar year in which the taxable
16 year begins, the average premiums for medical liabil-
17 ity insurance with respect to such specialty are equal
18 to or greater than 67 percent of the average pre-
19 miums for medical liability insurance for all special-
20 ties for such calendar year, based on a weighted av-
21 erage of the number of physicians practicing in each
22 specialty.

23 “(2) SPECIALTIES TAKEN INTO ACCOUNT.—For
24 purposes of paragraph (1), the Secretary, in con-
25 sultation with the Secretary of Health and Human
26 Services and appropriate professional organizations,

1 shall determine the specialties to be taken into ac-
2 count for purposes of paragraph (1) and shall con-
3 sider those specialties for which a payment may be
4 made under section 1886(h) of the Social Security
5 Act. In making such determination, the Secretary
6 shall provide for an appropriate treatment of sub-
7 specialties.

8 “(3) PUBLICATION OF SPECIALITIES.—The Sec-
9 retary shall publish the high risk specialties.

10 “(c) DEFINITIONS.—For purposes of this section—

11 “(1) HURRICANE KATRINA-AFFECTED AREA.—
12 The term ‘Hurricane Katrina-affected area’ means
13 an area in a county or parish in Alabama, Lou-
14 isiana, or Mississippi, for which a major disaster has
15 been declared in accordance with section 401 of the
16 Robert T. Stafford Disaster Relief and Emergency
17 Assistance Act as a result of Hurricane Katrina.

18 “(2) PHYSICIAN.—The term ‘physician’ has the
19 meaning given such term by section 1861(r)(1) of
20 the Social Security Act.

21 “(d) SPECIAL RULES.—For purposes of this sec-
22 tion—

23 “(1) MEDICAL PRACTICE SPANNING MORE
24 THAN 1 SPECIALTY.—In the case of a medical prac-
25 tice a portion of which is in a high risk specialty, the

1 portion of the premiums paid for medical liability in-
2 surance that may be taken into account under sub-
3 section (a) shall be determined under regulations
4 prescribed by the Secretary.

5 “(2) GROUP PRACTICE, ETC.—Under regula-
6 tions prescribed by the Secretary, the deduction al-
7 lowed by this section shall be allowed in case of a
8 group practice or health care facility which is a C
9 corporation in the manner prescribed by the Sec-
10 retary.

11 “(3) DENIAL OF DOUBLE BENEFIT.—No deduc-
12 tion shall be allowed under any other provision of
13 this chapter for any amount for which a deduction
14 is allowed under this section.

15 “(e) TERMINATION.—This section shall not apply to
16 taxable years beginning after December 31, 2006.”.

17 (b) CLERICAL AMENDMENT.—The table of sections
18 for part VI of subchapter B of chapter 1 of such Code
19 is amended by adding at the end the following new item:

 “Sec. 199A. Deduction for premiums of physicians in Hurricane Katrina-af-
 fected area for medical liability insurance for high risk special-
 ties.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years ending on or after
22 August 29, 2005.

1 **SEC. 104. DEDUCTION FOR PREMIUMS FOR MEDICAL LI-**
 2 **ABILITY INSURANCE FOR PRACTICES IN HUR-**
 3 **RICANE KATRINA-AFFECTED AREA SERVING**
 4 **MEDICALLY UNDERSERVED COMMUNITIES.**

5 (a) IN GENERAL.—Part VI of subchapter B of chap-
 6 ter 1 of the Internal Revenue Code of 1986 (relating to
 7 itemized deductions for individuals and corporations) is
 8 amended by adding at the end the following new section:

9 **“SEC. 199B. DEDUCTION FOR PREMIUMS FOR MEDICAL LI-**
 10 **ABILITY INSURANCE FOR PRACTICES IN HUR-**
 11 **RICANE KATRINA-AFFECTED AREA SERVING**
 12 **MEDICALLY UNDERSERVED COMMUNITIES.**

13 “(a) IN GENERAL.—In the case of a physician whose
 14 medical practice is located in the Hurricane Katrina-af-
 15 fected area and serves medically underserved communities,
 16 there shall be allowed as a deduction from gross income
 17 for the taxable year an amount equal to 125 percent of
 18 the aggregate premiums paid for medical liability insur-
 19 ance with respect to such practice for such taxable year.

20 “(b) DEFINITIONS.—In this section:

21 “(1) HURRICANE KATRINA-AFFECTED AREA.—
 22 The term ‘Hurricane Katrina-affected area’ means
 23 an area in a county or parish in Alabama, Lou-
 24 isiana, or Mississippi, for which a major disaster has
 25 been declared in accordance with section 401 of the

1 Robert T. Stafford Disaster Relief and Emergency
2 Assistance Act as a result of Hurricane Katrina.

3 “(2) MEDICALLY UNDERSERVED COMMUNITY.—
4 The term ‘medically underserved community’ means
5 a medically underserved community (as defined by
6 section 799B of the Public Health Service Act) that
7 has been designated under one of the categories
8 specified in such section for a calendar year in which
9 the taxable year of the physician begins.

10 “(3) PHYSICIAN.—The term ‘physician’ has the
11 meaning given such term by section 1861(r)(1) of
12 the Social Security Act.

13 “(c) SPECIAL RULES.—For purposes of this sec-
14 tion—

15 “(1) MEDICAL PRACTICE SPANNING MORE
16 THAN 1 COMMUNITY.—In the case of a medical prac-
17 tice a portion of which serves a medically under-
18 served community, the portion of the premiums paid
19 for medical liability insurance that may be taken
20 into account under subsection (a) shall be deter-
21 mined under regulations prescribed by the Secretary.

22 “(2) GROUP PRACTICE, ETC.—Under regula-
23 tions prescribed by the Secretary, the deduction al-
24 lowed by this section shall be allowed in case of a
25 group practice or health care facility which is a C

1 corporation in the manner prescribed by the Sec-
 2 retary.

3 “(3) DENIAL OF DOUBLE BENEFIT.—No deduc-
 4 tion shall be allowed under any other provision of
 5 this chapter for any amount for which a deduction
 6 is allowed under this section.

7 “(4) ELECTION.—A physician may elect wheth-
 8 er to take a deduction under this section or under
 9 section 199A.

10 “(d) TERMINATION.—This section shall not apply to
 11 taxable years beginning after December 31, 2006.”.

12 (b) CLERICAL AMENDMENT.—The table of sections
 13 for part VI of subchapter B of chapter 1 of such Code
 14 is amended by adding at the end the following new item:

“Sec. 199B. Deduction for premiums for medical liability insurance for practices
 in Hurricane Katrina-affected area serving medically under-
 served communities.”.

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to taxable years ending on or after
 17 August 29, 2005.

18 **SEC. 105. GRANTS AND CONTRACTS REGARDING HEALTH**
 19 **PROVIDER SHORTAGES.**

20 Subpart I of part D of title III of the Public Health
 21 Service Act (42 U.S.C. 254b et seq.) is amended by adding
 22 at the end the following:

1 **“SEC. 330M. GRANTS TO HEALTH PROVIDERS IN HURRI-**
2 **CANE KATRINA-AFFECTED AREA FOR COSTS**
3 **OF MEDICAL MALPRACTICE INSURANCE.**

4 “(a) IN GENERAL.—The Secretary, acting through
5 the Administrator of the Health Resources and Services
6 Administration, may make awards of grants or contracts
7 to health providers in the Hurricane Katrina-affected area
8 to assist the providers with the costs of maintaining med-
9 ical malpractice insurance for providing health services in
10 such area.

11 “(b) REQUIREMENT.—In accordance with such cri-
12 teria as the Secretary may establish, awards under sub-
13 section (a) may be made to health providers only if such
14 providers agree to provide health services (or to continue
15 providing health services, as the case may be) in the Hur-
16 ricane Katrina-affected area for the period during which
17 payments under the awards are made to the health pro-
18 viders.

19 “(c) DEFINITIONS.—For purposes of this section:

20 “(1) The term ‘health providers’ means physi-
21 cians and other health professionals, and organiza-
22 tions that provide health services (including hos-
23 pitals, clinics, and group practices), that meet appli-
24 cable legal requirements to provide the health serv-
25 ices involved.

1 “(2) The term ‘Hurricane Katrina-affected
 2 area’ means an area in a county or parish in Ala-
 3 bama, Louisiana, or Mississippi, for which a major
 4 disaster has been declared in accordance with section
 5 401 of the Robert T. Stafford Disaster Relief and
 6 Emergency Assistance Act (42 U.S.C. 5170) as a re-
 7 sult of Hurricane Katrina.”.

8 **TITLE II—REBUILDING PIPE-**
 9 **LINES OF PROVIDERS IN**
 10 **MEDICALLY NEEDY AND UN-**
 11 **DERSERVED AREAS AND COM-**
 12 **MUNITIES**

13 **SEC. 201. AMENDMENT TO THE PUBLIC HEALTH SERVICE**
 14 **ACT.**

15 The Public Health Service Act (42 U.S.C. 201 et
 16 seq.) is amended by adding at the end the following:

17 **“TITLE XXIX—STRENGTHENING**
 18 **HEALTH INSTITUTIONS THAT**
 19 **PROVIDE HEALTH CARE TO**
 20 **MINORITY POPULATIONS**

21 **“Subtitle A—General Provisions**

22 **“SEC. 2901. PAYMENTS TO HEALTH CARE FACILITIES.**

23 “(a) IN GENERAL.—The Secretary, with the approval
 24 of the Health Safety Net Infrastructure Trust Fund
 25 Board of Trustees described in section 2904(d) (hereafter

1 in this subtitle referred to as the ‘Trust Fund Board’),
 2 shall make payments, from amounts in the Health Safety
 3 Net Infrastructure Trust Fund established under section
 4 2904(a) (hereafter in this title referred to as the ‘Trust
 5 Fund’), for capital financing assistance to eligible health
 6 care facilities whose applications for assistance have been
 7 approved under this title.

8 “(b) GENERAL ELIGIBILITY REQUIREMENTS FOR AS-
 9 SISTANCE.—

10 “(1) ELIGIBLE HEALTH CARE FACILITIES DE-
 11 SCRIBED.—A health care facility shall be generally
 12 eligible for capital financing assistance under this
 13 title if the health care facility is located in the Hur-
 14 ricane Katrina-affected area and—

15 “(A) receives an additional payment under
 16 section 1886(d)(5)(F) of the Social Security
 17 Act and is described in clause (i)(II) or clause
 18 (vii)(I) of such section, or is deemed a dis-
 19 proportionate share hospital under a State plan
 20 for medical assistance under title XIX of the
 21 Social Security Act on the basis described in
 22 section 1923(b)(1) of such Act;

23 “(B) is a hospital which meets the criteria
 24 for designation by the Secretary as an essential
 25 access community hospital under section

1 1820(i)(1) of such Act or a rural primary care
2 hospital under section 1820(i)(2) of such Act
3 (whether or not such hospital is actually des-
4 ignated under such section);

5 “(C) as of August 29, 2005, was a Feder-
6 ally qualified health center (as defined in sec-
7 tion 1905(l)(2)(B) of such Act);

8 “(D) is a hospital which—

9 “(i) is a sole community provider; or

10 “(ii) has closed within the preceding
11 12 months;

12 “(E) is a facility which—

13 “(i) provides service to ill or injured
14 individuals prior to the transportation of
15 such individuals to a hospital or provides
16 inpatient care to individuals needing such
17 care for a period not longer than 96 hours;

18 “(ii) is located in a county (or equiva-
19 lent unit of local government) with fewer
20 than 6 residents per square mile or is lo-
21 cated more than 35 road miles from the
22 nearest hospital;

23 “(iii) permits a physician assistant or
24 nurse practitioner to admit and treat pa-

1 tients under the supervision of a physician
2 not present in such facility; and

3 “(iv) has obtained a waiver from the
4 Secretary permitting the facility to partici-
5 pate in the medicare program under title
6 XVIII of the Social Security Act; or

7 “(F) is a hospital that the Secretary other-
8 wise determines to be an appropriate recipient
9 of assistance under this title on the basis of the
10 existence of a patient care operating deficit, a
11 demonstrated inability to secure or repay fi-
12 nancing for a qualifying project on reasonable
13 terms, or such other criteria as the Secretary
14 considers appropriate.

15 “(2) OWNERSHIP REQUIREMENTS.—In order to
16 be eligible for assistance under this title, a health
17 care facility (other than a health care facility de-
18 scribed in subparagraphs (B) or (E) of paragraph
19 (1)) must—

20 “(A) be owned or operated by a unit of
21 State or local government;

22 “(B) be a quasi-public corporation, defined
23 as a private, nonprofit corporation or public
24 benefit corporation which is formally granted
25 one or more governmental powers by legislative

1 action through (or is otherwise partially funded
2 by) the State legislature, city or county council;

3 “(C) be a private nonprofit health care fa-
4 cility which has contracted with, or is otherwise
5 funded by, a governmental agency to provide
6 health care services to low income individuals
7 not eligible for assistance under title XVIII or
8 title XIX of the Social Security Act, where rev-
9 enue from such contracts constitute at least 10
10 percent of the facility’s operating revenues over
11 the prior 3 fiscal years; or

12 “(D) be a nonprofit small rural health care
13 facility (as determined by the Secretary).

14 “(3) PRIORITY.—In making payments under
15 this section, the Secretary shall give priority to eligi-
16 ble health care entities that are federally qualified
17 health centers (as defined in section 1905(l)(2)(B)
18 of the Social Security Act), or other similar entities
19 at least 50 percent of the patients of which are mi-
20 nority or low-income individuals.

21 “(c) MEETING ADDITIONAL SPECIFIC CRITERIA.—
22 Health care facilities that are generally eligible for assist-
23 ance under this title under subsection (b) may apply for
24 the specific programs described in this title and must meet
25 any additional criteria for participation in such programs.

1 “(d) ASSISTANCE AVAILABLE.—Capital financing as-
 2 sistance available under this title shall include loan guar-
 3 antees, interest rate subsidies, matching loans, and direct
 4 grants. Health care facilities determined to be generally
 5 eligible for assistance under this title may apply for and
 6 receive more than one type of assistance under this title.

7 **“SEC. 2902. APPLICATION FOR ASSISTANCE.**

8 “(a) IN GENERAL.—No health care facilities may re-
 9 ceive assistance for a qualifying project under this title
 10 unless the health care facility—

11 “(1) has filed with the Secretary, in a form and
 12 manner specified by the Secretary, with the advice
 13 and approval of the Trust Fund Board (as described
 14 in section 2904(d)), an application for assistance
 15 under this title;

16 “(2) establishes in its application (for its most
 17 recent cost reporting period) that it meets the cri-
 18 teria for general eligibility under this title;

19 “(3) includes a description of the project, in-
 20 cluding the community in which it is located, and
 21 describes utilization and services characteristics of
 22 the project and the health care facility, and the pa-
 23 tient population that is to be served;

24 “(4) describes the extent to which the project
 25 will include the financial participation of State and

1 local governments if assistance is granted under this
2 title, and all other sources of financing sought for
3 the project; and

4 “(5) establishes, to the satisfaction of the Sec-
5 retary and the Trust Fund Board, that the project
6 meets the additional criteria for each type of capital
7 financing assistance for which it is applying.

8 “(b) CRITERIA FOR APPROVAL.—The Secretary, with
9 the approval of the Trust Fund Board, shall determine
10 for each application for assistance under this title—

11 “(1) whether the health care facility meets the
12 general eligibility criteria under section 2901(b);

13 “(2) whether the health care facility meets the
14 specific eligibility criteria of each type of assistance
15 for which it has applied, including whether the
16 health care facility meets any criteria for priority
17 consideration for the type of assistance for which it
18 has applied;

19 “(3) whether the capital project for which as-
20 sistance is being requested is a qualifying project
21 under this title; and

22 “(4) whether funds are available, pursuant to
23 the limitations of each program, to fully fund the re-
24 quest for assistance.

1 “(c) PRIORITY OF APPLICATIONS.—In addition to
2 meeting the criteria otherwise described in this title, at
3 the discretion of the Trust Fund Board, the Secretary
4 shall give preference to those applications for qualifying
5 projects that—

6 “(1)(A) are necessary to bring existing safety
7 net health care facilities into compliance with ac-
8 creditation standards of fire and life safety, seismic,
9 or other related Federal, State or local regulatory
10 standards;

11 “(B) improve the provision of essential services
12 such as emergency medical and trauma services,
13 AIDS and infectious disease, perinatal, burn, pri-
14 mary care, and other services which the Trust Fund
15 Board may designate; or

16 “(C) provide access to otherwise unavailable es-
17 sential health services to the indigent and other
18 needy persons within the health care facility’s terri-
19 torial area;

20 “(2) include specific State or local governmental
21 or other non-Federal assurances of financial support
22 if assistance for a qualifying project is granted
23 under this title; and

24 “(3) are unlikely to be financed without assist-
25 ance granted under this title.

1 “(d) SUBMISSION OF APPLICATIONS.—Applications
2 under this title shall be submitted to the Secretary
3 through the Trust Fund Board. If two or more health care
4 facilities join in the project, the application shall be sub-
5 mitted by all participating health care facilities jointly.
6 Such applications shall set forth all of the descriptions,
7 plans, specifications, and assurances as required by this
8 title and contain other such information as the Trust
9 Fund Board shall require.

10 “(e) OPPORTUNITY FOR APPEAL.—The Trust Fund
11 Board shall afford a health care facility applying for a loan
12 guarantee under this section an opportunity for a hearing
13 if the guarantee is denied.

14 “(f) APPLICATIONS FOR AMENDMENTS.—Amend-
15 ment of an approved application shall be subject to ap-
16 proval in the same manner as an original application.

17 **“SEC. 2903. PUBLIC SERVICE RESPONSIBILITIES.**

18 “(a) IN GENERAL.—Any health care facility accept-
19 ing capital financing assistance under this title shall
20 agree—

21 “(1) to make the services of the facility or por-
22 tion thereof to be constructed, acquired, or modern-
23 ized available to all persons; and

24 “(2) to provide a significant volume of services
25 to persons unable to pay therefore, consistent with

1 other provisions of this Act and the amount of as-
2 sistance received under this title.

3 “(b) ENFORCEMENT.—The Director of the Office for
4 Civil Rights of the Department of Health and Human
5 Services shall be given the power to enforce the public
6 service responsibilities described in this section.

7 **“SEC. 2904. HEALTH SAFETY NET INFRASTRUCTURE TRUST**
8 **FUND.**

9 “(a) CREATION OF TRUST FUND.—There is estab-
10 lished in the Treasury of the United States a trust fund
11 to be known as the Health Safety Net Infrastructure
12 Trust Fund, consisting of such amounts as may be trans-
13 ferred, appropriated, or credited to such Trust Fund as
14 provided in this title.

15 “(b) AUTHORIZATION OF APPROPRIATIONS TO
16 TRUST FUND.—There are authorized to be appropriated
17 to the Trust Fund such sums as may be necessary to carry
18 out the purposes of this title.

19 “(c) EXPENDITURES FROM TRUST FUND.—Amounts
20 in the Trust Fund shall be available, pursuant to appro-
21 priations Acts, only for making expenditures to carry out
22 the purposes of this title.

23 “(d) BOARD OF TRUSTEES; COMPOSITION; MEET-
24 INGS; DUTIES.—

1 “(1) IN GENERAL.—There shall be created a
2 Health Safety Net Infrastructure Trust Fund Board
3 of Trustees composed of the Secretary of Health and
4 Human Services, the Secretary of the Treasury, the
5 Assistant Secretary for Health, the Director of the
6 Office of Minority Health, and the Administrator of
7 the Centers for Medicare and Medicaid Services (all
8 serving in their ex officio capacities), and 5 public
9 members who shall be appointed for 4 year terms by
10 the President, from the following categories—

11 “(A) one chief health officer from a State;

12 “(B) one chief executive officer of a health
13 care facility that meets the general eligibility
14 criteria of this title;

15 “(C) one representative of the financial
16 community; and

17 “(D) two additional public or consumer
18 representatives.

19 “(2) DUTIES.—The Board of Trustees shall
20 meet no less than quarterly and shall have the re-
21 sponsibility to approve implementing regulations, to
22 establish criteria, and to recommend and approve ex-
23 penditures by the Secretary under the programs set
24 forth in this title.

1 “(3) MANAGING TRUSTEE.—The Secretary of
 2 the Treasury shall serve as the Managing Trustee of
 3 the Trust Fund, and shall be responsible for the in-
 4 vestment of funds. The provisions of subsections (b)
 5 through (e) of section 1817 of the Social Security
 6 Act shall apply to the Trust Fund and the Managing
 7 Trustee of the Trust Fund in the same manner as
 8 they apply to the Federal Hospital Insurance Trust
 9 Fund and the Managing Trustee of that Trust
 10 Fund.

11 **“SEC. 2905. ADMINISTRATION.**

12 “(a) IN GENERAL.—The Administrator of the Cen-
 13 ters for Medicare and Medicaid Services shall serve as Sec-
 14 retary of the Board of Trustees and shall administer the
 15 programs under this title.

16 “(b) LIMITATION ON ADMINISTRATIVE EXPENSES.—
 17 Not more than 5 percent of the funds annually appro-
 18 priated to the Trust Fund may be available for adminis-
 19 tration of the Trust Fund or programs under this title.

20 **“Subtitle B—Loan Guarantees**

21 **“SEC. 2911. PROVISION OF LOAN GUARANTEES TO SAFETY**
 22 **NET HEALTH CARE FACILITIES.**

23 “(a) IN GENERAL.—The Safety Net Infrastructure
 24 Trust Fund will provide a Federal guarantee of loan re-
 25 payment, including guarantees of repayment of refi-

1 nancing loans, to non-Federal lenders making loans to eli-
 2 gible health care facilities for health care facility replace-
 3 ment (either by construction or acquisition), moderniza-
 4 tion and renovation projects, and capital equipment acqui-
 5 sition.

6 “(b) PURPOSES.—The loan guarantee program shall
 7 be designed by the Trust Fund Board with the goal of
 8 rebuilding and maintaining the essential health services of
 9 health care facilities eligible for assistance under this title.

10 **“SEC. 2912. ELIGIBLE LOANS.**

11 “(a) IN GENERAL.—Loan guarantees under this sub-
 12 title are available for loans made to eligible health care
 13 facilities for replacement facilities (either newly con-
 14 structed or acquired), modernization and renovation of ex-
 15 isting facilities, and for capital equipment acquisition.

16 “(b) LOAN GUARANTEE MUST BE ESSENTIAL TO
 17 BOND FINANCING.—Eligible health care facilities must
 18 demonstrate that a Federal loan guarantee is essential to
 19 obtaining bond financing from non-Federal lenders at a
 20 reasonably affordable rate of interest.

21 “(c) ADDITIONAL ELIGIBILITY CRITERIA FOR LOAN
 22 GUARANTEES.—In order to be eligible for assistance
 23 under this subtitle, a health care facility must demonstrate
 24 that the following criteria are met:

1 “(1) The health care facility has evidence of an
2 ability to meet debt service.

3 “(2) The assistance, when considered with other
4 resources available to the project, is necessary and
5 will restore, improve, or maintain the financial or
6 physical soundness of the health care facility.

7 “(3) The applicant agrees to assume the public
8 service responsibilities described in section 2903.

9 “(4) The project is being, or will be, operated
10 and managed in accordance with a management-im-
11 provement-and-operating plan which is designed to
12 reduce the operating costs of the project, which has
13 been approved by the Trust Fund Board, and which
14 includes—

15 “(A) a detailed maintenance schedule;

16 “(B) a schedule for correcting past defi-
17 ciencies in maintenance, repairs, and replace-
18 ments;

19 “(C) a plan to upgrade the project to meet
20 cost-effective energy efficiency standards pre-
21 scribed by the Trust Fund Board;

22 “(D) a plan to improve financial and man-
23 agement control systems;

24 “(E) a detailed annual operating budget
25 taking into account such standards for oper-

1 ating costs in the area as may be determined by
2 the Trust Fund Board; and

3 “(F) such other requirements as the Trust
4 Fund Board may determine.

5 “(5) The application includes stringent provi-
6 sions for continued State or local support of the pro-
7 gram, both with respect to operating and financial
8 capital.

9 “(6) The terms, conditions, maturity, security
10 (if any), and schedule and amount of repayments
11 with respect to the loan are sufficient to protect the
12 financial interests of the United States and are oth-
13 erwise reasonable and in accord with regulation, in-
14 cluding a determination that the rate of interest
15 does not exceed such annual percentage on the prin-
16 cipal obligation outstanding as the Trust Fund
17 Board determines to be reasonable, taking into ac-
18 count the range of interest rates prevailing in the
19 private market for similar loans and the risks as-
20 sumed by the United States.

21 “(7) The health care facility must meet such
22 other additional criteria as the Secretary may im-
23 pose.

24 “(d) STATE OR LOCAL PARTICIPATION.—Projects in
25 which State or local governmental entities participate in

1 the form of first guarantees of part or all of the total loan
2 value shall be given a preference for loan guarantees under
3 this subtitle.

4 **“SEC. 2913. GUARANTEE ALLOTMENTS.**

5 “(a) IN GENERAL.—\$150,000,000 shall be annually
6 allocated within the Trust Fund to the loan guarantee pro-
7 gram established by this subtitle in order to create a cu-
8 mulative reserve in support of loan guarantees.

9 “(b) LOAN GUARANTEES FOR RURAL HEALTH CARE
10 FACILITIES.—At least 20 percent of the dollar value of
11 loan guarantees made under this program during any
12 given year shall be allocated for eligible rural health care
13 facilities, to the extent a sufficient number of applications
14 are made by such health care facilities.

15 “(c) GUARANTEES FOR SMALL LOANS.—At least
16 \$200,000,000 of the annual dollar value of loan guaran-
17 tees made under the program shall be reserved for loans
18 of under \$50,000,000, if there are a sufficient number of
19 applicants for loans of that size.

20 “(d) SPECIAL RULE FOR REFINANCING LOANS.—
21 Not more than 20 percent of the amount allocated each
22 year to the loan guarantee program established by this
23 subtitle may be allocated to guarantee refinancing loans
24 during the year.

1 **“SEC. 2914. TERMS AND CONDITIONS OF LOAN GUARAN-**
2 **TEES.**

3 “(a) IN GENERAL.—The principal amount of the
4 guaranteed loan, when added to any Federal grant assist-
5 ance made under this title, may not exceed 95 percent of
6 the total value of the project, including land.

7 “(b) GUARANTEES PROVIDED MAY NOT SUPPLANT
8 OTHER FUNDS.—Guarantees provided under this subtitle
9 may not be used to supplant other forms of State or local
10 support.

11 “(c) RIGHT TO RECOVER FUNDS.—The United
12 States shall be entitled to recover from any applicant
13 health care facility the amount of payments made pursu-
14 ant to any loan guarantee under this subtitle, unless the
15 Trust Fund Board for good cause waives its right of recov-
16 ery, and the United States shall, upon making any such
17 payment pursuant to any such loan guarantee be sub-
18 rogated to all of the rights of the recipients of the pay-
19 ments.

20 “(d) MODIFICATION OF TERMS.—Loan guarantees
21 made under this subtitle shall be subject to further terms
22 and conditions as the Trust Fund Board determines to
23 be necessary to assure that the purposes of this Act will
24 be achieved, and any such terms and conditions may be
25 modified by the Trust Fund Board to the extent that it

1 determines such modifications to be consistent with the
2 financial interest of the United States.

3 “(e) TERMS ARE INCONTESTABLE ABSENT FRAUD
4 OR MISREPRESENTATION.—Any loan guarantee made by
5 the Trust Fund Board pursuant to this subtitle shall be
6 incontestable in the hands of an applicant on whose behalf
7 such guarantee is made, and as to any person who makes
8 or contracts to make a loan to such applicant in reliance
9 thereon, except for fraud or misrepresentation on the part
10 of such applicant or other person.

11 **“SEC. 2915. PREMIUMS FOR LOAN GUARANTEES.**

12 “(a) IN GENERAL.—The Trust Fund Board shall de-
13 termine a reasonable loan insurance premium which shall
14 be charged for loan guarantees under this subtitle, taking
15 into account the availability of the reserves created under
16 section 2913. Premium charges shall be payable in cash
17 to the Trust Fund Board, either in full upon issuance,
18 or annually in advance. In addition to the premium charge
19 herein provided for, the Trust Fund Board is authorized
20 to charge and collect such amount as it may deem reason-
21 able for the appraisal of a property or project offered for
22 insurance and for the inspection of such property or
23 project.

24 “(b) PAYMENT IN ADVANCE.—In the event that the
25 principal obligation of any loan accepted for insurance

1 under this subtitle is paid in full prior to the maturity
 2 date, the Trust Fund Board is authorized in its discretion
 3 to require the payment by the borrower of an adjusted
 4 premium charge in such amount as the Board determines
 5 to be equitable, but not in excess of the aggregate amount
 6 of the premium charges that the health care facility would
 7 otherwise have been required to pay if the loan had contin-
 8 ued to be insured until maturity date.

9 “(c) CANCELLATION OF LOAN.—In the event that
 10 any portion of a loan accepted for insurance under this
 11 subtitle is cancelled by the lender, the Trust Fund Board
 12 shall cancel the obligation of the borrower to pay premium
 13 charges on such portion for the period remaining through
 14 the maturity date of the loan.

15 “(d) TRUST FUND BOARD MAY WAIVE PREMIUMS.—
 16 The Trust Fund Board may in its discretion partially or
 17 totally waive premiums charged for loan insurance under
 18 this section for financially distressed health care facilities
 19 (as described by the Secretary).

20 **“SEC. 2916. PROCEDURES IN THE EVENT OF LOAN DE-**
 21 **FAULT.**

22 “(a) IN GENERAL.—Failure of the borrower to make
 23 payments due under or provided by the terms of a loan
 24 accepted for insurance under this subtitle shall constitute
 25 a default.

1 “(b) ASSIGNMENT OF DEFAULTED LOANS.—If a de-
2 fault continues for 30 days, then, upon the lender’s trans-
3 fer to the Trust Fund Board of all its rights and interests
4 arising under the defaulted loan or in connection with the
5 loan transaction, the lender shall be entitled to debentures
6 which, together with a certificate of claim, are equal in
7 value to the amount the lender would have received if, on
8 the date of transfer, the borrower had repaid the loan in
9 full, together with the amount of necessary expenses in-
10 curred by the lender in connection with the default.

11 “(c) FORECLOSURE BY LENDER.—Subject to the ap-
12 proval of the Trust Fund Board, or as provided in regula-
13 tions, the lender may foreclose on the property securing
14 the defaulted loan.

15 “(d) FORECLOSURE BY TRUST FUND BOARD.—The
16 Trust Fund Board is authorized to—

17 “(1) acquire possession of and title to any prop-
18 erty securing a defaulted loan by voluntary convey-
19 ance in extinguishment of the indebtedness, or

20 “(2) institute proceedings for foreclosure on the
21 property securing any such defaulted loan and pros-
22 ecute such proceedings to conclusion.

23 “(e) HANDLING AND DISPOSAL OF PROPERTY; SET-
24 TLEMENT OF CLAIMS.—

1 “(1) PAYMENT FOR CERTAIN EXPENSES.—Not-
2 withstanding any other provision of law relating to
3 the acquisition, handling, or disposal of real and
4 other property by the United States, the Trust Fund
5 Board shall also have power, for the protection of
6 the interests of the Trust Fund, to pay out of the
7 Trust Fund all expenses or charges in connection
8 with, and to deal with, complete, reconstruct, rent,
9 renovate, modernize, insure, make contracts for the
10 management of, or establish suitable agencies for
11 the management of, or sell for cash or credit or lease
12 in its discretion, any property acquired by the Trust
13 Fund under this section.

14 “(2) SETTLEMENT OF CLAIMS.—Notwith-
15 standing any other provision of law, the Trust Fund
16 Board shall also have the power to pursue to final
17 collection by way of compromise or otherwise all
18 claims assigned and transferred to the Trust Fund
19 in connection with the assignment, transfer, and de-
20 livery provided for in this section, and at any time,
21 upon default, to foreclose or refrain from foreclosing
22 on any property secured by any defaulted loan as-
23 signed and transferred to or held by the Trust
24 Fund.

1 “(3) LIMITATIONS ON AUTHORITY.—Sub-
2 sections (a) and (b) shall not be construed to apply
3 to any contract for hazard insurance, or to any pur-
4 chase or contract for services or supplies on account
5 of such property if the amount thereof does not ex-
6 ceed \$1,000.

7 “(f) REGULATIONS.—The Trust Fund Board shall
8 propose and the Secretary shall promulgate regulations
9 governing procedures in the event of a default on a loan
10 accepted for insurance under this subtitle.”.

11 **TITLE III—PROVIDING RELIEF** 12 **TO ACADEMIC INSTITUTIONS**

13 **SEC. 301. GRANTS TO INSTITUTIONS OF HIGHER EDU-** 14 **CATION.**

15 (a) IN GENERAL.—The Secretary of Health and
16 Human Services, in consultation with the Secretary of
17 Education, shall enter into cooperative agreements with
18 institutions of higher education in the Hurricane Katrina-
19 affected area to enable such institutions to resume health
20 care-related programs, including by—

21 (1) retaining health and health care-related
22 staff and personnel; and

23 (2) paying costs incurred during the period be-
24 ginning on August 28, 2005, during which such in-
25 stitutions are unable to provide academic services at

1 full capacity because of the effects Hurricane
2 Katrina.

3 (b) APPLICATION.—To seek to enter into a coopera-
4 tive agreement under this section, an institution of higher
5 education shall submit an application to the Secretary at
6 such time, in such manner, and containing such informa-
7 tion as the Secretary may require.

8 (c) DEFINITIONS.—In this section:

9 (1) The term “institution of education” has the
10 meaning given to that term in section 101 of the
11 Higher Education Act of 1965 (20 U.S.C. 1001).

12 (2) The term “Secretary” means the Secretary
13 of Health and Human Services.

14 (d) AUTHORIZATION OF APPROPRIATIONS.—To carry
15 out this section, there are authorized to be appropriated
16 such sums as may be necessary for fiscal year 2006 and
17 2007.

1 **TITLE IV—RESTORING KEY COM-**
 2 **PONENTS OF THE HEALTH**
 3 **CARE INFRASTRUCTURE IN**
 4 **MEDICALLY-NEEDY AND**
 5 **MEDICALLY UNDERSERVED**
 6 **AREAS**

7 **SEC. 401. MEDICALLY-NEEDY KATRINA RECOVERY ZONES.**

8 (a) MEDICALLY-NEEDY KATRINA RECOVERY ZONE
 9 PROGRAM.—

10 (1) IN GENERAL.—The Secretary of Health and
 11 Human Services, acting through the Administrator
 12 of the Health Resources and Services Administration
 13 and the Director of the Office of Minority Health,
 14 and in cooperation with the Director of the Office of
 15 Community Services and the Director of the Na-
 16 tional Center on Minority Health and Health Dis-
 17 parities—

18 (A) shall designate medically-needy
 19 Katrina recovery zones in accordance with para-
 20 graph (2); and

21 (B) shall make grants in accordance with
 22 paragraph (3).

23 (2) DESIGNATION OF MEDICALLY-NEEDY
 24 KATRINA RECOVERY ZONES.—The Secretary shall

1 designate a community as a medically-needy Katrina
2 recovery zone if—

3 (A) a community partnership seeking a
4 grant under this section requests that the com-
5 munity be designated as a medically-needy
6 Katrina recovery zone; and

7 (B) the community partnership dem-
8 onstrates, to the Secretary's satisfaction, that
9 the community—

10 (i) is located in a Hurricane Katrina-
11 affected area; and

12 (ii) experiences disproportionate racial
13 and ethnic disparities in health status and
14 health care.

15 (3) GRANTS.—The Secretary shall make grants
16 to community partnerships of private and public en-
17 tities to establish medically-needy Katrina recovery
18 zone programs.

19 (4) USE OF FUNDS.—Grants under this section
20 shall be used for the establishment of a medically-
21 needy Katrina recovery zone program to assist indi-
22 viduals, businesses, schools, minority health associa-
23 tions, nonprofit organizations, community-based or-
24 ganizations, hospitals, health care clinics, dental and
25 mental health facilities and centers, substance abuse

1 facilities, hospice care organizations, and founda-
2 tions in a medically-needy Katrina recovery zone
3 that are seeking—

4 (A) to effectively access Federal programs
5 to eliminate racial and ethnic disparities in
6 health status and health care; and

7 (B) to coordinate the efforts of govern-
8 mental and private entities regarding the elimi-
9 nation of racial and ethnic disparities in health
10 status and health care.

11 (5) APPLICATION.—To seek the designation of
12 a community as a medically-needy Katrina recovery
13 zone and to obtain a grant under this section, a
14 community partnership shall submit to the Secretary
15 an application in such form and in such manner as
16 the Secretary may require. An application under this
17 paragraph shall—

18 (A) demonstrate that the community to be
19 served is a low-income community that experi-
20 ences disproportionate disparities in health sta-
21 tus and health care;

22 (B) set forth a strategic plan for the pro-
23 posed medically-needy Katrina recovery zone
24 program, by—

1 (i) describing the coordinated health,
2 economic, human, community, and physical
3 development plan and related activities
4 proposed for the community involved;

5 (ii) describing the inclusion of the
6 community involved as a full partner in the
7 process of developing, implementing, moni-
8 toring, and evaluating the strategic plan
9 and the extent to which local institutions
10 and organizations have contributed to the
11 planning process;

12 (iii) identifying the projected amount
13 of Federal, State, local, and private re-
14 sources that will be available in the area
15 and the private and public community
16 partnerships to be used (including any par-
17 ticipation by or cooperation with univer-
18 sities, colleges, foundations, nonprofit orga-
19 nizations, medical centers, hospitals, health
20 clinics, dental and mental health facilities
21 and centers, substance abuse facilities, hos-
22 pice care organizations, school districts, or
23 other private and public entities);

24 (iv) identifying the funding requested
25 under any Federal program in support of

1 the proposed health, economic, human,
2 community, and physical development, and
3 related activities;

4 (v) identifying baselines, methods,
5 health outcomes, and benchmarks for
6 measuring the success of carrying out the
7 strategic plan;

8 (vi) demonstrating the ability to effec-
9 tively reach and service the targeted under-
10 served community populations in a cul-
11 turally appropriate and linguistically re-
12 sponsive manner;

13 (vii) demonstrating a capacity and in-
14 frastructure to provide long-term commu-
15 nity response that is culturally appropriate
16 and linguistically responsive to a commu-
17 nity that experiences disproportionate dis-
18 parities in health status and health care;
19 and

20 (viii) identifying the individuals who
21 have agreed to serve as members of a
22 medically-needy Katrina recovery zone co-
23 ordinating committee for the community
24 involved; and

1 (C) include such other information as the
2 Secretary may require.

3 (6) PREFERENCE.—In awarding grants under
4 this subsection, the Secretary shall give preference
5 to proposals from indigenous community entities
6 that have an expertise in providing culturally appro-
7 priate and linguistically responsive services to low-in-
8 come communities that experience disproportionate
9 disparities in health status and health care.

10 (b) FEDERAL ASSISTANCE FOR MEDICALLY-NEEDY
11 KATRINA RECOVERY ZONE GRANT PROGRAMS.—The Sec-
12 retary of Health and Human Services, the Administrator
13 of the Small Business Administration, the Secretary of
14 Agriculture, the Secretary of Education, the Secretary of
15 Labor, and the Secretary of Housing and Urban Develop-
16 ment shall each—

17 (1) where appropriate, provide entity-specific
18 technical assistance and evidence-based strategies to
19 low-income communities that experience dispropor-
20 tionate disparities in health status and health care
21 to further the purposes of a medically-needy Katrina
22 recovery zone program described in subsection
23 (a)(5);

24 (2) identify all programs administered by the
25 Department of Health and Human Services, the

1 Small Business Administration, the Department of
2 Agriculture, the Department of Education, the De-
3 partment of Labor, and the Department of Housing
4 and Urban Development, respectively, that may be
5 used to further the purposes of a medically-needy
6 Katrina recovery zone program described in sub-
7 section (a)(5); and

8 (3) in administering any program identified
9 under paragraph (2), give priority to any individual
10 or entity located in a community served by a medi-
11 cally-needy Katrina recovery zone program under
12 subsection (a) if such priority would further the pur-
13 poses of the medically-needy Katrina recovery zone
14 program described in subsection (a)(5).

15 (c) MEDICALLY-NEEDY KATRINA RECOVERY ZONE
16 COORDINATING COMMITTEE.—

17 (1) ESTABLISHMENT.—For each medically-
18 needy Katrina recovery zone program established
19 with a grant under subsection (a), the Secretary,
20 acting through the Director of the Office of Minority
21 Health and the Administrator of the Health Re-
22 sources and Services Administration, shall establish
23 a medically-needy Katrina recovery zone coordi-
24 nating committee.

1 (2) DUTIES.—Each coordinating committee es-
2 tablished, in coordination with the Director of the
3 Office of Minority Health and the Administrator of
4 the Health Resources and Services Administration,
5 shall provide technical assistance and evidence-based
6 strategies to the grant recipient involved, including
7 providing guidance on research, strategies, health
8 outcomes, program goals, management, implementa-
9 tion, monitoring, assessment, and evaluation proc-
10 esses.

11 (3) MEMBERSHIP.—

12 (A) APPOINTMENT.—The Director of the
13 Office of Minority Health and the Adminis-
14 trator of the Health Resources and Services Ad-
15 ministration, in consultation with the respective
16 grant recipient, shall appoint the members of
17 each coordinating committee.

18 (B) COMPOSITION.—The Director of the
19 Office of Minority Health and the Adminis-
20 trator of the Health Resources and Services Ad-
21 ministration shall ensure that each coordinating
22 committee—

23 (i) has not more than 20 members;

24 (ii) includes individuals from low-in-
25 come communities that experience dis-

1 proportionate disparities in health status
2 and health care;

3 (iii) includes community leaders and
4 leaders of community-based organizations;

5 (iv) includes representatives of aca-
6 demia and lay and professional organiza-
7 tions and associations including those hav-
8 ing expertise in medicine, technical, social
9 and behavioral science, health policy, advo-
10 cacy, cultural and linguistic competency,
11 research management, dental and mental
12 health, substance abuse, hospice care, and
13 organization; and

14 (v) represents a reasonable cross-sec-
15 tion of knowledge, views, and application
16 of expertise on societal, ethical, behavioral,
17 educational, policy, legal, cultural, lin-
18 guistic, and workforce issues related to
19 eliminating disparities in health and health
20 care.

21 (C) QUALIFICATIONS.—The Director of
22 the Office of Minority Health and the Adminis-
23 trator of the Health Resources and Services Ad-
24 ministration shall ensure that the members of
25 each coordinating committee meet the following:

1 (i) No member is employed by the
2 Federal Government.

3 (ii) Each member has appropriate ex-
4 perience, including experience in the areas
5 of community development, cultural and
6 linguistic competency, reducing and elimi-
7 nating racial and ethnic disparities in
8 health and health care, or minority health.

9 (iii) A majority of the members reside
10 in the medically-needy Katrina recovery
11 zone involved.

12 (D) SELECTION.—In selecting individuals
13 to serve on a coordinating committee, the Di-
14 rector of the Office of Minority Health and the
15 Administrator of the Health Resources and
16 Services Administration shall give due consider-
17 ation to the recommendations of the Congress,
18 industry leaders, the scientific community (in-
19 cluding the Institute of Medicine), academia,
20 community-based nonprofit organizations, mi-
21 nority health and related organizations, the
22 education community, State and local govern-
23 ments, and other appropriate organizations.

24 (E) CHAIRPERSON.—The Director of the
25 Office of Minority Health and the Adminis-

1 trator of the Health Resources and Services Ad-
2 ministration, in consultation with the members
3 of the coordinating committee involved, shall
4 designate a chairperson of the coordinating
5 committee, who shall serve for a term of 3
6 years and who may be reappointed at the expi-
7 ration of each such term.

8 (F) TERMS.—Each member of a coordi-
9 nating committee shall be appointed for a term
10 of 1 to 3 years in overlapping staggered terms,
11 as determined by the Director of the Office of
12 Minority Health and the Administrator of the
13 Health Resources and Services Administration
14 at the time of appointment, and may be re-
15 appointed at the expiration of each such term.

16 (G) VACANCIES.—A vacancy on a coordi-
17 nating committee shall be filled in the same
18 manner in which the original appointment was
19 made.

20 (H) COMPENSATION.—The members of a
21 coordinating committee shall serve without pay.

22 (I) TRAVEL EXPENSES.—Each member of
23 a coordinating committee shall receive travel ex-
24 penses, including per diem in lieu of subsist-
25 ence, in accordance with applicable provisions

1 under subchapter I of chapter 57 of title 5,
2 United States Code.

3 (4) STAFF; EXPERTS AND CONSULTANTS.—

4 (A) STAFF.—The chairperson of a coordi-
5 nating committee may appoint and fix the pay
6 of additional personnel as the chairperson con-
7 siders appropriate.

8 (B) EXPERTS AND CONSULTANTS.—The
9 chairperson of a coordinating committee may
10 procure temporary and intermittent services
11 under section 3109(b) of title 5, United States
12 Code.

13 (5) MEETINGS.—A coordinating committee
14 shall meet 3 to 5 times each year, at the call of the
15 coordinating committee's chairperson and in con-
16 sultation with the Director of the Office of Minority
17 Health and the Administrator of the Health Re-
18 sources and Services Administration.

19 (6) REPORT.—Each coordinating committee
20 shall transmit to the Congress an annual report
21 that, with respect to the medically-needy Katrina re-
22 covery zone program involved, includes the following:

23 (A) A review of the program's effectiveness
24 in achieving stated goals and outcomes, and
25 overcoming challenges.

1 (B) A review of the program's manage-
2 ment and coordination of the entities involved.

3 (C) A review of the activities in the pro-
4 gram's portfolio and components.

5 (D) An identification of policy issues raised
6 by the program.

7 (E) An assessment of program's results in-
8 cluding that of capacity, infrastructure, number
9 of underserved minority communities reached
10 and retained in the effort in a defined time
11 frame.

12 (F) Recommendations for new program
13 goals, research areas, enhanced approaches,
14 community partnerships, coordination and man-
15 agement mechanisms, and projects to be estab-
16 lished to achieve the program's stated goals, to
17 improve outcomes, assessments, monitoring,
18 and evaluation.

19 (G) A review of the degree of minority en-
20 tities participation in the program, and an iden-
21 tification of a strategy to increase such partici-
22 pation.

23 (H) Any other reviews or recommendations
24 determined to be appropriate by the coordi-
25 nating committee.

1 (d) REPORT.—The Director of the Office of Minority
2 Health and the Administrator of the Health Resources
3 and Services Administration shall submit a joint annual
4 report to the appropriate committees of the Congress on
5 the results of the implementation of programs under this
6 section.

7 (e) DEFINITIONS.—In this section:

8 (1) COORDINATING COMMITTEE.—The term
9 “coordinating committee” means a medically-needy
10 Katrina recovery zone coordinating committee estab-
11 lished under this section.

12 (2) SECRETARY.—The term “Secretary” means
13 the Secretary of Health and Human Services.

14 (f) AUTHORIZATION OF APPROPRIATIONS.—There
15 are authorized to be appropriated to carry out this section
16 \$100,000,000 for the period of fiscal year 2006 through
17 fiscal year 2007, and such sums as may be necessary for
18 each of fiscal years 2008 through 2013.

19 **SEC. 402. REPAIR AND DISPARITIES GRANTS.**

20 (a) CONSTRUCTION AND REPAIR GRANTS.—The Sec-
21 retary of Health and Human Services (in this section re-
22 ferred to as the “Secretary”) shall make grants to public
23 health facilities and loans to private health facilities, for
24 the purpose of constructing, modernizing, or repairing
25 hospitals; clinics; health centers; laboratories; medical,

1 mental, and dental health and hospice care clinics and cen-
2 ters; and other health facilities in the Hurricane Katrina-
3 affected area damaged as a result of Hurricane Katrina
4 including—

5 (1) construction of hospitals, clinics, health cen-
6 ters, laboratories, hospice centers, mental health and
7 substance abuse facilities that meet the standards of
8 the Joint Commission on the Accreditation of Health
9 care Organizations (referred to in this section as the
10 “JCAHO standards”);

11 (2) repair or modernization of such public or
12 private hospitals or public facilities as provide health
13 care or health-related services; and

14 (3) bringing hospitals and public health facili-
15 ties in compliance with such JCAHO standards and
16 requirements of the Centers for Medicare & Med-
17 icaid Services.

18 (b) HEALTH DISPARITY GRANTS.—The Secretary,
19 acting through the Administrator of the Health and
20 Human Resources Administration and the Director of the
21 Office of Minority Health, and in consultation with the
22 Director of the Office of Community Services and the Di-
23 rector of the National Center on Minority Health and
24 Health Disparities, shall make grants to assist individuals,
25 hospitals, businesses, schools, minority health associa-

1 tions, nonprofit organizations, community-based organiza-
2 tions, health care clinics, foundations, and other entities
3 in communities that are located in a Hurricane Katrina-
4 affected area, disproportionately experience disparities in
5 health status and health care, and are seeking—

6 (1) to improve the health of minority individ-
7 uals in the community and to reduce disparities in
8 health status and health care by assisting individuals
9 in accessing Federal programs or by other means;
10 and

11 (2) to coordinate the efforts of governmental
12 and private entities regarding the elimination of ra-
13 cial and ethnic health status and health care.

14 (c) APPLICATION.—To obtain a grant under this sec-
15 tion, an applicant shall submit to the Secretary an applica-
16 tion in such form and in such manner as the Secretary
17 may require. An application for a grant under—

18 (1) subsection (a) shall describe, with such
19 specificity as the Secretary shall require, the damage
20 sustained as a result of Hurricane Katrina and the
21 steps proposed to address the damage; and

22 (2) subsection (b) shall demonstrate that the
23 communities to be served are those that dispropor-
24 tionately experience disparities in health status and

1 health care and shall set forth a strategic plan for
2 reducing those disparities by—

3 (A) describing the coordinated health, eco-
4 nomic, human, community, and physical devel-
5 opment plan and related activities proposed for
6 the community;

7 (B) identifying the projected amount of
8 Federal, State, local and private resources that
9 will be available in the area and the private and
10 public partnerships to be used (including any
11 participation by or cooperation with univer-
12 sities, colleges, foundations, non-profit organiza-
13 tions, medical centers, hospitals, health clinics,
14 dental and mental health facilities and centers,
15 substance abuse facilities, hospice care organi-
16 zations, school districts, or other private and
17 public entities);

18 (C) identifying the funding requested
19 under any Federal program in support of the
20 proposed activities;

21 (D) identifying benchmarks for measuring
22 the success of carrying out the strategic plan;

23 (E) demonstrating the ability to reach and
24 service the targeted underserved minority com-

1 munity populations in a culturally appropriate
2 and linguistically responsive manner; and

3 (F) demonstrating a capacity and infra-
4 structure to provide long-term community re-
5 sponse that is culturally appropriate and lin-
6 guistically responsive to communities that dis-
7 proportionately experience disparities in health
8 and health care.

9 (d) AUTHORIZATION OF APPROPRIATION.—There are
10 authorized to be appropriated to carry out this section
11 such sums as may be necessary for each of fiscal years
12 2006 through 2008.

13 **SEC. 403. DISASTER RELIEF MEDICAID.**

14 (a) AUTHORITY TO PROVIDE DISASTER RELIEF
15 MEDICAID.—Notwithstanding any provision of title XIX
16 of the Social Security Act, a State shall, as a condition
17 of participation in the Medicaid program established
18 under title XIX of the Social Security (42 U.S.C. 1396
19 et seq.), provide medical assistance to DRM-eligible
20 Katrina Survivors (as defined in subsection (b)) under a
21 State Medicaid plan established under such title during
22 the disaster relief Medicaid coverage period in accordance
23 with the following provisions of this section and without
24 submitting an amendment to the State Medicaid plan.

1 Such assistance shall be referred to as “Disaster Relief
2 Medicaid Assistance (DRM assistance)”.

3 (b) DRM-ELIGIBLE KATRINA SURVIVOR DE-
4 FINED.—

5 (1) IN GENERAL.—In this section, the term
6 “DRM-eligible Katrina Survivor” means a Katrina
7 Survivor whose family income does not exceed the
8 higher of—

9 (A) 100 percent (200 percent, in the case
10 of such a Survivor who is a pregnant woman,
11 child, or a recipient of disability benefits under
12 section 223 of the Social Security Act) of the
13 poverty line; or

14 (B) the income eligibility standard which
15 would apply to the Survivor under the State
16 Medicaid plan.

17 (2) NO RESOURCES, RESIDENCY, OR CATEGOR-
18 ICAL ELIGIBILITY REQUIREMENTS.—Eligibility
19 under paragraph (1) shall be determined without ap-
20 plication of any resources test, State residency, or
21 categorical eligibility requirements.

22 (3) INCOME DETERMINATION.—

23 (A) LEAST RESTRICTIVE INCOME METH-
24 ODOLOGIES.—The State shall use the least re-
25 strictive methodologies applied under the State

1 Medicaid plan under section 1902(r)(2) of the
2 Social Security Act (42 U.S.C. 1396a(r)(2)) in
3 determining income eligibility for Katrina Sur-
4 vivors under paragraph (1).

5 (B) DISREGARD OF UNEMPLOYMENT BEN-
6 EFITS.—In determining such income eligibility,
7 the State shall disregard any amount received
8 under a law of the United States or of a State
9 which is in the nature of unemployment com-
10 pensation by a Katrina Survivor during the
11 DRM coverage period.

12 (4) DEFINITION OF CHILD.—For purposes of
13 paragraph (1), a DRM-eligible Katrina Survivor
14 shall be determined to be a “child” in accordance
15 with the definition of “child” under the State Med-
16 icaid plan.

17 (c) ELIGIBILITY DETERMINATION; NO CONTINU-
18 ATION OF DRM ASSISTANCE.—

19 (1) STREAMLINED ELIGIBILITY PROCESS.—The
20 State shall use the following streamlined procedures
21 in processing applications and determining eligibility
22 for DRM assistance for DRM-eligible Katrina Sur-
23 vivors:

24 (A) A common 1-page application form de-
25 veloped by the Secretary of Health and Human

1 Services in consultation with the National Asso-
2 ciation of State Medicaid Directors. Such form
3 shall—

4 (i) require an applicant to provide an
5 expected address for the duration of the
6 DRM coverage period and to agree to up-
7 date that information if it changes during
8 such period;

9 (ii) include notice regarding the pen-
10 alties for making a fraudulent application
11 under subsection (h);

12 (iii) require the applicant to assign to
13 the State any rights of the applicant (or
14 any other person who is a DRM-eligible
15 Katrina Survivor and on whose behalf the
16 applicant has the legal authority to execute
17 an assignment of such rights) under any
18 group health plan or other third-party cov-
19 erage for health care; and

20 (iv) require the applicant to list any
21 health insurance coverage which the appli-
22 cant was enrolled in immediately prior to
23 submitting such application.

24 (B) Self-attestation by the applicant that
25 the applicant—

1 (i) is a DRM-eligible Katrina Sur-
2 vivor; and

3 (ii) if applicable, requires home and
4 community-based services provided under
5 such DRM assistance in accordance with
6 subsection (d)(3).

7 (C) No requirement for documentation evi-
8 dencing the basis on which the applicant quali-
9 fies to be a DRM-eligible Katrina Survivor or,
10 if applicable, requires home and community-
11 based services.

12 (D) Issuance of a DRM assistance eligi-
13 bility card to an applicant who completes such
14 application, including the self-attestation re-
15 quired under subparagraph (B). Such card shall
16 be valid as long as the DRM coverage period is
17 in effect and shall be accompanied by notice of
18 the termination date for the DRM coverage pe-
19 riod and, if applicable, notice that such termi-
20 nation date may be extended. If the President
21 extends the DRM coverage period, the State
22 shall notify DRM-eligible Katrina Survivors en-
23 rolled in DRM assistance of the new termi-
24 nation date for the DRM coverage period.

1 (E) If an applicant completes the applica-
2 tion and presents it to a provider or facility
3 participating in the State Medicaid plan that is
4 qualified to make presumptive eligibility deter-
5 minations under such plan (which at a min-
6 imum shall consist of facilities identified in sec-
7 tion 1902(a)(55) of the Social Security Act (42
8 U.S.C. 1396a(a)(55)) and it appears to the pro-
9 vider that the applicant is a DRM-eligible
10 Katrina Survivor based on the information in
11 the application, the applicant will be deemed to
12 be a DRM-eligible Katrina Survivor eligible for
13 DRM assistance in accordance with this section,
14 subject to subsection (g).

15 (F) Continuous eligibility, without the need
16 for any re-determination of eligibility, for the
17 duration of the DRM coverage period.

18 (2) NO CONTINUATION OF DRM ASSISTANCE.—

19 (A) IN GENERAL.—Except as provided in
20 subparagraphs (B) and (C), no DRM assistance
21 shall be provided after the end of the DRM cov-
22 erage period.

23 (B) PRESUMPTIVE ELIGIBILITY.—In the
24 case of any DRM-eligible Katrina Survivor who
25 is receiving DRM assistance from a State in ac-

1 cordance with this section and who, as of the
2 end of the DRM coverage period, has an appli-
3 cation pending for medical assistance under the
4 State Medicaid plan for periods beginning after
5 the end of such period, the State shall provide
6 such Survivor with a period of presumptive eli-
7 gibility for medical assistance under the State
8 Medicaid plan (not to exceed 60 days) until a
9 determination with respect to the Survivor's ap-
10 plication has been made.

11 (C) PREGNANT WOMEN.—In the case of a
12 DRM-eligible Katrina Survivor who is receiving
13 DRM assistance from a State in accordance
14 with this section and whose pregnancy ended
15 during the 60-day period prior to the end of the
16 DRM coverage period, or who is pregnant as of
17 the end of such period, such Survivor shall con-
18 tinue to be eligible for DRM assistance after
19 the end of the DRM coverage period, including
20 (but not limited to) for all pregnancy-related
21 and postpartum medical assistance available
22 under the State Medicaid plan, through the end
23 of the month in which the 60-day period (begin-
24 ning on the last day of her pregnancy) ends.

1 (3) TREATMENT OF KATRINA SURVIVORS PRO-
2 VIDED ASSISTANCE PRIOR TO DATE OF ENACT-
3 MENT.—Any Katrina Survivor who is provided med-
4 ical assistance under a State Medicaid plan in ac-
5 cordance with guidance from the Secretary during
6 the period that begins on August 28, 2005, and ends
7 on the date of enactment of this Act shall be treated
8 as a DRM-eligible Katrina Survivor, without the
9 need to file an additional application, for purposes of
10 eligibility for DRM assistance under this section.

11 (d) SCOPE OF COVERAGE.—

12 (1) CATEGORICALLY NEEDY BENEFITS.—The
13 State shall treat a DRM-eligible Katrina Survivor as
14 an individual eligible for medical assistance under
15 the State plan under title XIX of the Social Security
16 Act on the basis of section 1902(a)(10)(A)(i) of the
17 Social Security Act (42 U.S.C. 1396a(a)(10)(A)(i)),
18 with coverage for such assistance retroactive to
19 items and services furnished on or after August 28,
20 2005 (or in the case of applications for DRM assist-
21 ance submitted after January 1 2006, the first day
22 of the 5th month preceding the date on which such
23 application is submitted).

24 (2) EXTENDED MENTAL HEALTH AND CARE CO-
25 ORDINATION BENEFITS.—The State may provide,

1 without regard to any restrictions on amount, dura-
2 tion, and scope, comparability, or restrictions other-
3 wise applicable under the State medicaid plan (other
4 than restrictions applicable under such plan with re-
5 spect to services provided in an institution for men-
6 tal diseases), to DRM-eligible Katrina Survivors ex-
7 tended mental health and care coordination benefits
8 which may include the following:

9 (A) Screening, assessment, and diagnostic
10 services (including specialized assessments for
11 individuals with cognitive impairments).

12 (B) Coverage for a full range of mental
13 health medications at the dosages and fre-
14 quencies prescribed by health professionals for
15 depression, post-traumatic stress disorder, and
16 other mental disorders.

17 (C) Treatment of alcohol and substance
18 abuse determined to result from circumstances
19 related to Hurricane Katrina.

20 (D) Psychotherapy, rehabilitation and
21 other treatments administered by psychiatrists,
22 psychologists, or social workers for conditions
23 exacerbated by, or resulting from, Hurricane
24 Katrina.

25 (E) In-patient mental health care.

1 (F) Family counseling for families where a
2 member of the immediate family is a Katrina
3 Survivor or first responder to Hurricane
4 Katrina or includes an individual who has died
5 as a result of Hurricane Katrina.

6 (G) In connection with the provision of
7 health and long-term care services, arranging
8 for, (and when necessary, enrollment in waiver
9 programs or other specialized programs), and
10 coordination related to, primary and specialty
11 medical care, which may include personal care
12 services, durable medical equipment and sup-
13 plies, assistive technology, and transportation.

14 (3) HOME AND COMMUNITY-BASED SERV-
15 ICES.—

16 (A) IN GENERAL.—In the case of a State
17 with a waiver to provide home and community-
18 based services granted under section 1115 of
19 the Social Security Act or under subsection (c)
20 or (d) of section 1915 of such Act, the State
21 may provide such services to DRM-eligible
22 Katrina Survivors who self-attest in accordance
23 with subsection (c)(1)(B)(ii) that they require
24 immediate home and community-based services
25 that are available under such waiver without re-

1 gard to whether the Survivors would require the
2 level of care provided in a hospital, nursing fa-
3 cility, or intermediate care facility for the men-
4 tally retarded, including to DRM-eligible
5 Katrina Survivors who are individuals described
6 in subparagraph (B).

7 (B) INDIVIDUALS DESCRIBED.—Individ-
8 uals described in this subparagraph are individ-
9 uals who—

10 (i) on any day during the week pre-
11 ceding August 28, 2005—

12 (I) had been receiving home and
13 community-based services under a
14 waiver described in subparagraph (A)
15 in a direct impact parish or county;

16 (II) had been receiving support
17 services from a primary family care-
18 giver who, as a result of Hurricane
19 Katrina, is no longer available to pro-
20 vide services; or

21 (III) had been receiving personal
22 care, home health, or rehabilitative
23 services under the State Medicaid
24 plan or under a waiver granted under

1 section 1915 or 1115 of the Social Se-
2 curity Act; or

3 (ii) are disabled (as determined under
4 the State Medicaid plan).

5 (C) WAIVER OF RESTRICTIONS.—The Sec-
6 retary shall waive with respect to the provision
7 of home and community-based services under
8 this paragraph any limitations on—

9 (i) the number of individuals who
10 shall receive home or community-based
11 services under a waiver described in sub-
12 paragraph (A);

13 (ii) budget neutrality requirements ap-
14 plicable to such waiver; and

15 (iii) targeted populations eligible for
16 services under such waiver.

17 The Secretary may waive other restrictions ap-
18 plicable under such a waiver, that would pre-
19 vent a State from providing home and commu-
20 nity-based services in accordance with this
21 paragraph.

22 (4) CHILDREN BORN TO PREGNANT WOMEN.—
23 In the case of a child born to a DRM-eligible
24 Katrina Survivor who is provided DRM assistance
25 during the DRM coverage period, such child shall be

1 treated as having been born to a pregnant woman el-
2 ible for medical assistance under the State Med-
3 icaid plan and shall be eligible for medical assistance
4 under such plan in accordance with section
5 1902(e)(4) of the Social Security Act (42 U.S.C.
6 1396a(e)(4)). The Federal medical assistance per-
7 centage applicable to the State Medicaid plan shall
8 apply to medical assistance provided to a child under
9 such plan in accordance with the preceding sentence.

10 (e) TERMINATION OF COVERAGE; ASSISTANCE WITH
11 APPLYING FOR REGULAR MEDICAID COVERAGE.—

12 (1) NOTICE OF EXPECTED TERMINATION OF
13 DRM COVERAGE PERIOD.—A State shall provide
14 DRM-eligible Katrina Survivors who are receiving
15 DRM assistance from the State in accordance with
16 this section, as of the beginning of the 4th month
17 (and, if applicable, 9th month) of the DRM coverage
18 period with—

19 (A) notice of the expected termination date
20 for DRM assistance for such period;

21 (B) information regarding eligibility for
22 medical assistance under the State's eligibility
23 rules otherwise applicable under the State med-
24 icaid plan; and

1 (C) an application for such assistance and
2 information regarding where to obtain assist-
3 ance with completing such application in ac-
4 cordance with paragraph (2).

5 (2) APPLICATION ASSISTANCE.—A State shall
6 provide DRM-eligible Katrina Survivors who are re-
7 ceiving DRM assistance from the State in accord-
8 ance with this section with assistance in applying for
9 medical assistance under the State medicaid plan for
10 periods beginning after the end of the DRM cov-
11 erage period, at State Medicaid offices and at loca-
12 tions easily accessible to such Survivors.

13 (3) STATE REPORTS.—A State providing DRM
14 assistance in accordance with this section shall sub-
15 mit to the Secretary the following reports:

16 (A) TERMINATION AND TRANSITION AS-
17 SISTANCE TO REGULAR MEDICAID COVERAGE
18 FOR DRM-ELIGIBLE KATRINA SURVIVORS ELIGI-
19 BLE FOR SUCH ASSISTANCE.—A report detail-
20 ing how the State intends to satisfy the require-
21 ments of paragraphs (1) and (2).

22 (B) ENROLLMENT.—Reports regarding—
23 (i) the number of Katrina Survivors
24 who are determined to be DRM-eligible
25 Katrina Survivors; and

1 (ii) the number of DRM-eligible
2 Katrina Survivors who are determined to
3 be eligible for, and enrolled in, the State
4 Medicaid plan.

5 (4) SECRETARIAL OVERSIGHT.—The Secretary
6 of Health and Human Services shall ensure that a
7 State is complying with the requirements of para-
8 graphs (1) and (2) and that applications for medical
9 assistance under the State Medicaid plan from
10 DRM-eligible Katrina Survivors for periods begin-
11 ning after the end of the DRM coverage period are
12 processed in a timely and appropriate manner.

13 (5) NO PRIVATE RIGHT OF ACTION AGAINST A
14 STATE FOR FAILURE TO PROVIDE NOTICE.—No pri-
15 vate right of action shall be brought against a State
16 for failure to provide the notices required under
17 paragraph (1) or subsection (c)(1) so long as the
18 State makes a good faith effort to provide such no-
19 tices.

20 (f) 100 PERCENT FEDERAL MATCHING PAY-
21 MENTS.—

22 (1) IN GENERAL.—Notwithstanding section
23 1905(b) of the Social Security Act (42 U.S.C.
24 1396d(b), the Federal medical assistance percentage
25 or the Federal matching rate otherwise applied

1 under section 1903(a) of such Act (42 U.S.C.
2 1396b(a)) shall be 100 percent for—

3 (A) providing DRM assistance to DRM-eli-
4 gible Katrina Survivors during the DRM cov-
5 erage period in accordance with this section;

6 (B) costs directly attributable to adminis-
7 trative activities related to the provision of such
8 DRM assistance, including costs attributable to
9 obtaining recoveries under subsection (h);

10 (C) costs directly attributable to providing
11 application assistance in accordance with sub-
12 section (e)(2); and

13 (D) DRM assistance provided in accord-
14 ance with subparagraph (B) or (C) of sub-
15 section (c)(2) after the end of the DRM cov-
16 erage period.

17 (2) DISREGARD OF PAYMENTS.—Payments pro-
18 vided to a State in accordance with this subsection
19 shall be disregarded for purposes of applying sub-
20 sections (f) and (g) of section 1108 of the Social Se-
21 curity Act (42 U.S.C. 1308).

22 (g) VERIFICATION OF STATUS AS A KATRINA SUR-
23 VIVOR.—

24 (1) IN GENERAL.—The State shall make a good
25 faith effort to verify the status of an individual who

1 is enrolled in the State Medicaid plan as a DRM-eli-
2 gible Katrina Survivor under the provisions of this
3 section. Such effort shall not delay the determina-
4 tion of the eligibility of the Survivor for DRM assist-
5 ance under this section.

6 (2) EVIDENCE OF VERIFICATION.—A State may
7 satisfy the verification requirement under subpara-
8 graph (A) with respect to an individual by showing
9 that the State providing DRM assistance obtained
10 information from the Social Security Administration,
11 the Internal Revenue Service, or the State Medicaid
12 Agency for the State from which individual is from
13 (if the individual was not a resident of such State
14 on any day during the week preceding August 28,
15 2005).

16 (h) PENALTY FOR FRAUDULENT APPLICATIONS.—

17 (1) INDIVIDUAL LIABLE FOR COSTS.—If a
18 State, as the result of verification activities con-
19 ducted under subsection (g) or otherwise, determines
20 after a fair hearing that an individual has knowingly
21 made a false self-attestation described in subsection
22 (c)(1)(B), the State may, subject to paragraph (2),
23 seek recovery from the individual for the full amount
24 of the cost of DRM assistance provided to the indi-
25 vidual under this section.

1 (2) EXCEPTION.—The Secretary shall exempt a
2 State from seeking recovery under paragraph (1) if
3 the Secretary determines that it would not be cost-
4 effective for the State to do so.

5 (3) REIMBURSEMENT TO THE FEDERAL GOV-
6 ERNMENT.—Any amounts recovered by a State in
7 accordance with this subsection shall be returned to
8 the Federal government.

9 (i) EXEMPTION FROM ERROR RATE PENALTIES.—
10 All payments attributable to providing DRM assistance in
11 accordance with this section shall be disregarded for pur-
12 poses of section 1903(u) of the Social Security Act (42
13 U.S.C. 1396b(u)).

14 (j) PROVIDER PAYMENT RATES.—In the case of any
15 DRM assistance provided in accordance with this section
16 to a DRM-eligible Katrina Survivor that is covered under
17 the State Medicaid plan (as applied without regard to this
18 section) the State shall pay a provider of such assistance
19 the same payment rate as the State would otherwise pay
20 for the assistance if the assistance were provided under
21 the State Medicaid plan (or, if no such payment rate ap-
22 plies under the State Medicaid plan, the usual and cus-
23 tomary prevailing rate for the item or service for the com-
24 munity in which it is provided).

1 (k) APPLICATION TO INDIVIDUALS ELIGIBLE FOR
2 MEDICAL ASSISTANCE.—Nothing in this section shall be
3 construed as affecting any rights accorded to an individual
4 who is a recipient of medical assistance under a State
5 Medicaid plan who is determined to be a DRM-eligible
6 Katrina Survivor but the provision of DRM assistance to
7 such individual shall be limited to the provision of such
8 assistance in accordance with this section.

9 (l) DEFINITIONS.—

10 (1) DRM COVERAGE PERIOD.—

11 (A) IN GENERAL.—The term “DRM cov-
12 erage period” means the period beginning on
13 August 28, 2005, and, subject to subparagraph
14 (B), ending on the date that is 12 months after
15 the date of enactment of this Act.

16 (B) PRESIDENTIAL AUTHORITY TO EX-
17 TEND DRM COVERAGE PERIOD.—

18 (i) IN GENERAL.—The President may
19 extend the DRM coverage period for an
20 additional 12 months. Any reference to the
21 term “DRM coverage period” in this title
22 shall include any extension under this
23 clause.

24 (ii) NOTICE TO CONGRESS AND
25 STATES.—The President shall notify the

1 majority and minority leaders of the Sen-
2 ate, the Speaker of the House of Rep-
3 resentatives, the minority leader of the
4 House of Representatives, the Chairs and
5 Ranking Members of the Committee on Fi-
6 nance of the Senate and the Committees
7 on Energy and Commerce and Ways and
8 Means of the House of Representatives,
9 and the States at least 30 days prior to—

10 (I) extending the DRM coverage

11 period; or

12 (II) if the President determines

13 not to extend such period, the ending

14 date described in subparagraph (A).

15 (2) POVERTY LINE.—The term “poverty line”

16 has the meaning given that term in section

17 2110(c)(5) of the Social Security Act (42 U.S.C.

18 1397jj(c)(5)).

19 (3) SECRETARY.—The term “Secretary” means

20 the Secretary of Health and Human Services.

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