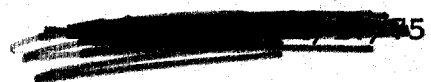




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ISSUE PAPER

AREA HEALTH SERVICES DEVELOPMENT FUNDS

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ISSUE PAPER

AREA HEALTH SERVICES DEVELOPMENT FUNDS

INTRODUCTION

Purpose:

As authorized under PL93-641, Title XVI, Section 1640 (a), the purpose of Area Health Services Development Funds is to enable each qualified health systems agency (HSA) "to establish and maintain an Area Health Development Fund from which it may make grants and enter into contracts" to implement its Annual Implementation Plan (AIP).

Nature:

The Act specifies that the Secretary "shall make in each fiscal year" such a grant to each HSA. The amount of a grant, within stated limits, is to be determined by the Secretary after it has taken into consideration the population, average family income and supply of health services of any given health service area. While the language of the Act implies that some, yet to be defined, formula may be used in determining the amount of a grant, the Development Funds Grant is not one which automatically guaranteed for HSAs. To be eligible for such a grant an HSA must meet requirements prescribed by legislation. Including the review and approval of grant requests by the Secretary. The Development Funds Grant is to be made in support of an individual HSA's implementation effort in accordance with legislation.

LEGISLATIVE INTENT OF USE OF FUNDS BY HSAs

Funding Mechanisms and Eligible Applicants: An HSA shall "make grants to public and nonprofit private entities and enter into contracts with individuals and public and nonprofit entities" in carrying out the purpose for which the funds were provided. (See Section 1513 (c) (3)).

General Purpose of Development Funds: The intent of the legislation that development funds are to be used for implementation, or operational, rather than broad general planning or routine HSA activities is clearly established. Webster defines the term "implement" to mean "carry out"; "fulfill"; especially "to give practical effect to and ensure of actual fulfillment by concrete measures." This definition is reflected in the specific language of both the House and Senate Committee reports.

The House View:

In discussing the role of HSAs, the House Committee noted:

"The agencies are given specific responsibility for the implementation of their plans and the authority to do such implementation through the use of their own skills in assisting others, through financial assistance from are health service development

funds" (See page 41). In viewing these funds, the Committee stated "... the Committee has made available to the HSAs an annual grant for the funding of an Area Health Services Development Fund. From this fund the HSA will be able to make grants and contracts within its health service area for the planning and development of new health resources and services which will implement their plans." (page 45). The Committee also expressed the opinion that "Effective planning requires a strong emphasis on the implementation of plans and implementation requires that planning agencies have authority with which to implement the plans. Planning without implementation is a paper exercise, a dictum which has been proven by many of the existing comprehensive health planning agencies because they have often lacked any effective authority with which to implement their plans." (page 32).

The House Committee further stated "... it is the Committee's intent that the money be used as seed money within the community to start programs which the community needs and will support once they are operational but without such assistance be unable to undertake." (page 45). The House Committee also noted that "One of the greatest strengths of the existing regional medical programs has been the availability to them, funds which they

can commit within their own communities for the development of projects and programs which they determine that the community needs." (page 44). The intent of the House Committee may be expressed best by its statement, "The planning done by HSAs is to include as an integral part of the planning process the implementation of plans. These are not two separate activities, for the definition of planning includes implementation. The Committee has listed in section (1413) (c) a variety of different means and authorities by which HSAs can seek to implement their plans. This list is not meant to be exclusive and any additional methods HSAs can find should be used, short of the direct ownership, operation or delivery of health services...." (page 60).

The Senate View:

The Senate Committee viewed the implementation fund as one which "is intended to catalyze change in the area's health care system, in accordance with the national guidelines, and State and areawide health plans, in order to bring about the realization of the short and long-term plans required by the legislation." Further the Committee clearly established its expectation "that projects funded under existing regional medical program authority, and which, in the judgement of the local health planning agency merit continued support may be supported in whole or in part, by the development fund...." (page 41).

In the Senate Debate on the Conference Report, Senator Kennedy in discussing the "Need for Bill Now," pointed out that one of the needs for "immediate action is linked to the authority for development activities. As is well known, the regional medical programs have served as a vehicle for the development of a number of initiatives both on State and regional level. While many of the activities were consistent with community needs, a large number were research projects tied to the interests of medical school faculty. This bill gives us the capacity to benefit from the strengths of the regional medical programs experience by supporting developmental projects which are responsive to the priorities set forth in a regional agency's priorities plan."

Mr. Kennedy continued, "More importantly, though this provision will allow communities to positively attack resource deficiencies that they all face in some form. Of even greater significance though is that this authority gives real meaning and substance to the planning that will take place. In many parts of the country, under the existing comprehensive health planning programs, planning agencies have been frustrated by their inability to get their planning priorities implemented in a viable format. There has been no mandated link between the planning under

comprehensive health planning and the development under regional medical programs. S.2994 rectifies this condition."

The intent of the Senate Committee may be shown best in its statement that the purpose of the development fund "is to give the health planning agency some capability for funding projects which will accomplish the goals of the health plan." (page 49).

Prohibited Activities: The Act specifically prohibits the use of development funds "to pay the costs incurred by an entity or individual in the delivery of health services (as defined in regulations of the Secretary) or -- for the cost of construction or modernization of medical facilities." (See Section 1513(c)(3)).

Eligible Activities: It is expected that any "methods which HSAs can find should be used, short of the direct ownership, operation or deliver of health services," to implement their AIPs (See HouseCommittee Report; page 60).

It is clear, however, that the health services provided by the development funds must be justified in view of their relationship to National Health Priorities, unless otherwise justified. Further, the use of development funds must be considered in view of eight other factors, concerning community needs and relationships as detailed in Section 1532 (c).

National Health Priorities: In its findings, Congress noted that "the following deserve priority consideration in the formulation of national health planning goals and in the development and operation of Federal, State, and area health planning and resources development programs:

- (1) The provision of primary care services for medically underserved populations, especially those which are located in rural or economically depressed areas.
- (2) The development of multi-institutional systems for coordination or consolidation of institutional health services (including obstetric, pediatric, emergency medical, intensive and coronary care, and radiation therapy services).
- (3) The development of medical group practices (especially those whose services are appropriately coordinated or integrated with institutional health services), health maintenance organizations, and other organizational systems for the provisions of health care.
- (4) The training and increased utilization of physician assistants, especially nurse clinicians.
- (5) The development of multi-institutional arrangements for the sharing of support services necessary to all health service institutions.
- (6) The promotion of activities to achieve needed improvements in the quality of health services, including needs identified by the review activities of Professional Standards Review Organizations under part B of title XI of the Social Security Act.
- (7) The development by health service institutions of the capacity to provide various levels of care (including intensive care, acute general care, and extended care) on a geographically integrated basis.

(8) The promotion of activities for the prevention of disease, including studies of nutritional and environmental factors affecting health and the provision of preventive health care services.

(9) The adoption of uniform cost accounting, simplified reimbursement, and utilization reporting systems and improved management procedures for health service institutions.

(10) The development of effective methods of educating the general public concerning proper personal (including preventive) health care and methods for effective use of available health services.

The emphasis of this Act is on effective planning, including implementation, for medical care. It is expected, therefore, "that this is where the bulk of the agencies' efforts will go." However, "where it can be shown that planned change" in the area of personal health education and environmental concerns "is necessary to improve the health of the people," HSAs have the "authority" to plan in these areas. (See House Committee Report - page 34).

National Health Guidelines: The priorities established by the Act "reflect specific concerns to be addressed in the development of a national health system....They are to give direction to the development of national health goals...and to provide some Federal direction for the planning efforts of the State health planning and development agencies and health systems agencies." (See House Committee Report pages 50-51).

"It is intended that areawide and State health planning bodies formulate plans...within the framework of national health guidelines....It is intended that those guidelines serve as criteria against which the Secretary may determine the acceptability or unacceptability of individual areawide and State health plans."

(See Senate Committee Report - page 42-43).

HSA Priorities versus National Priorities: It is expected that the large majority of activities supported by Development Funds would relate to national priorities. It is recognized, however, "that in any given State or area" national priorities "may not coincide with the priority needs of the community. In such a case it is anticipated that the State or areawide agency would show that national priorities do not apply to its community, presumably by showing that the subjects with which they are concerned are already well taken care of in the community. After such a showing, the agency would then devote its resources to the community's own priorities." (See House Committee Report pages 50-51).

Although national guidelines are to serve as criteria against which the Secretary may determine the acceptability or unacceptability of areawide and State health plans, the Secretary "is expected to take overall regional factors, not necessarily defined by State boundaries, into consideration in determining

whether or not an areawide or State health plan meets the criteria put forth" by the legislation. (See Senate Committee Report - page 43).

National guidelines respecting the appropriate supply, distribution, and organization of health resources and services "are intended to provide a general framework for the more detailed planning efforts of the Federal government and the State and areawide health planning agencies." Further, "it is not intended that they be rigidly applied in any situation." It is hoped that when a health systems agency plans to develop a program such as emergency medical services, the HSA may be able to rely upon national guidelines for the general specification of the nature of such a system. (See House Committee Report-page 49)

In developing goals, objectives and priorities among objectives, HSAs are "to be informed and guided by the priorities specified in the legislation and the efforts of the National Council for Health Policy." It is intended, however, that this development process "is to reflect primarily the needs of the health service area itself." (See House Committee Report-page 60).

Financial Assistance for Implementation of Plans: This subject involves three issues, dollar limit, time limit, and eligibility requirements.

Dollar Limit: The conference report specifies that there be no limit on the dollar amount of assistance on a grant or contract. "The conferees noted their expectation, however that those instances in which a grant or contract awarded under this provision would exceed \$100,000 would be relatively rare."

Time Limit: The legislation "requires that there be a two-year limit on the period of assistance," The conferees stated, "However, it is hoped that those programs which, in the judgment of the local health systems agency, merit continued support, and conform to the goals of the health systems plan, will be given appropriate priority."

Eligibility Requirements: The requirements are detailed in the Act--"Sec. 1640. (a) The Secretary shall make in each fiscal year a grant to each health system agency--

- "(1) with which there is in effect a designation agreement under section 1515(c),
- "(2) which has in effect an HSP and AIP reviewed by the Statewide Health Coordinating Council, and,
- "(3) which as determined under the review made under 1535(c), is organized and operated in the manner prescribed by section 1512(b) and is performing its functions under 1513 in a manner satisfactory to the Secretary, . . ."

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EXTERNAL ISSUES

External Issue Number 1: How should the term "health services" be defined? (Section 1513(c)(3)).

Section 1513 states that no development funds may be used to "pay the cost incurred by an entity or individual in the delivery of health services (as defined in regulations of the Secretary)."

External Issue Number 2: What types of assistance might an HSA have to seek from outside its health service area to implement its HSP and AIP?

Section 1513(c)(3)(1) states that, "The agency shall seek to the extent practicable, to implement its HSP and AIP with the assistance of individuals and public and private entities in its health service area." (Emphasis supplied).

External Issue Number 3: How should development or implementation activities be defined, e.g., what types of activities (assistance) should be considered as "efforts in planning and developing programs" and thereby supported by 1640 development funds, as opposed to those activities considered as "routine staffing or planning activities" of HSAs and thereby supported by 1517 planning funds?

Section 1513(c)(2) states that an HSA may provide technical assistance to entities for the development of projects,

including assistance in meeting its requirements under Section 1532 (b). Section 1532(b) concerns "Procedures and Criteria for Reviews of Proposed Health Systems Changes." Specifically, it includes eleven requirements which involve the review process.

Section 1513(c) (3) states that grants and contracts from development funds may be used to assist entities in planning and developing projects.

External Issue Number 4: Should Area Health Services Development Funds grants be made to HSAs on the basis of the general objectives and priorities of their SHCC approved AIPs, on an aggregation of specific contract and grant proposals, or a combination of both?
(Section 1640)

Section 1640 (a) states that development funds are to enable an HSA "to establish and maintain an Area Health Development Fund from which it may make grants and enter into contracts" which could imply that an award would be for broad program purposes.

Section 1513(b) (4) requires that an HSA "develop and publish specific plans and projects for achieving the objectives established in the AIP" which implies that an award would be based on the total amount for specific activities.

External Issue Number 5: In terms of schedules and procedures, how should the submission of applications for Area Health Services Development Funds grants relate to the submission of HSPs, AIPs, and State plans? (Section 1640)

Section 1640(c) requires the submission of an application for development funds. Section 1513(b)(4) requires that an HSA "develop and publish specific plans and projects for achieving the objectives established in the AIP." AIPs are to describe the "objectives which will achieve the goals" of HSPs and priorities among the objectives. The State plans are to be made up of the HSPs of the HSAs.

External Issue Number 6: What types of technical assistance should be provided to assist HSAs in becoming eligible for development funds? (Section 1533).

The level of initial funding for HSAs will be a critical factor. The degree to which an HSA is able to obtain the necessary resources including manpower, is bound to affect an HSAs ability to become eligible for development funds. Further, even HSAs with adequate resources may require specialized assistance. It is unreasonable to assume that any given HSA will be without some organizational problem.

External Issue Number 7: What methods can be used to support statewide development activities, i.e. establishment of service networks, coordination of services, resources sharing, etc?

The Act contains no specific provisions for supporting the management of activities whose statewide management is desirable.

External Issue Number 8: How should the term "development" be defined? (Section 1640)

The manner in which the term "development" is defined could reflect on the composition of the HSA and State agency staffs as well as the types of efforts that might be undertaken.

External Issue Number 9: How should the terms "project" and "program" be defined? (Section 1513(c)(3)(B)).

RMP experience indicates that these terms are frequently considered synonymous. The manner in which they are defined could influence the types of efforts that might be undertaken, the degree of funding, and the period of support.