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SUMMARY OF THE "NATIONAL HEALTH POLICY, PLANNING AND RESOURCES DEVELOPMENT ACT OF 1974"

The House Health Subcommittee concluded mark-up of the House draft bill and ordered reported to the full House Interstate and Foreign Commerce Committee, a clean bill. The bill was introduced on July 31, 1974. Following is a brief description of its major provisions.

NATIONAL COUNCIL FOR HEALTH POLICY

The bill provides that the Secretary shall establish a fifteen member National Council for Health Policy. Not less than five of the members would be persons not providers of health care and not more than three would be Federal officials or employees. The Council would be responsible for developing and recommending a national health policy. In doing so, the Council would consult with and solicit the views of the health systems agencies, State health planning and development agencies, Statewide health coordinating councils, and the professional associations representing health care providers.

HEALTH SERVICE AREAS

The Governor of each State would submit to the Secretary health service area boundary designations. To meet legislative requirements, the area should be a rational geographic region with a comprehensive range of health services available, and suitable for effective planning and development of health services. The area, where practical, should include at least one specialized health service center.

Each standard metropolitan statistical area (SMSA) should be entirely within an area boundary. SMSAs, whether intrastate or interstate, could be divided only upon approval of the Secretary. Other interstate areas would be considered if affected State Governors are in agreement.

A health service area population of less than 500,000 is not permitted except if the area comprises an entire State of less population; may be less than 500,000 in ususual circumstances (as determined by the Secretary); or less than 200,000 in highly unusual circumstances (as determined by the Secretary). Area boundaries should be appropriately coordinated with PSRO boundaries, existing regional and State planning and administrative areas.

HEALTH SYSTEMS AGENCIES

The local or areawide agencies are to be organized as nonprofit private corporations. The agencies are required to be incorporated in the State in which the largest portion of the health service area population resides.

Governing Body: The governing body for each agency may number from not less than ten to not more than thirty except where an executive committee with full authority to act, is created. One-half, plus one, of the total members are required to be broadly representative of health consumers of the area. The remainder must be residents who are providers, including representatives of professional groups, institions, third party payors,

and educational institutions. The membership must also include, in either group, public officials, public elected officials, and representatives of other health interests of the area.

Designation of the Health Systems Agencies (HSAs): Following establishment of the health service areas, the Secretary may enter into conditional designation agreements with entities making application for a period not to exceed 24 months. The Secretary will enter into the conditional agreement if the application contains a plan to implement HSA functions meeting HEW requirements and the proposal has the approval of the Governor. The Secretary may enter into a full designation agreement upon receipt of an application and when the Secretary determines that the agency can fully comply with all provisions of the designation agreement. Again, the Governor of the State in which the area is located must approve the designation of the applicant. The Secretary will renew, for a twelve month period, designation agreements if review of performance and operation of the agency demonstrates that it satisfactorily fulfills all requirements.

Functions of the HSA: Each HSA assumes, as its primary responsibility, provision of effective health planning for its area and the promotion of the development of health services, manpower, and facilities which meet identified needs, and reduce known deficiencies. The agency must assemble and analyze existing data to facilitate planning in determining health care needs, characteristics and utilization of the delivery system of the area, and inventorying the health resources of the area. The agency must establish a health system plan (HSP) representing a statement of goals, and develop an implementation plan (AIP) which would describe objectives to achieve the HSA stated goals. The agency must annually review and revise, where indicated, both the HSP and the AIP. These plans and specific projects developed must be published for the information of area residents.

The HSA must coordinate its activities with PSROs and other appropriate regional and local planning agencies, provide technical assistance, and make grants or contracts from the Area Health Services Development Fund for the planning and development of projects and programs which would further the health plan objectives. No single grant or contract may exceed $75,000 or be made for more than two years. Development funds are only available after a satisfactory plan is developed.

The HSA has responsibility to review and approve or disapprove proposed use of Federal funds for the development, expansion or support of health services, manpower, and facilities (other than formula grant funds) within the agency area under HRP authority, the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963, or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970. If the HSA disapproves a proposed use of Federal funds, the funds will not be made available until a further review and actions as outlined in the bill. To assist the State health planning and development agency in meeting its responsibility, each HSA will review and make recommendations for purposes of section 1122 of the Social Security Act of a State certificate of need program on need for institutional health services and health care facilities proposed within its area and review existing services and facilities periodically. HSAs must complete its initial review of existing institutional health services and health care

facilities within three years after their final designation.

Each HSA must annually make recommendations and prioritize for the State Agency those projects for modernization, construction, and conversion of medical facilities in the area which meet objectives of agency plans.

Planning Grants: A grant will be made within each fiscal year to designate HSAs to support agency operation and contract payments to entities assisting in the agency functions. Planning grant funds may not be used for support of the development or delivery of health services or resources. The grant represents a Federal contribution of fifty cents per capita up to $1,500,000 and allows an additional twenty-five cents per capita where the Agency declares a local matching twenty-five cents. No more than five percent may be contributed by any one private contributor and only one-third of non-Federal Funds may come from any single public source.

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

The Governor of each State may submit to the Secretary a plan designating the agency selected to carry out the State Administrative Program and required health planning and development functions. Prior to submission to the Secretary the Governor must make available for public review discussion the details of the proposed State administrative program. The Secretary, prior to entering into an initial designation agreement, shall determine whether the proposed agency has the authority and resources to administer the administrative program and the prescribed planning and development functions. The Governor must provide the Secretary with the agency plan for undertaking and implementing the proposed functions. The initial designation agreement may be on a conditional basis (not to exceed 24 months) where the Secretary determines. Each State Agency designation agreement would be reviewed and renewed each twelve months where satisfactory performance is determined.

The Governor of the State may, under unusual circumstances, enter into an agreement (satisfactory to the Secretary) with the designated State Agency to have certain functions performed by another unit of State government.

Functions of the State Agency: In order to participate in this program a State must either participate in section 1122 of the Social Security Act or have a certificate of need program which meets the Secretary's requirements. If a State has only 1122 then the Secretary will not enter into, continue, or renew an agreement for the designation of a State Agency (other than a State which administers a certificate of need program) unless the State does not permit third party payor reimbursement for institutional (or HMO) health services determined not in plan compliance except where such reimbursement is reduced by the amount of expenses related to capital expenditures (as defined in section 1122, SSA). This prohibition would apply also to the charging or collection from patients depreciation, interest, or other income related to capital expenditures by a health care facility (or HMO) for the provision of institutional health services determined not needed.

The State Agency will conduct health planning and implement those portions of the HSA plans within the State which relate to the government of the State. The Agency assists the Statewide health coordinating council in the preparation, review and revision of the State health plan and in the review of State medical facilities plan. After considering the recommendations submitted by HSAs, makes findings (to be completed within one year) as to the need for proposed new institutional health services.

The State Agency will review periodically (within every five years) HSA recommendations on institutional health services to determine continued need but no sanction would be imposed for existing services and facilities found to be unneeded.

STATEWIDE HEALTH COORDINATING COUNCIL (SHCC)

The Council shall be composed of not fewer than sixteen representatives selected by the Health Systems agencies within the State one-half of which shall be consumers of health care and one-half shall be providers of health care. The Governor of the State may appoint such persons to the Council as he deems appropriate except that the number of appointments by the Governor may not exceed one-third of the total membership of the Council. The primary responsibility of the Council would be the review and coordination of the HSA Health Systems Plans and Implementation Plans from which the Council would prepare a State health plan. The Council advises on the State Agency performance. Annually, the Council will review and forward comments to the Secretary on the budget of each HSA. The Secretary may not make available Federal funds for a State plan or application disapproved by a SHCC unless a review of the SHCC decision is made at the request of the Governor. If funds are made available following the review, the Secretary must provide a detailed statement of the reasons for the decision.

The Secretary will, during the life of the designation agreement, make grants to the State health planning and development agencies to assist in meeting the costs of their operation. No grant may exceed 75 percent of total operation costs during the period for which the grant is available for obligation.

TECHNICAL ASSISTANCE

The bill provides that the Secretary shall provide to designated health systems agencies and State agencies assistance in developing their health plans and approaches to planning in various health service areas. This assistance would be in the form of technical materials, data needs, guidelines on structure and operation of agencies, and guidance on process. The Secretary is to establish a national health planning information center to support the entities developed under the legislation.

CENTERS FOR HEALTH PLANNING

Funds are authorized to permit the Secretary, by grant or contracts, to assist public or private non-profit entities in the planning and developing of new centers or meeting the costs of existing centers for multidisciplinary health planning development and assistance. At least five such centers should be in operation by June 30, 1976.

REVIEW BY THE SECRETARY

This provision sets forth requirements upon the Secretary which includes: annual review to approve or disapprove the budget of each designated HSA and State Agency for which he must have, in each case, comments of the appropriate SHCC; prescribe performance standards covering the structure, operation, and performance of agencies, and establish a reporting system which would permit continuous review. The Secretary is required to review in detail, at least every three years, each designated agency to determine that each is meeting requirements as set out in the legislation.

HEALTH RESOURCES DEVELOPMENT (TITLE XV)

The purpose is to provide assistance for modernization of medical facilities, construction of new outpatient medical facilities, some new construction of inpatient facilities, and conversion of existing medical facilities for the provision of new health services.

Each State shall develop a State Facilities Plan reflective of the overall State Health Plan as developed by the State Agency. The State Facilities Plan must have prior approval of the Secretary for funding of facilities projects. Should the Secretary disapprove the facilities plan, the State may request and receive a "fair hearing" from the Federal Hospital Council which has authority to overrule the decision of the Secretary.

Applications for assistance may be generated by a State, a political subdivision of a State or any other public entity, of a private non-profit entity. The application must be in conformity with the State medical facilities plan.

Allotments for this program would be based on State population, financial need, and need for medical facilities. The minimum allotment for a fiscal year is $1,000,000 unless the appropriation is less than the amount required to meet such allotment.

Any amount allotted to a State and remaining unobligated at the end of such year shall remain available to such State for the next two fiscal years and which the Secretary determines will remain unobligated at the close of the second of such next two years may be reallotted by the Secretary to other States.

In any fiscal year nor more than one-third of the amount of a State allotment available for obligation may be obligated for projects in the State for construction of new facilities for the provision of in-patient health care.

Loans and loan guarantees with interest subsidy are available approximately as is now provided in Title VI.

In administering the facilities program, the Secretary must consult with a newly appointed Federal Hospital Council (Secretary plus 12 members).

AREA HEALTH SERVICES DEVELOPMENT FUND

The Secretary is authorized to make a grant to each health system agency which has a completed plan to enable the agency to establish and maintain an Area Health Services Development Fund from which it may make grants and enter into contracts. The amount of a grant to an HSA will be based on the population of the health service area, the average family income of the area, and the supply of health services in the area. The amount of the grant for any fiscal year may not exceed one dollar per capita.

TRANSITIONAL PROVISIONS

Authorizes grants under Section 314(a) of the Public Health Service Act until June 30, 1976 to the States unless a State Agency has been approved and funded under the new authority.

Authorizes grants for experimental health services delivery systems and section 314(b) of the Public Health Service Act to areawide agencies until December 31, 1975 unless a Health System Agency has been approved and funded for the designated area.