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Mr Gardell

Brief Summary of H.R. 16204, the National
Health Policy, Planning and Resources Development
Act of 1974

The proposed legislation has two principal parts. The first, a new title XIV in the Public Health Service Act, revises existing health planning programs, all of which expired June 30, 1974. The second, a new title XV in the PHS Act, revises existing programs for the development of health resources, which also expired June 30, 1974. Part A of the new title XIV would establish a National Council for Health Policy. Part B of such title would create a system of Health Systems Agencies (HSA's) responsible for areawide health planning and development throughout the country. Part C of such title would assist state governments in the development and funding of State Health Planning and Development Agencies. Part D of such title contains general provisions applicable to the above programs. Parts A, B, C, and D of the new title XV would revise the existing medical facilities construction programs (Hill-Burton) and relate their activities more closely than is presently the case to the planning programs created by new title XIV. Part E of the new title XV would provide funds to the HSA's for their use in development of health resources which will implement their plans. The legislation also contains Congressional findings, a variety of miscellaneous and transitional provisions, and sections dealing with advisory committees in HEW and reports to Congress required under health programs in this committee's jurisdiction.

The new programs created by the proposed legislation would commence during the present fiscal year and would overlap with the authorities for the existing programs; CHP, RMP, and Hill-Burton. The Secretary of HEW would be responsible for assisting the existing programs during their combination and transition into the new programs, except in those parts of the country where existing programs have not been funded or could not qualify under the requirements of the proposed law. Attached to this summary are a table of contents for the bill and tables of authorizations for both the proposed new programs and the existing ones for purposes of comparison.

The National Council for Health Policy would be established in HEW on a permanent basis with 15 members appointed by the Secretary to staggered six-year terms (sec. 1401). It would be responsible for developing and recommending a national health policy including quantifiable statements of national health goals (sec. 1402) based upon national health priorities specified in the legislation (sec. 1403). It would also:

- recommend guidelines for the supply, distribution and organization of health resources and services;
- conduct studies and analyses concerning the national health policy and health goals;
- assess the status of the health of the American people;
- evaluate the implications of advances in medical research; and
- analyze factors causing inflation in the cost of health services (sec. 1402).

The Council would be required to consult with planning agencies and others in the performance of its responsibilities and to submit annual reports on the results of its work.

In creating a system of Health Systems Agencies, the governors of the states would first be asked to designate throughout the country health service areas for planning and development purposes (sec. 1411). The Secretary would revise such designations only where they are inconsistent with requirements specified in the legislation and would be responsible for publishing them in the Federal Register. In each health service area, the Secretary would then, with the approval of the governor of the appropriate state, designate a private non-profit corporation as the HSA responsible for health planning in that area (sec. 1415). The legislation specifies minimum criteria for the legal structure, staff, governing body, and functioning of the HSA's (sec. 1412). They would be generally responsible for preparing and implementing plans designed to improve the health of the residents of their health service area and to increase the accessibility, acceptability, continuity, and quality of health services in the area (sec. 1413). In performing these responsibilities, the HSA's would be required to:

- gather suitable data;
- prepare health systems plans and annual implementation plans;

- provide either technical or limited financial assistance to people seeking to implement the provisions of the plans;
- coordinate activities with PSRO's, and other appropriate planning and regulatory entities;
- review and approve or disapprove proposed federal project grants for health programs within the area;
- assist states in the performance of capital expenditure reviews under the Social Security Act;
- assist states in reviewing as to need both new and existing health services offered in the area; and
- annually recommend to states medical facilities construction projects for the area (sec. 1413).

Procedures and criteria for use by HSA's and the states in their performing of reviews required by the legislation are specified in the bill (sec. 1432).

The Secretary would also designate an agency of state government chosen by the governor in each state as its State Health Planning and Development Agency (sec. 1421). In order to be designated the State Agency would have to prepare and submit to the Secretary an approvable administrative program for carrying out its functions (sec. 1422). It would also be required to be advised by a Statewide Health Coordinating Council (SHCC) whose composition and responsibilities are specified in the proposed legislation including requirements that the SHCC:

- have two-thirds of its members appointed by the state's HSA's and a majority of consumers;
- prepare and revise as necessary an annual state health plan made up of the health systems plans of the state's HSA's;
- review the budgets and applications for assistance of HSA's for the Secretary;
- advise the State Agency of the state on the performance of its functions; and
- review and approve or disapprove state plans for formula grants to the state for health programs in this committee's jurisdiction (sec. 1424).

The required functions of the State Agency are specified and include:

- conducting the state's health planning activities;
- assisting the SHCC in its responsibilities;
- serving either as the designated agency under section 1122 of the Social Security Act or administering a state certificate-of-need program of comparable scope;
- reviewing both new and existing institutional health services and making findings as to the need for them; and
- preparing and administering the state medical facilities plan required by the new title XV (sec. 1423).

The legislation contains other provisions intended to:

- require that states prohibit health insurers from paying for and health facilities from collecting for capital depreciation costs associated with delivering services in unneeded health facilities constructed after designation of planning agencies in each state (sec. 1421(d));
- assure that HEW provides ample technical assistance to health planning agencies, (sec. 1433) and require the funding of at least five centers for the study and development of health planning (sec. 1434);
- require detailed reviews by the Secretary of the performance of HSA's and State Agencies at least every three years, and condition the availability of development funds for the agencies upon their successful completion of such reviews (sec. 1435); and
- modernize the legislative authority for medical facilities construction (Hill-Burton);
- limit assistance under it to projects for modernization of medical facilities, construction of new outpatient medical facilities, construction of new inpatient facilities only in areas of recent rapid population growth and conversion of existing facilities to new uses (sec. 1501); and
- assure that assistance under Hill-Burton is used in a manner consistent with health plans.

ANNUAL BUDGET OF APPROPRIATIONS IN TITLE VI OF THE FEDERAL DEVELOPMENT AND RESOURCES DEVELOPMENT ACT OF 1974
 Planning, and Resources Development Act of 1974
 (In millions of dollars)

| | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>Totals</u> |
|--|-------------|-------------|-------------|---------------|
| Health Systems Agency Planning Grants | 60 | 90 | 125 | 275 |
| Section 1416 | | | | |
| State Health Planning and Development | | | | |
| Agencies Planning Grants, Section 1425 | 25 | 35 | 50 | 110 |
| Centers for Health Planning, Section 1434 | 5 | 8 | 10 | 23 |
| State Medical Facilities Development | | | | |
| Section 1513 | 125 | 150 | 175 | 450 |
| Medical Facilities Loan Fund, Section 1520 | (14) | (13) | (13)* | 40 |
| Area Health Services Development Fund | | | | |
| Section 1540 | <u>25</u> | <u>100</u> | <u>150</u> | <u>275</u> |
| <u>Totals:</u> | 254 | 396 | 523 | 1,173 |

*\$40 million in the aggregate for three years for capitalization of a loan fund. Divided among the three years for purposes of the totals.

The new health planning programs authorized by H.R. 16204 represent a combination of three existing programs, comprehensive health planning, Hill-Burton, and the regional medical program. For purposes of comparison with the above figures the following table shows comparable authorizations and appropriations for these programs, each of which would be phased out after enactment of H.R. 16204 for fiscal years 1973 and 1974.

Comparable Authorizations and Appropriations for Existing Programs
 (In millions of dollars)

| | <u>1973</u> | <u>1973</u> | <u>1974</u> | <u>1974</u> |
|--|-------------|--------------|--------------|-------------|
| State Health Planning, sec. 314(a) | 20.0 | 10.0 | 10.0 | 10.0 |
| Area-wide Health Planning, sec. 314(b) | 40.0 | 25.1 | 25.1 | 23.8 |
| Medical Facilities Construction, | | | | |
| Hill-Burton, Title VI | 437.5 | 197.2 | 197.2 | 197.2 |
| Region 1 Medical Programs, Title IX | <u>1.0</u> | <u>159.0</u> | <u>159.0</u> | <u>83.1</u> |
| <u>Totals:</u> | 747.5 | 391.3 | 391.3 | 314.1 |

Page

TABLE OF CONTENTS

| | |
|---|---|
| 1 | Sec. 1. Short title; table of contents. |
| 3 | Sec. 2. Findings. |
| 5 | Sec. 3. Revision of health planning programs under the Public Health Service Act. |
| | |
| "TITLE XIV—NATIONAL HEALTH POLICY AND HEALTH PLANNING" | |
| "PART A—NATIONAL COUNCIL FOR HEALTH POLICY" | |
| 5 | "Sec. 1401. Establishment of National Council for Health Policy. |
| 8 | "Sec. 1402. Functions of National Council for Health Policy. |
| 9 | "Sec. 1403. National health priorities. |
| | |
| "PART B—HEALTH SYSTEMS AGENCIES" | |
| 11 | "Sec. 1411. Health service areas. |
| 17 | "Sec. 1412. Health systems agencies. |
| 23 | "Sec. 1413. Functions of health systems agencies. |
| 31 | "Sec. 1414. Assistance to entities desiring to be designated as health systems agencies. |
| 31 | "Sec. 1415. Designation of health systems agencies. |
| 36 | "Sec. 1416. Planning grants. |
| | |
| "PART C—STATE HEALTH PLANNING AND DEVELOPMENT" | |
| 39 | "Sec. 1421. Designation of State health planning and development agencies. |
| 45 | "Sec. 1422. State administrative program. |
| 50 | "Sec. 1423. State health planning and development functions. |
| 53 | "Sec. 1424. Statewide Health Coordinating Council. |
| 56 | "Sec. 1425. Grants for State health planning and development. |
| | |
| "PART D—GENERAL PROVISIONS" | |
| 57 | "Sec. 1431. Definitions. |
| 58 | "Sec. 1432. Procedures and criteria for reviews of proposed health system changes. |
| 63 | "Sec. 1433. Technical assistance for health systems agencies and State health planning and development agencies. |
| 65 | "Sec. 1434. Centers for health planning. |
| 67 | "Sec. 1435. Review by the Secretary. |
| 70 | "Sec. 1436. Special provisions for the Virgin Islands, Guam, the Trust Territory of the Pacific Islands, and American Samoa." |
| 71 | Sec. 4. Revision of health resources development programs under the Public Health Service Act. |
| | |
| "TITLE XV—HEALTH RESOURCES DEVELOPMENT" | |
| "PART A—PURPOSE, STATE PLAN, AND PROJECT APPROVAL" | |
| 71 | "Sec. 1501. Purpose. |
| 72 | "Sec. 1502. General regulations. |
| 74 | "Sec. 1503. State medical facilities plan. |
| 77 | "Sec. 1504. Approval of projects. |

"PART B—ALLOTMENTS

- 81 "Sec. 1510. Allotments.
83 "Sec. 1511. Payments from allotments.
84 "Sec. 1512. Withholding of payments from allotments.
86 "Sec. 1513. Authorization of appropriations.

"PART C—LOANS AND LOAN GUARANTEES

- 86 "Sec. 1520. Authority for loans and loan guarantees.
87 "Sec. 1521. Allocation among States.
88 "Sec. 1522. General provisions relating to loan guarantees and loans.

"PART D—GENERAL PROVISIONS

- 96 "Sec. 1530. Judicial review.
97 "Sec. 1531. Recovery.
98 "Sec. 1532. Federal Hospital Council.
100 "Sec. 1533. State control of operations.
100 "Sec. 1534. Definitions.
105 "Sec. 1535. Financial statements.

"PART E—AREA HEALTH SERVICES DEVELOPMENT FUNDS

- 106 "Sec. 1540. Area health services development funds."
107 Sec. 5. Miscellaneous and transitional provisions.
110 Sec. 6. Advisory committees.
110 Sec. 7. Agency reports.