

(17) The term "per-specialty annual number of positions" has the meaning given such term in section 7012(d).

(18) The term "Plan" has the meaning given such term in section 7001(a)(3).

(19) The term "primary health care" has the meaning given such term in section 7012(d).

(20) The term "qualifying physician training consortium" has the meaning given such term in section 7031(b).

(21) The term "specialty position" has the meaning given such term in section 7012(d).

(22) The term "teaching hospital" has the meaning given such term in section 7021(b).

(23) The term "training participant" has the meaning given such term in section 7012(d).

(24) The term "underserved" has the meaning given such term in section 7013(a)(3).

Subtitle B—Certain Direct Spending Programs of Public Health Service

PART 1—BIOMEDICAL RESEARCH

SEC. 7101. ADDITIONAL FUNDING.

(a) ADMINISTRATOR OF ADDITIONAL FUNDS.—Section 402(a) of the Public Health Service Act (42 U.S.C. 282(a)) is amended by striking the first sentence and inserting the following: "There shall be within the Department of Health and Human Services an Assistant Secretary for Scientific Affairs, who shall be appointed by the President by and with the advice and consent of the Senate. Such Assistant Secretary shall serve as the head of the National Institutes of Health, in a position to be known as the Director of the National Institutes of Health (in this title referred to as the Director of NIH)."

(b) EXPENDITURE OF FUNDS.—Title II of the Public Health Service Act (42 U.S.C. 202 et seq.) is amended by adding at the end the following part:

"PART C—HEALTH RESEARCH PROGRAM OF ASSISTANT SECRETARY FOR SCIENTIFIC AFFAIRS

"HEALTH RESEARCH PROGRAM

"SEC. 261. (a) IN GENERAL.—With respect to the amounts appropriated in subsection (b), the Secretary, acting through the Assistant Secretary for Scientific Affairs and in consultation with the interagency advisory board established under subsection (d), shall in accordance with subsection (c) carry out a program for the expenditure of such amounts.

"(b) DIRECT SPENDING.—For carrying out the program under subsection (c), there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following amounts (as applicable to the fiscal year involved):

"(1) For fiscal year 1996, \$325,000,000.

"(2) For fiscal year 1997, \$500,000,000.

"(3) For fiscal year 1998, \$550,000,000.

"(4) For fiscal year 1999, \$575,000,000.

"(5) For fiscal year 2000, \$600,000,000.

"(6) For fiscal year 2001, \$650,000,000.

"(7) For fiscal year 2002, \$675,000,000.

"(8) For fiscal year 2003, \$725,000,000.

"(9) For fiscal year 2004, \$775,000,000.

"(10) For fiscal year 2005, the amount specified in paragraph (9) multiplied by an amount equal to the product of—

"(A) 1 plus the national medicare growth factor (as defined in section 8201(c) of the Guaranteed Health Insurance Act of 1994); and

"(B) 1 plus the annual percentage increase projected by the Assistant Secretary to occur during such year in the population of the States.

"(11) For fiscal year 2006 and each subsequent fiscal year, the amount determined under this subsection for the preceding fiscal year multiplied by an amount equal to the product of subparagraphs (A) and (B) of paragraph (10) (as such subparagraphs are applied for the fiscal year involved).

"(c) PROGRAM FOR MAKING EXPENDITURES.—The Assistant Secretary may expend the amounts appropriated in subsection (b) for biomedical and behavioral research and demonstration projects authorized in this Act, and for health services research and demonstration projects authorized in this Act. In conducting and supporting such projects under the preceding sentence, the Assistant Secretary shall provide for projects to develop and evaluate effective methods for the delivery of health services in rural areas.

"(d) INTERAGENCY ADVISORY BOARD.—

"(1) IN GENERAL.—There is established an advisory board to be known as the Interagency Advisory Board on Scientific Affairs (in this subsection referred to the 'Board'), consisting of the following officials.

"(A) The Director of the Centers for Disease Control and Prevention.

"(B) The Commissioner of Food and Drugs.

"(C) The Administrator for Health Care Policy and Research.

"(D) The Administrator of the Health Resources and Services Administration.

"(E) The Director of the Indian Health Service.

"(2) DUTIES.—The Board shall provide advice to the Assistant Secretary on carrying out the program under subsection (c). Such advice shall include advice on priorities in the expenditure of the amounts appropriated in subsection (b), a description of which priorities shall be made available to the public. Such priorities shall include priorities for —

"(A) basic research and applied research;

"(B) research on significant public health problems; and

"(C) research on the development and application of cost-effective and improved medical technologies.

"(e) DEFINITIONS.—For purposes of this section, the term 'Assistant Secretary' means the Assistant Secretary for Scientific Affairs (appointed under section 402(a)(1))."

PART 2—CORE FUNCTIONS OF PUBLIC HEALTH PROGRAMS

SEC. 7111. TABLE OF CONTENTS REGARDING REVISED PROVISIONS OF TITLE XIX OF PUBLIC HEALTH SERVICE ACT.

A table describing the contents of part A of title XIX of the Public Health Service Act, as added by section 7112 of this Act, is as follows:

PART A—PUBLIC HEALTH PROGRAMS

SUBPART I—BLOCK GRANTS FOR CORE FUNCTIONS OF PUBLIC HEALTH PROGRAMS

Sec. 1901. Formula grants to States.

Sec. 1902. Purposes of grant.

Sec. 1903. State contributions toward purposes.

Sec. 1904. Submission of information.

Sec. 1905. Reports.

Sec. 1906. Application for grant.

Sec. 1907. Amount of allotment.

SUBPART II—NATIONAL PUBLIC HEALTH EMERGENCY FUND

Sec. 1910. National emergency fund.

SEC. 7112. CAPPED ENTITLEMENT REGARDING FORMULA GRANTS TO STATES.

Title XIX of the Public Health Service Act (42 U.S.C. 300w et seq.) is amended by striking part A and inserting the following:

"PART A—PUBLIC HEALTH PROGRAMS

"Subpart I—Block Grants for Core Functions of Public Health Programs

"SEC. 1901. FORMULA GRANTS TO STATES.

"(a) FORMULA GRANTS.—In the case of each State that submits to the Secretary an application in accordance with section 1906 for a fiscal year (in this part referred to as an eligible State for the year), the Secretary shall make a grant to the State for the year for the purposes specified in section 1902. The grant shall consist of the allotment made for the State under section 1907. For the purpose of carrying out this part for fiscal year 1995, there are authorized to be appropriated such sums as may be necessary.

"(b) DIRECT SPENDING.—For the purpose of carrying out this part, there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following amounts (as applicable to the fiscal year involved), effective October 1 of the fiscal year involved:

"(1) For each of the fiscal years 1996 through 2004, an amount equal to the amount appropriated for fiscal year 1994 for carrying out this part (as in effect for such year), plus the following additional amount, as applicable to the fiscal year involved:

"(A) For fiscal year 1996, \$325,000,000.

"(B) For fiscal year 1997, \$500,000,000.

"(C) For fiscal year 1998, \$550,000,000.

"(D) For fiscal year 1999, \$575,000,000.

"(E) For fiscal year 2000, \$600,000,000.

"(F) For fiscal year 2001, \$650,000,000.

"(G) For fiscal year 2002, \$675,000,000.

"(H) For fiscal year 2003, \$725,000,000.

"(I) For fiscal year 2004, \$775,000,000.

"(2) For fiscal year 2005, the aggregate amount specified in paragraph (1) for fiscal year 2004 multiplied by an amount equal to the product of—

"(A) 1 plus the national medicare growth factor (as defined in section 8201(c) of the Guaranteed Health Insurance Act of 1994); and

"(B) 1 plus the annual percentage increase projected by the Secretary to occur during such year in the populations of the States.

"(3) For fiscal year 2006 and each subsequent fiscal year, the amount determined under this subsection for the preceding fiscal year multiplied by an amount equal to the product of subparagraphs (A) and (B) of paragraph (2) (as such subparagraphs are applied for the fiscal year involved).

"(c) ENTITLEMENT STATUS OF GRANTS.—

"(1) CAPPED ENTITLEMENT.—Effective on and after October 1, 1995, in the case of an eligible State, the requirement established in subsection (a) for the Secretary (relating to making a grant)—

"(A) is an entitlement in the State on behalf of the population of the State (but is not an entitlement in any member of the population or in any other entity); and

"(B) represents the obligation of the Federal Government, subject to subsection (c)—

"(i) to make grants under subsection (a) from the amounts appropriated in subsection (b); and

"(ii) to apply the formula under section 1907 (as in effect for the fiscal year involved) to such amounts for

the year in order to determine the amount of the grant for the State for the year.

"(2) NATURE OF ENTITLEMENT.—With respect to the purposes for which a grant under subsection (a) is authorized to be expended, modifications in such purposes enacted after the date of the enactment of the Guaranteed Health Insurance Act of 1994 do not affect the amount of budget authority provided in subsection (b) for any fiscal year.

"(c) ALLOCATIONS FOR NATIONAL PUBLIC HEALTH EMERGENCY FUND.—Of the amounts appropriated in subsection (b) for a fiscal year, 10 percent is hereby transferred to the account established in section 1910, effective October 1 of the year.

"(d) ADMINISTRATOR OF PROGRAMS.—The Secretary shall carry out this part acting through the Director of the Centers for Disease Control and Prevention.

"SEC. 1902. PURPOSES OF GRANT.

"(a) IN GENERAL.—A funding agreement for a grant under section 1901 is that the State involved will expend the grant only for carrying out the following activities:

"(1) To monitor and protect the health of communities against communicable diseases and exposure to toxic environmental pollutants and occupational hazards.

"(2) To identify and control outbreaks of infectious disease and patterns of chronic disease and injury.

"(3) To inform and educate health care consumers and providers about their roles in preventing and controlling disease and the appropriate use of medical services.

"(4) To collect, analyze, and disseminate data regarding the activities carried out under paragraphs (1) through (3).

"(5) To develop and test new prevention and public health control interventions.

"(6) To provide for health laboratory services.

"(b) PROGRESS IN IMPROVING PUBLIC HEALTH STATUS.—For fiscal year 1998 and each subsequent fiscal year, if the Secretary determines that, relative to October 1, 1994, a State has not made reasonable progress in improving the public health status of the State (as determined under the Healthy People 2000 Objectives, as defined in section 1904(b)), the Secretary shall designate the particular activities under this section to be carried out by the State with the grant under section 1901. For any such fiscal year for which the Secretary makes such a determination, a funding agreement for a grant under section 1901 for the fiscal year is that the State will expend the grant in accordance with the designations made by the Secretary under the preceding sentence.

"SEC. 1903. STATE CONTRIBUTIONS TOWARD PURPOSES.

"(a) MATCHING FUNDS.—

"(1) IN GENERAL.—With respect to the costs of carrying out the purposes specified in section 1902, a funding agreement for a grant under section 1901 is that the State involved will make available (directly or through donations from public or private entities) non-Federal contributions in cash toward such costs in an amount that is not less than \$1 for each \$2 of Federal funds provided in the grant.

"(2) DETERMINATION OF AMOUNT CONTRIBUTED; RELATIONSHIP TO MAINTENANCE OF EFFORT.—In making a determination of the amount of non-Federal contributions provided by a State under paragraph (1), the Secretary may only include non-Federal contributions in excess of amounts expended by the State in compliance with subsection (b).

"(b) MAINTENANCE OF EFFORT.—

"(1) IN GENERAL.—With respect to the costs of carrying out the purposes specified in section 1902, a funding agreement for a grant under section 1901 is that the State involved will maintain expenditures of non-Federal amounts for such purposes at a level that is not less than the level of such expendi-

tures maintained by the State for the 2-year period preceding October 1, 1994.

"(2) WAIVER.—The Secretary may, upon the request of a State, waive the requirement established in paragraph (1) for a fiscal year if the Secretary determines that extraordinary economic conditions in the State justify the waiver. If the Secretary provides a waiver under the preceding sentence for a State for a fiscal year, the Secretary may make a grant under section 1901 to the State for the following fiscal year only if the Secretary reviews the circumstances involved to determine whether the waiver should remain in effect.

"(3) NONCOMPLIANCE BY STATE.—

"(A) In making a grant under section 1901 to a State for a fiscal year, the Secretary shall make a determination of whether, for the previous fiscal year, the State maintained material compliance with the agreement under paragraph (1). If the Secretary determines that a State has failed to maintain such compliance, the Secretary shall reduce the amount of the allotment under section 1907 for the State for the fiscal year for which the grant is being made by an amount equal to the amount constituting such failure for the previous fiscal year.

"(B) The Secretary may make a grant under section 1901 for a fiscal year only if the State involved submits to the Secretary information sufficient for the Secretary to make the determination required in subparagraph (A).

"SEC. 1904. SUBMISSION OF INFORMATION.

"(a) IN GENERAL.—The Secretary may make a grant under section 1901 only if the State involved submits to the Secretary the following information (expressed in relation to standards, objectives, and goals of the Healthy People 2000 Objectives, as defined in subsection (b)):

"(1) A description of existing deficiencies in the public health system of the State (at the State level and the local level).

"(2) A description of public health status measures to be improved within the State (at the State level and the local level) through expanding the extent to which activities authorized in section 1902 are carried out.

"(3) Information regarding each such activity, which—

"(A) identifies the amount of State and local funding expended on each such activity for the fiscal year preceding the fiscal year for which the grant is sought; and

"(B) provides a detailed description of how additional Federal funding will improve each such activity by both the State and local public health agencies.

"(4) A description of such activities to be carried out at the local level, and a specification for each such activity of—

"(A) the communities in which the activity will be carried out; and

"(B) the amount of the grant to be expended for the activity in each community so specified.

"(b) HEALTHY PEOPLE 2000 OBJECTIVES.—For purposes of this part, the term 'Healthy People 2000 Objectives' means—

"(1) in the case of the fiscal years 1996 through 2000, the objectives established by the Secretary toward the goals of increasing the span of healthy life, reducing health disparities among various populations, and providing access to preventive services, which objectives apply to the health status of the population of the United States for the year 2000; and

"(2) in the case of fiscal year 2001 and subsequent fiscal years, any successor goals and objectives established by the Secretary regarding the health status of such population for a year.

"SEC. 1905. REPORTS.

"A funding agreement for a grant under section 1901 is that the States involved will, not later than the date specified by the Secretary, submit to the Secretary a report, for the fiscal year for which the grant was provided, describing—

- "(1) the purposes for which the grant was expended; and
- "(2) the extent of progress made by the State in achieving the public health status measures identified under section 1904(a)(2).

"SEC. 1906. APPLICATION FOR GRANT.

"For purposes of section 1901, an application for a grant under such section for a fiscal year is in accordance with this section if—

- "(1) the State involved submits the application not later than the date specified by the Secretary;
- "(2) the application contains each funding agreement that is described in this subpart;
- "(3) the application contains an agreement by the State that each provision of subpart III of part B applies to the grant to the same extent and in the same manner as such subpart applies to grants under subpart I or II of part B;
- "(4) the agreements are made through certification from the chief executive officer of the State; and
- "(5) the application is otherwise in such form, is made in such manner, and contains such agreements as the Secretary determines to be necessary to carry out this subpart.

"SEC. 1907. AMOUNT OF ALLOTMENT.

"For purposes of section 1901, the allotment for a State for a fiscal year is the sum of paragraphs (1) through (3) as follows:

"(1) An amount equal to the product of—

"(A) an amount equal to $\frac{1}{3}$ of the portion of the amount appropriated in subsection (b) of section 1901 for the fiscal year that remains after the transfer under subsection (c) of such section for the year (except that, for fiscal year 1995, the amount under this subparagraph is $\frac{1}{3}$ of the amounts that are appropriated under subsection (a) of such section and available for allotment under this section); and

"(B) the percentage constituted by the ratio of—

"(i) a number determined by the Secretary on the basis of population of the State; to

"(ii) the sum of the respective amounts determined under clause (i) for eligible States for the fiscal year.

"(2) An amount equal to the product of—

"(A) an amount equal to $\frac{1}{3}$ of the portion referred to in paragraph (1)(A) (except that, for fiscal year 1995, the amount under this subparagraph is $\frac{1}{3}$ of the amount specified in paragraph (1)(A) with respect to such fiscal year); and

"(B) the percentage constituted by the ratio of—

"(i) a number determined by the Secretary on the basis of the extent of poverty in the State; to

"(ii) the sum of the respective amounts determined under clause (i) for eligible States for the fiscal year.

"(3) An amount equal to the product of—

"(A) an amount equal to $\frac{1}{3}$ of the portion referred to in paragraph (1)(A) (except that, for fiscal year 1995, the amount under this subparagraph is $\frac{1}{3}$ of the amount specified in paragraph (1)(A) with respect to such fiscal year); and

"(B) the percentage constituted by the ratio of—

"(i) a number determined by the Secretary on the basis of the years of potential life lost by individuals in the State; to

"(ii) the sum of the respective amounts determined under clause (i) for eligible States for the fiscal year.

"(A) The developmental costs of expanding the capacity of the center to provide required and additional services (including the provision of additional services not previously provided by the center; the provision of services to an increased number of individuals; and the provision of services through school-based clinics, mobile clinics, satellite clinics, and other offsite locations).

"(B) Capital costs, subject to section 2724. Such costs include the purchase of equipment; the acquisition, expansion, or modernization of existing facilities; and the construction of new facilities.

"(C) The costs of carrying out activities in areas beyond the service area of the center for the purpose of improving or maintaining the health of individuals within the service area.

"(D) The costs of planning and developing a health plan in accordance with section 2725(a).

"(E) The costs of planning and developing a network of health care providers in accordance with section 2725(b) (relating to community providers).

"(F) Such other costs as the Secretary may allow with respect to the provision of required services and additional services.

"(c) CRITERIA FOR DETERMINING AUTHORIZED EXPENDITURES.—

"(1) IN GENERAL.—With respect to an expenditure by a federally qualified health center, the Secretary shall establish criteria for determining—

"(A) whether the expenditure is for a cost for which a grant under section 2701 may be expended; and

"(B) whether any limitation applies to the expenditure with respect to being considered as such a cost.

"(2) CERTAIN REQUIREMENTS.—Criteria under paragraph (1) regarding the expenditure of a grant under section 2701 shall provide for the reasonable and efficient administration of federally qualified health centers, and shall appropriately reflect the costs of operating such centers under the following circumstances (as applicable to the center involved):

"(A) With respect to recruiting and retaining individuals as professional staff for the center (including health professionals), difficulties arising from substantial disparities between the rate of compensation provided by a center for a professional and the rate of compensation for such a professional prevailing in the geographic area involved.

"(B) With respect to a center located in a rural area, the increased costs that the center incurs, relative to other centers, as a result of serving fewer patients or as a result of difficulties in recruiting or retaining professional staff.

"(C) With respect to the population of patients served by a center, the increased costs that the center incurs, relative to other centers, as a result of the population having a higher incidence or prevalence of a health condition, or a greater number of severe or chronic health conditions.

"(D) With respect to a center at which a health professions training program is carried out, the increased costs that the center incurs, relative to other centers, as a result of the training program.

"(3) RELATIONSHIP TO FORMER CRITERIA.—

"(A) In establishing criteria under paragraph (1), the Secretary shall, subject to subparagraph (B), ensure that the expenditures that are authorized for grants under section 2701 include all expenditures that were authorized for fiscal year 1994 for purposes of part 413 of title 42, Code of Federal Regulations (42 CFR 413 et seq.; relating to payments under title XVIII of the Social Security Act), except to the extent that such part 413 relates to services

that are not required services or additional services for purposes of this subtitle.

"(B) With respect to the relationship between criteria under paragraph (1) and criteria under part 413 of title 42, Code of Federal Regulations, subparagraph (A) does not for purposes of this subsection establish any limitation regarding the maximum amount of expenditures. Such limitations described in the Federal Register in volume 57 at any of pages 24961 through 24974 (June 12, 1992; file code BPD-728-FC) (relating to a final rule under Public Law 101-508) do not apply to criteria under paragraph (1), and otherwise shall not have any legal effect.

"(d) PLAN REGARDING EXPENDITURE OF GRANT.—For purposes of subsection (a), the following applies to the plan of a center for a fiscal year:

"(1) The proposed plan submitted by the center is in accordance with this subsection if the proposal describes the purposes for which the center intends to expend the grant under section 2701, including the following:

"(A) The activities to be carried out in providing the required services and the amounts to be expended for the activities.

"(B) The requests of the center regarding additional services, and the activities to be carried out in providing the services and the amounts to be expended for the activities.

"(2) If the center meets the conditions established in this subtitle regarding status as a federally qualified health center, the Secretary shall negotiate with the center to approve a plan for the fiscal year for the expenditure by the center of a grant under section 2701 for the costs described in subsection (b).

"(3) The Secretary shall ensure that the plan negotiated and approved under paragraph (2) for the fiscal year includes a specification of each of the following:

"(A) The total amount of costs that are projected to be incurred by the center for the fiscal year in carrying out the plan.

"(B) The total amount, exclusive of the grant under section 2701, that is projected to be received by the center for the fiscal year as payments for the provision of the required services and the additional services of the center.

"(4) In negotiating a plan under paragraph (2), the Secretary shall provide to the center written findings explaining the basis of the decisions of the Secretary, including decisions regarding the following:

"(A) Types of expenditures.

"(B) Limitations on expenditures.

"(C) Any denial by the Secretary of a request by the center regarding the provision of a service. The written findings regarding such a denial shall include an explanation of whether the service is needed by the individuals served by the center.

"(5) With the consent of a federally qualified health center, the Secretary may modify the plan in effect under this subsection for the center for the fiscal year involved. If a center submits to the Secretary a written request for a modification to the plan of the center, the Secretary shall approve or deny the request not later than 30 days after the request is received by the Secretary.

SEC. 2722. ADDITIONAL SERVICES.

"For purposes of this title, the term 'additional service' means each of the following (if not a required service under this title):

"(1) Any item or service covered in the guaranteed national benefit package under subtitle A of title III of the Guaranteed Health Insurance Act of 1994, except for the following (as defined in such title): Hospital services; extended care services;

residential mental health treatment services; residential substance abuse treatment services; and ambulance services.

"(2) Any item or service available under title XVIII or XIX of the Social Security Act, except for the following (as defined in such titles): Nursing facility services; inpatient hospital services; outpatient hospital services; services in an intermediate care facility for the mentally retarded; and inpatient psychiatric hospital services.

"(3) Ambulance services in rural areas (notwithstanding paragraph (1)).

"(4) Environmental health services (including the detection and alleviation of unhealthful conditions associated with water supply, sewage treatment, solid waste disposal, rodent and parasitic infestation, field sanitation, housing, and other environmental factors related to health).

"(5) Services that are in addition to the services specified in section 2711(b)(5)(B) and that are provided for the purpose of enabling individuals to utilize the services of the center involved.

"SEC. 2723. CERTAIN PUBLIC ENTITIES WITH MODIFIED GOVERNING BOARDS; MATCHING FUNDS.

"(a) IN GENERAL.—In the case of a center to which section 2713(c)(1)(B) applies, a condition under section 2701(f) for status as a federally qualified health center for a fiscal year is that the public entity involved agrees to make available (directly or through donations from public or private entities) non-Federal contributions in cash toward the operational costs of the center in an amount that is not less than 50 percent of such costs.

"(b) MAINTENANCE OF EFFORT; RELATIONSHIP TO MATCHING FUNDS.—In making a determination of the amount of non-Federal contributions provided by a public entity under subsection (a), the Secretary may only include non-Federal contributions in excess of the average amount of non-Federal contributions made by the entity toward the operational costs of the center involved for the 2-year period preceding October 1, 1994.

"SEC. 2724. CERTAIN PROVISIONS REGARDING CAPITAL COSTS.

"(a) CERTAIN COSTS.—With respect to authorizing capital costs as permissible expenditures under section 2721(b)(3)(B), the costs that the Secretary may authorize include the costs of amortizing the principal of, and paying interest on, loans; and the costs of repaying loan guarantees and interest subsidies.

"(b) WAGES OF LABORERS AND MECHANICS.—

"(1) AGREEMENT.—A condition under section 2701(f) for status as a federally qualified health center for a fiscal year is that the center involved agree that, in the performance of work on any expansion, modernization, or construction of buildings carried out with a grant under section 2701, all laborers and mechanics employed by contractors or subcontractors will be paid wages at rates not less than those prevailing on similar work in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a-276a-5, known as the Davis-Bacon Act).

"(2) AUTHORITY OF SECRETARY OF LABOR.—The Secretary of Labor shall have with respect to the labor standards referred to in paragraph (1) the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

"(c) RESTRICTIONS REGARDING CONSTRUCTION.—The Secretary may authorize as a permissible expenditure under section 2721(b)(3)(B) the construction of new buildings only if the Secretary determines that appropriate facilities are not available through acquiring, modernizing, or expanding existing buildings and that the center involved has made reasonable efforts to secure from other sources funds in lieu of the grant under section 2701 to construct such facilities.

"(d) **APPLICABILITY OF CERTAIN PROVISIONS.**—With respect to the use and disposition of real property, and the transfer of title to such property, a condition under section 2701(f) for status as a federally qualified health center for a fiscal year is that the center involved agree that expenditures of a grant under section 2701 for capital costs regarding such property are subject to the provisions of section 134 of part 74 of title 45, Code of Federal Regulations (45 CFR 74.134) (or any successor provision).

"(e) **SUBORDINATION; WAIVERS.**—In the case of any Federal interest that may be derived by virtue of the expenditure of a grant under section 2701 for the capital costs of a center, the Secretary may subordinate or waive Federal rights if the Secretary determines that the subordination or waiver will further the objectives of this subtitle.

"SEC. 2725. DEVELOPMENT BY CENTERS OF HEALTH PLANS AND COMMUNITY PROVIDER NETWORKS.

"(a) **HEALTH PLANS.**—With respect to authorizing the costs of developing a health plan as permissible expenditures under section 2721(b)(3)(D), a federally qualified health center has developed a plan in accordance with this subsection if the plan meets the following conditions:

"(1) The plan is an insured health benefits plan meeting the requirements of subtitle A of title V of the Guaranteed Health Insurance Act of 1994.

"(2) The plan is a public or nonprofit private entity governed by the center (or by the center in collaboration with other public or nonprofit private entities).

"(3) The center is a provider of health services through the plan.

"(b) **COMMUNITY PROVIDER NETWORK.**—With respect to authorizing the costs of developing a network of health care providers as permissible expenditures under section 2721(b)(3)(E), a federally qualified health center has developed a network in accordance with this subsection if the network meets the following conditions:

"(1) The network is a public or nonprofit private entity governed by the center (or by the center in collaboration with other public or nonprofit private entities).

"(2) The network maintains written agreements with each of the health care providers participating in the network, and the agreements provide as follows:

"(A) Each member agrees to provide appropriate emergency and medical support services to other members.

"(B) Each member agrees to accept referrals from other members.

"(C) Each hospital member has arrangements to provide staff privileges to physicians providing care for other members.

"(D) Each member has in effect (or is in the process of establishing) agreements with other members to share in the member's communication system, including (where appropriate) the electronic sharing of patient data, medical records, and billing services.

"(3) The network includes the center as a provider of health services in the network.

"(4) The network participates as a provider of health care in one or more health plans that are either insured health benefits plan under subtitle A of title V of the Guaranteed Health Insurance Act of 1994, or self-insured health benefit plans under subtitle B of such title.

"(5) The network is composed principally of essential community providers (as defined in subsection (d)).

"(6) The network provides health services within a defined geographic area (in this title referred to as the 'network service area'), which area includes the service area of each of the federally qualified health centers participating in the network.

"(7) The network serves any medically underserved populations in the network service area:

"(8) In the case of federally qualified health centers in the network service area—

"(A) the network permits each such center to participate in the network, subject to the center entering into the agreement under paragraph (2) for such participation;

"(B) the terms and conditions of the agreement for the participation of the center are at least as favorable as the terms and conditions of the agreement for the participation of other entities; and

"(C) the network provides a written notification to each federally qualified health center in the network service area informing the center of the opportunity to participate in the network.

"(c) **ANTIDISCRIMINATION REGARDING NETWORKS.**—Section 9333 of the Guaranteed Health Insurance Act of 1994 applies to networks under subsection (b) to the same extent and in the same manner as such section applies to health plans under such section 9333.

"(d) **DEFINITIONS.**—For purposes of this title, the term 'essential community provider' means entities that are essential community providers under section 5012(c) of the Guaranteed Health Insurance Act of 1994.

"SEC. 2726. ADDITIONAL AGREEMENTS.

"(a) **THIRD-PARTY REIMBURSEMENTS.**—A condition under section 2701(f) for status as a federally qualified health center for a fiscal year is that the center involved agree as follows:

"(1) The center will participate as a provider of health services in the program under title XVIII of the Social Security Act; the program under title XIX of such Act; other Federal or State programs that make payment for the provision of health services to individuals in the State involved, and in private health plans.

"(2) The center, in providing health services, will make every reasonable effort—

"(A) to collect appropriate reimbursement from the programs and plans referred to in paragraph (1); and

"(B) to collect the reimbursements on the basis of the full amount of fees applicable under the schedule in effect pursuant to paragraph (1) of section 2714, which reimbursements shall be made on the basis of such fees without regard to discounts that are applied by the center pursuant to paragraph (2) of such section.

"(b) **MAINTENANCE OF EFFORT REGARDING PUBLIC ENTITIES.**—In the case of a center operated by a public entity, a condition under section 2701(f) for status as a federally qualified health center for a fiscal year is that the entity will maintain expenditures of non-Federal amounts for the center at a level that is not less than the level of such expenditures maintained by the entity for the fiscal year preceding the fiscal year for which the center is applying to receive a grant under section 2701. The preceding sentence is subject to section 2723(b).

"SEC. 2727. REPORTS.

"(a) **IN GENERAL.**—A condition under section 2701(f) for status as a federally qualified health center for a fiscal year is that the center involved agree as follows:

"(1) The center will prepare a report regarding the activities of the center for the fiscal year, and will submit the report to the Secretary during the following fiscal year by not later than the date specified under subsection (b).

"(2) The report will include information on the following:

"(A) Expenditures of the center for operational costs included in the plan in effect for the center under 2721(d).

"(B) The patterns of use of the services of the center, including the patterns of use of each of the special populations in the service area of the center.

"(C) The availability and accessibility of such services.

"(D) Expenditures made from any amount the center retained under section 2743(b).

"(E) Such other matters relating to operations of the center as the Secretary may require.

"(b) DATE FOR SUBMISSION OF REPORT.—With respect to reports under subsection (a) for a fiscal year, the Secretary shall specify a date in the following fiscal year by which the reports are to be submitted to the Secretary.

"PART 4—GENERAL PROVISIONS

"SEC. 2741. AMOUNT OF GRANT; UNFUNDED PORTION OF OPERATIONAL COSTS.

"(a) IN GENERAL.—For purposes of section 2701(a), the amount determined under this section for a grant for a federally qualified health center for a fiscal year is the difference between—

"(1) the total amount of costs that are projected to be incurred by the center for the fiscal year in carrying out the plan in effect for the year under section 2721(d), as such total amount is specified under paragraph (3)(A) of such section; and

"(2) the total amount, exclusive of the grant under section 2701 for the fiscal year, that is projected to be received by the center for the year as payments for the provision under the plan of required services and additional services, as such total amount is specified under paragraph (3)(B) of section 2721(d).

"(b) GRANT PAYMENTS.—Payments under a grant under section 2701 shall be made in advance, and in such installments as the Secretary finds necessary. Adjustments in such payments may be made for overpayments or underpayments, subject to section 2742(b).

"SEC. 2742. EXPENDITURE OF CERTAIN FUNDS.

"(a) EXPENDITURE OF NONGRANT FUNDS.—

"(1) IN GENERAL.—

"(A) Subject to paragraph (2), the Secretary may not under this subtitle restrict the purposes for which a federally qualified health center expends the nongrant funds of the center, including restricting expenditures pursuant to criteria under section 2721(c)(1) or pursuant to other Federal cost principles.

"(B) For purposes of this section, the term 'nongrant funds' means funds of a center other than the grant under section 2701.

"(2) COMPLIANCE WITH CENTER CONDITIONS.—The Secretary may require, as a condition under section 2701(f) for status as a federally qualified health center for a fiscal year, that the center involved agree that the nongrant funds of the entity will be expended for purposes that are consistent with the purposes specified in this subtitle.

"(b) EXPENDITURE OF EXCESS OPERATING REVENUES.—If, for a fiscal year, the sum of the amount of the grant under section 2701 to a federally qualified health center and the amount of the nongrant funds of the center exceeds the costs of the center in carrying out the plan in effect for the center under section 2721(d), the center is entitled to retain such excess operating revenues (without any offsetting reduction in grants under section 2701) if the center agrees, as a condition under section 2701 for status as such a center, to expend such revenues only for purposes authorized in this subtitle. Such purposes include the following:

"(1) Expanding and improving services.

"(2) Increasing the number of individuals served.

"(3) Purchasing equipment; acquiring, modernizing, and expanding facilities; and constructing facilities.

"(4) Improving the administration of the center.

"(5) Establishing financial reserves, including reserves required for the furnishing of services on a prepaid basis or as needed to cover unanticipated expenses.

"(6) Carrying out health professions training programs.

"(7) Developing health plans and community provider networks in accordance with section 2725.

"(c) **RULE OF CONSTRUCTION.**—With respect to amounts that are nongrant funds under subsection (a), or excess operating revenues under subsection (b), this section may not be construed as limiting the authority of the Secretary to require the submission of such plans, budgets, and other information as may be necessary to ensure that the funds and revenues are expended in accordance with subsections (a) and (b), respectively.

"SEC. 2743. DESIGNATION OF SERVICE AREA.

"(a) **IN GENERAL.**—In determining whether a center meets the conditions under section 2701(f) for status as a federally qualified health center for a fiscal year, the Secretary shall designate the geographic area that the center is to serve. In designating a service area under the preceding sentence, the Secretary shall ensure that the following requirements are met:

"(1) The size of the area is a size that ensures that the services of the center (including services provided at any satellite clinic or offsite location) are available and accessible to individuals in the area promptly and as appropriate.

"(2) The boundaries of the area, to the extent practicable, conform to relevant boundaries of political subdivisions, school districts, and Federal and State health and social service programs.

"(3) The boundaries of the area, to the extent practicable, eliminate barriers to access to the services of the center, including barriers resulting from the physical characteristics of the area, the residential patterns of the area, the economic and social grouping of the area, and available transportation.

"(b) **OVERLAP IN AREAS.**—In designating service areas under subsection (a), the Secretary may provide for the operation of more than one federally qualified health center in a service area in any case in which the Secretary determines that there is a population group in such area that otherwise will have a shortage of personal health services. The preceding sentence may not be construed as requiring that, in such a case, the service areas of the centers involved be identical.

"(c) **DEFINITION.**—For purposes of this title, the term 'service area', with respect to a center, means the area designated under subsection (a) for the center.

"SEC. 2744. MISCELLANEOUS PROVISIONS.

"(a) **OPPORTUNITY TO CORRECT MATERIAL FAILURE REGARDING GRANT CONDITIONS.**—

"(1) **IN GENERAL.**—Notwithstanding the provisions of this subtitle, if a center materially fails to meet a condition of this subtitle regarding status as a federally qualified health center for a fiscal year, the Secretary shall provide the center an opportunity to comply with the condition, subject to paragraph (2).

"(2) **LIMITATIONS.**—The provision of an opportunity under paragraph (1) is subject to the following:

"(A) The opportunity may not be provided with respect to a material failure to comply with any applicable condition of section 2713 or 2723 (relating to governing boards).

"(B) In the case of any other condition, the opportunity shall be provided for a period determined by the Secretary, which may not exceed one year.

"(C) Such period begins on the date on which the Secretary provides a written notification to the center informing the center of the material failure of the center, and of the opportunity to comply with the condition involved.

"(b) AGENCY REVIEW OF DECISIONS.—

"(1) PROCEDURES OF DEPARTMENTAL GRANTS APPEALS BOARD.—Through the applicable procedures in effect under parts 16, 74, and 75 of title 45, Code of Federal Regulations (or any successor provisions), the Secretary, upon request of the center involved, shall (subject to paragraph (3)) permit the center to appeal a decision of the Secretary under this subtitle and obtain from the Secretary a fair, impartial review of the decision.

"(2) ALTERNATIVE PROCEDURES REGARDING CERTAIN DECISIONS.—

"(A) Subject to paragraph (3), if the Secretary makes a decision under this subtitle that is described in subparagraph (B), the Secretary, upon request of the center involved, shall permit the center to appeal the decision and obtain from the Secretary a review of the decision on the record.

"(B) The decisions referred to in subparagraph (A) regarding a center are as follows:

"(i) The Secretary, having provided to the center a period of opportunity under subsection (a) to comply with a condition, finds that the center continues to be in material failure regarding the condition.

"(ii) The Secretary modifies the service area of the center.

"(iii) The Secretary terminates the designation as a medically underserved population of a population within the service area of the center.

"(iv) The amount of the grant determined under section 2741 for the fiscal year involved is less than the amount so determined for the center for the preceding fiscal year, and the difference between such amounts results or will result in a significant reduction in the availability from the center of required services and additional services.

"(3) EXCEPTION REGARDING PRO RATA REDUCTIONS.—The requirements under paragraphs (1) and (2) for the Secretary to review a decision do not apply if the decision is made in response to pro rata reductions under section 2701(b)(3) (except that review may be obtained to the extent necessary to determine whether the decision was so made).

"(4) ELECTION OF PROCEDURES.—In the case of a decision described in paragraph (2)(B), the center involved may elect for appeal and review of the decision under paragraph (1) or under paragraph (2), but not both.

"(c) RULE OF CONSTRUCTION.—With respect to compliance with the conditions of this subtitle for status as a federally qualified health center for a fiscal year, the circumstances constituting the material failure of a center to be in such compliance include expending a grant under section 2701 for a cost that the Secretary disallows. Subsections (a) and (b) apply to such a material failure.

"Subtitle B—Development of Additional Rural and Urban Centers

"SEC. 2751. DEVELOPMENT OF CENTERS.

"(a) IN GENERAL.—From amounts reserved under section 2701(d), the Secretary shall make grants to public and nonprofit private entities for carrying out projects to plan and develop centers whose services, structure, programs, capabilities, and other characteristics will, once the project is completed, meet the conditions for the entitlement under subtitle A (relating to the operational costs of federally qualified health centers). Grants under this subsection may only be made for fiscal year 1996 and subsequent fiscal years.

"(b) ALLOCATIONS REGARDING RURAL AREAS.—Of the amounts reserved under section 2701(c) —

"(1) the Secretary shall reserve $\frac{2}{3}$ for projects under paragraph (1) in rural areas;

"(2) the Secretary shall reserve $\frac{1}{3}$ for projects under paragraph (1) in urban areas.

"(c) PREFERENCES IN CERTAIN GRANTS.—In making grants under subsection (a) from amounts reserved under subsection (b)(2), the Secretary shall give preference to grantees under section 340 or 340A to assist the grantees in meeting the standards referred to in subsection (a) with respect to becoming a federally qualified health center. The requirement of preference applies only to grantees under section 340 or 340A who meet the requirements of this subtitle for receiving a grant under section 2751.

"SEC. 2752. REQUIREMENTS REGARDING PRESENCE OF CERTAIN MEDICALLY UNDERSERVED POPULATIONS.

"(a) IN GENERAL.—The Secretary may make a grant under section 2751 only if the Secretary determines that, in the geographic area for which the project under such section is to be carried out, there is a medically underserved population (as defined in subsection (b)).

"(b) DEFINITION OF MEDICALLY UNDERSERVED POPULATION.—For purposes of this title, the term 'medically underserved population' means the population of a rural or urban area designated by the Secretary as an area with a shortage of personal health services or a population group designated by the Secretary as having a shortage of such services.

"(c) CRITERIA REGARDING DEFINITION.—

"(1) IN GENERAL.—For purposes of subsection (b), the Secretary shall establish criteria for determining the specific shortages of personal health services of an area or population group. Such criteria shall—

"(A) take into account comments received by the Secretary from the chief executive officer of a State and local officials in a State and from affected persons; and

"(B) include factors indicative of the health status of a population group or individuals in an area (including the rate of infant mortality), the ability of the residents of an area or of a population group to pay for health services and their accessibility to them, and the availability of health professionals to residents of an area or to a population group.

"(2) MODIFICATION OF CRITERIA.—The Secretary may modify the criteria established under paragraph (1) only after affording public notice and an opportunity for comment on any such proposed modifications.

"(d) NOTICE AND COMMENT REGARDING DESIGNATIONS.—The Secretary may not designate a medically underserved population in a State or terminate the designation of such a population unless, prior to such designation or termination, the Secretary provides reasonable notice to and opportunity for comment by—

"(1) the chief executive officer of such State;

"(2) local officials in such State;

"(3) members of the medically underserved population involved; and

"(4) representatives of the health center involved.

"SEC. 2753. AUTHORITY REGARDING MODIFIED GOVERNING BOARDS.

"(a) IN GENERAL.—Subject to the subsequent provisions of this section, in the case of a public entity that submits an application for a grant under section 2751, the Secretary may provide that, in meeting the requirement under such section to plan and develop a governing board (in accordance with section 2713), the entity is authorized to develop and operate a board that does not establish the personnel policies of the center, or the fiscal policies of the center (subject to section 2713(c)(2)).

"(b) MATCHING FUNDS.—With respect to the costs of carrying out a project under section 2751, the Secretary may provide an authorization under subsection (a) only if the public entity involved agrees to make available (directly or through donations from public or private entities) non-Federal contributions in cash toward such costs in an amount that is not less than 50 percent of such costs.

"(c) RESTRICTION REGARDING FUNDING.—Of the budget authority provided in section 2751(b) for a fiscal year, the Secretary may not obligate more than 5 percent for projects under such section with respect to which an authorization under subsection (a) has been (or is to be) provided.

"SEC. 2754. CERTAIN REQUIREMENTS.

"(a) SUBMISSION OF INFORMATION.—The Secretary may make a grant under section 2751 only if the applicant for the grant submits to the Secretary, in the application under section 2755, the following information:

"(1) An assessment of the need in the geographic area involved for the required services.

"(2) The design for the federally qualified health center involved, and the services of the center, based on such assessment.

"(3) Information demonstrating that the center developed with the grant will, by the date on which funding under section 2751 is terminated for the center (pursuant to section 2756(c)), meet the conditions for the entitlement under subtitle A.

"(b) COMMUNITY INVOLVEMENT.—The Secretary may make a grant under section 2751 only if the applicant for the grant agrees that, in developing the federally qualified health center involved, the applicant will provide for the involvement of the individuals to be served by the center.

"SEC. 2755. APPLICATION.

"The Secretary may make a grant under section 2751 only if an application for the grant is submitted to the Secretary, the application is submitted by the date specified by the Secretary, and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this subtitle.

"SEC. 2756. GENERAL PROVISIONS.

"(a) LOCATION OF CENTER WITHIN SERVICE AREA.—In making a grant under section 2751 for a center, the Secretary shall ensure that the center is located so that the center provides services to the greatest number of individuals residing in the service area that (in accordance with section 2743) is designated under section 2751 for the center.

"(b) EXPENDITURES.—The purposes for which a grant under section 2751 may be expended include the capital costs of developing the center involved (including the costs specified in sections 2721(b)(3)(B) and 2724), and such other costs of carrying out a project under such section as the Secretary may authorize.

"(c) AMOUNT AND NUMBER OF GRANTS.—The amount of a grant under section 2751 for a project shall be determined by the Secretary. A center may not receive more than 2 years of funding under such section.

"Subtitle C—General Provisions

"SEC. 2791. MISCELLANEOUS PROVISIONS.

"(a) TECHNICAL ASSISTANCE.—The Secretary may provide (either through the Department of Health and Human Services, or through grant or contract) all necessary technical and other non-financial assistance (including fiscal and program management assistance and training in such management)—

"(1) to any public or nonprofit private entity to assist the entity in operating as a federally qualified health center under subtitle A or in developing such a center under subtitle B;

"(2) to assist federally qualified health centers in developing health plans and community provider networks pursuant to subparagraphs (D) and (E) of section 2721(b)(3); and

"(3) to any public or nonprofit private entity to assist the entity in meeting the requirements for applications to receive grants under section 2701 and section 2751.

"(b) **AUTHORITY REGARDING JOINT-PURCHASING ARRANGEMENTS FOR REDUCED COSTS.**—With respect to the costs of providing the supplies and services needed for the operation of federally qualified health centers, the Secretary, directly or through grants or contracts, may carry out projects to establish and administer arrangements under which such costs are reduced through collaborative efforts of the centers, through making purchases that apply to multiple centers, or through such other methods as the Secretary determines to be appropriate. Amounts under this subsection may not be expended for the purchase of supplies or services.

"(c) **ADMINISTRATION OF PROGRAMS.**—The Secretary may delegate the authority to administer the programs authorized by this title to any office within the Public Health Service, except that the authority to enter into, modify, or issue approvals with respect to grants or contracts may be delegated only within the central office of the Health Resources and Services Administration.

"SEC. 2792. DEFINITIONS.

"For purposes of this title:

"(1) The term 'additional services', with respect to federally qualified health centers, has the meaning given such term in section 2722.

"(2) The term 'agriculture' has the meaning given such term in section 2712(e).

"(3) The term 'basic health services' has the meaning given such term in section 2711(b).

"(4) The term 'essential community provider' has the meaning given such term in section 2725(d).

"(5) The term 'federally qualified health center' has the meaning given such term in section 2701(f).

"(6) The term 'HIV disease' means infection with the human immunodeficiency virus, and includes any condition arising from acquired immune deficiency syndrome.

"(7) The term 'homeless individual' has the meaning given such term in section 2712(d).

"(8) The term 'human immunodeficiency virus' means the etiologic agent for acquired immune deficiency syndrome.

"(9) The term 'Indian' has the meaning given such term in section 2711(d).

"(10) The term 'migratory agricultural worker' has the meaning given such term in section 2711(d).

"(11) The term 'migratory or seasonal agricultural worker, or related individual' has the meaning given such term in section 2711(d).

"(12) The term 'network service area', with respect to an essential community provider network, has the meaning indicated for such term in section 2725(b)(6).

"(13) The term 'preventive health services' has the meaning given such term in section 2711(b).

"(14) The term 'required enabling services' has the meaning given such term in section 2711(b).

"(15) The term 'required services' has the meaning given such term in section 2711(b).

"(16) The term 'resident of public housing' has the meaning given such term in section 2712(d).

"(17) The term 'seasonal agricultural worker' has the meaning given such term in section 2711(d).

"(18) The term 'service area' has the meaning given such term in section 2743(c).

"(19) The term 'special population' has the meaning given such term in section 2712(a)."

SEC. 7124. CONFORMING AMENDMENTS.

Effective October 1, 1995, the Public Health Service Act (42 U.S.C. 201 et seq.) is amended by striking sections 329 and 330.

PART 4—NATIONAL HEALTH SERVICE CORPS

SEC. 7131. PURPOSE OF PROGRAM.

The purpose of the programs carried out pursuant to section 7132 is to achieve the goal that the number of members of the National Health Service Corps who are practicing in health professional shortage areas, together with the number of students attending health professions schools under the Scholarship Program of the Corps, will be sufficient (once such students begin practicing in such areas) to provide primary health services to all rural and urban health professional shortage areas that, as of December 31, 1995, were designated under section 332 of the Public Health Service Act as such an area.

SEC. 7132. DIRECT SPENDING REGARDING GENERAL PROGRAM AND SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS.

Section 331(a) of the Public Health Service Act (42 U.S.C. 254d(a)) is amended by adding at the end the following paragraph:

"(4) For the purpose of carrying out this subpart and sections 338A through 338H of subpart III, there are hereby appropriated the following amounts, as applicable to the fiscal year involved:

"(A) For fiscal year 1995, \$200,000,000.

"(B) For fiscal year 1996, \$200,000,000.

"(C) For fiscal year 1997, \$250,000,000.

"(D) For fiscal year 1998, \$250,000,000.

"(E) For fiscal year 1999, \$300,000,000.

"(F) For fiscal year 2000, \$300,000,000.

"(G) For fiscal year 2001, \$350,000,000.

"(H) For fiscal year 2002, \$350,000,000.

"(I) For fiscal year 2003, \$400,000,000.

"(J) For fiscal year 2004, \$400,000,000.

"(K) For fiscal year 2005, the amount specified in subparagraph (J) multiplied by an amount equal to the product of—

"(i) 1 plus the national medicare growth factor (as defined in section 8201(c) of the Guaranteed Health Insurance Act of 1994); and

"(ii) 1 plus the annual percentage increase projected by the Secretary to occur during such year in the populations served by the Corps.

"(L) For fiscal year 2006 and each subsequent fiscal year, the amount determined under this paragraph for the preceding fiscal year multiplied by an amount equal to the product of clauses (i) and (ii) of subparagraph (K) (as such clauses are applied for the fiscal year involved)."

PART 5—CONSUMER RESOURCES REGARDING HEALTH PLANS

SEC. 7141. CONSUMER RESOURCES.

Title III of the Public Health Service Act (42 U.S.C. 241 et seq.) is amended by adding at the end the following part:

PART O—CONSUMER RESOURCES REGARDING HEALTH PLANS

FUNDING FOR CERTAIN GRANT PROGRAMS

"SEC. 399P. (a) DIRECT SPENDING FOR GRANTS FOR CONSUMER HEALTH ADVOCACY OFFICES.—For carrying out the program under section 399Q, there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following amounts (as applicable to the fiscal year involved):

"(1) For fiscal year 1999, \$40,000,000.

"(2) For fiscal year 2000, the amount specified in paragraph (1) multiplied by an amount equal to the product of—

"(A) 1 plus the national medicare growth factor (as defined in section 8201(c) of the Guaranteed Health Insurance Act of 1994); and

"(B) 1 plus the annual percentage increase projected by the Secretary to occur during such year in the population of the States.

"(3) For fiscal year 2001 and each subsequent fiscal year, the amount determined under this subsection for the preceding fiscal year multiplied by an amount equal to the product of subparagraphs (A) and (B) of paragraph (2) (as such subparagraphs are applied for the fiscal year involved).

"(b) DIRECT SPENDING FOR GRANTS FOR NATIONAL CONSUMER HEALTH RESOURCE CENTER.—For carrying out the program under section 399R, there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following amounts (as applicable to the fiscal year involved):

"(1) For fiscal year 1996, \$5,000,000.

"(2) For fiscal year 1997, \$5,000,000.

"(3) For fiscal year 1998, \$7,500,000.

"(4) For fiscal year 1999, \$10,000,000.

"(5) For fiscal year 2000, \$10,000,000.

"(6) For fiscal year 2001, the amount specified in paragraph (5) multiplied by an amount equal to 1 plus the consumer price index for all urban consumers (U.S. city average).

"(7) For fiscal year 2002 and each subsequent fiscal year, the amount determined under this subsection for the preceding fiscal year multiplied by an amount equal to 1 plus such index (as such index is applied for the fiscal year involved).

GRANTS FOR CONSUMER HEALTH ADVOCACY OFFICES

"SEC. 399Q. (a) IN GENERAL.—The Secretary, in consultation with the Secretary of Labor, shall make grants under this section to private nonprofit entities for the establishment and operation of offices to perform the functions described in subsection (b) for consumers in a State (or a multi-State area described in subsection (d)). Each such office shall be known as a 'Consumer Health Advocacy Office' (in this part referred to as an 'Office'). For any grant term under subsection (c), the Secretary may not make a grant under this section to more than one entity with respect to any State or multi-State area.

"(b) FUNCTIONS.—An entity that receives a grant under this section shall use the grant to establish and operate an Office to perform the following functions in a State or multi-State area:

"(1) Assist, in person and by toll-free telephone access, individuals eligible to seek coverage in the community-rated market sector with enrollment in insured health benefit plans (as described in title V of the Guaranteed Health Insurance Act of 1994) by referring them to an appropriate enrollment assistance program established under section 5011(b) of such Act.

"(2) Assist, in person and by toll-free telephone access, individuals in applying for enrollment in the medicare part C program under title XXI of the Social Security Act, a premium certificate under part A of title XXII of such Act, or wrap-around benefits under part B of such title, by referring them

to an appropriate local office used by the Social Security Administration.

"(3) Collect and provide to the public—

"(A) annual information on insured health benefit plans provided in the State or area that is required to be prepared under section 5011(c) of the Guaranteed Health Insurance Act of 1994; and

"(B) performance reports prepared under section 9003(g) of the such Act by the State or States in the area.

"(4) Provide, in person and by toll-free telephone access, information to individuals regarding the remedies available under subtitle D of title IX of such Act.

"(5) Address systemic problems affecting consumers in health benefit plans provided in the State or area (as described in title V of such Act), but refer individual complaints relating to denials of items and services and requests for reimbursement under such plans to an appropriate complaint review office established under part 1 of subtitle D of title IX of such Act.

"(6) Respond, in person and by toll-free telephone access, to general inquiries from consumers concerning such plans.

"(7) Provide outreach and education relating to consumer rights and responsibilities under this Act to consumers, including underserved populations.

"(8) Annually report to the National Consumer Health Resource Center concerning the activities carried out by the Office during the year.

"(9) Perform such other functions as the Secretary may specify.

"(c) TERM OF GRANT AND RENEWABILITY.—A grant under this section shall be awarded under a competitive selection process for a term of 3 years.

"(d) MULTI-STATE AREAS.—A multi-State area under this section may only be comprised of multiple contiguous States.

"(e) APPLICATIONS.—

"(1) SUBMISSION.—To apply for a grant under this section, an entity shall submit an application to the Secretary in accordance with the procedures established by the Secretary and in a form prescribed by the Secretary.

"(2) CRITERIA FOR APPROVAL.—The Secretary may not approve an application submitted by an entity under paragraph (1) unless the application includes assurances satisfactory to the Secretary that—

"(A) funds received under this section will be used for the purpose described in subsection (b);

"(B) the applicant has demonstrated expertise in the fields of—

"(i) provision of consumer information; and

"(ii) advocacy on behalf of consumers;

"(C) the applicant has the ability to serve an entire State or, with respect to an application submitted for a multi-State area, the entire area;

"(D) the applicant will establish and maintain local offices to the extent necessary effectively to carry out the functions described in paragraphs (1) through (9) of subsection (b) in the area for which the application is submitted; and

"(E) the applicant is not subject to a conflict of interest, including a conflict of interest arising from an affiliation (through ownership or common control) with—

"(i) a certified health benefit plan sponsor (as defined in section 9300(2) of the Guaranteed Health Insurance Act of 1994); or

"(ii) a health provider (as defined in section 9109(7) of such Act).

"(3) PETITIONS FOR RECONSIDERATION AND REAPPLICATIONS.—

"(A) IN GENERAL.—With respect to an application submitted under paragraph (1) that is disapproved under this subsection, the applicant may submit to the Secretary—

"(i) a petition for reconsideration of the application; and

"(ii) an application that conforms to the requirements of this subsection.

"(B) DEADLINES.—The Secretary shall establish a deadline for the submission of petitions for reconsideration and reapplications under this paragraph. The Secretary shall approve or disapprove each such petition and reapplication before the termination of the 60-day period beginning on the date of such submission.

"GRANTS FOR NATIONAL CONSUMER HEALTH RESOURCE CENTER

"SEC. 399R. (a) IN GENERAL.—The Secretary shall make grants under this section to private nonprofit entities for the establishment and operation of a national center to perform the functions described in subsection (b). The center shall be known as the 'National Consumer Health Resource Center' (in this part referred to as the 'Center'). For any grant term under subsection (c), the Secretary may not make a grant under this section to more than one entity.

"(b) FUNCTIONS.—An entity that receives a grant under this section shall use the grant to perform the following functions through the Center:

"(1) Coordinate and oversee the activities of the Offices under section 399Q.

"(2) Provide technical assistance to the Offices.

"(3) Consolidate the annual reports prepared by the Offices under section 399Q of such Act into a national annual report and submit the national report to the Secretary.

"(4) Make recommendations to the Secretary on issues affecting consumers of health care items and services.

"(5) Perform such other functions as the Secretary may specify.

"(c) TERM OF GRANT AND RENEWABILITY.—A grant under this section shall be awarded under a competitive selection process for a term of 3 years.

"(d) APPLICATIONS.—

"(1) SUBMISSION.—To apply for a grant under this section, an entity shall submit an application to the Secretary in accordance with the procedures established by the Secretary and in a form prescribed by the Secretary.

"(2) CRITERIA FOR APPROVAL.—The Secretary may not approve an application submitted by an entity under paragraph (1) unless the application includes assurances satisfactory to the Secretary that—

"(A) funds received under this section will be used for the purpose described in subsection (b);

"(B) the applicant has demonstrated expertise in the fields of—

"(i) provision of consumer information; and

"(ii) advocacy on behalf of consumers; and

"(C) the applicant is not subject to a conflict of interest, including a conflict of interest arising from an affiliation (through ownership or common control) with—

"(i) a certified health benefit plan sponsor (as defined in section 9300(2) of the Guaranteed Health Insurance Act of 1994); or

"(ii) a health provider (as defined in section 9109(7) of such Act).

"(3) PETITIONS FOR RECONSIDERATION AND REAPPLICATIONS.—

"(A) IN GENERAL.—With respect to an application submitted under paragraph (1) that is disapproved under this subsection, the applicant may submit to the Secretary—

"(i) a petition for reconsideration of the application; and

"(ii) an application that conforms to the requirements of this subsection.

"(B) DEADLINES.—The Secretary shall establish a deadline for the submission of petitions for reconsideration and reapplications under this paragraph. The Secretary shall approve or disapprove each such petition and reapplication before the termination of the 60-day period beginning on the date of such submission.

"REVIEW AND SANCTIONS

"SEC. 399S. The Secretary shall review at least annually the compliance of an entity receiving a grant under a section of this part with the provisions of such section. The Secretary shall establish a procedure for determining whether an entity receiving a grant under a section of this part has failed to comply substantially within the provisions of such section and the sanctions to be imposed for any such noncompliance.

"ANNUAL REPORTS

"SEC. 399T. The Secretary shall transmit annually to the Congress a report containing a detailed statement of the activities carried out under this part by the Secretary, the Offices, and the Center in the year that is the subject of the report.

"REGULATIONS

"SEC. 399U. The Secretary may issue any regulations necessary to carry out this part."

PART 6—SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS REGARDING SERVICE IN PUBLIC HEALTH POSITIONS

SEC. 7151. ESTABLISHMENT OF SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS.

Section 761 of the Public Health Service Act (42 U.S.C. 294d) is amended to read as follows:

"SEC. 761. SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS REGARDING SERVICE IN PUBLIC HEALTH POSITIONS.

"(a) DIRECT SPENDING FOR PROGRAMS.—For carrying out this section, there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, the following amounts (as applicable to the fiscal year involved):

"(1) For fiscal year 1999, \$25,000,000.

"(2) For fiscal year 2000, the amount specified in paragraph (1) multiplied by an amount equal to 1 plus the consumer price index for all urban consumers (U.S. city average).

"(3) For fiscal year 2001 and each subsequent fiscal year, the amount determined under this subsection for the preceding fiscal year multiplied by an amount equal to 1 plus such index (as such index is applied for the fiscal year involved).

Amounts appropriated in this subsection are in addition to amounts appropriated in section 765 that are available for carrying out this section.

"(b) SCHOLARSHIP PROGRAM.

"(1) IN GENERAL.—The Secretary, acting through the Administrator of the Health Resources and Services Administration and in consultation with the Director of the Centers for Disease Control and Prevention, shall carry out a program under which the Secretary awards scholarships to individuals

described in paragraph (2) for the purpose of assisting the individuals with the costs of attending public and nonprofit private schools of public health (or other public or nonprofit private institutions providing graduate or specialized training in public health).

"(2) ELIGIBLE INDIVIDUALS.—An individual referred to in paragraph (1) is any individual meeting the following conditions:

"(A) The individual is enrolled (or accepted for enrollment) at a school or other institution referred to in paragraph (1) as a full-time or part-time student in a program providing training in a health profession in a field of public health (including the fields of epidemiology, biostatistics, environmental health, health administration and planning, behavioral sciences, maternal and child health, occupational safety, public health nursing, nutrition, and toxicology).

"(B) The individual enters into the contract required pursuant to subsection (d) as a condition of receiving the scholarship (relating to an agreement to provide services in approved public health positions, as defined in subsection (d)).

"(3) ELIGIBLE SCHOOLS.—For fiscal year 1997 and subsequent fiscal years, the Secretary may make an award of a scholarship under paragraph (1) only if the Secretary determines that—

"(A) the school or other institution with respect to which the award is to be provided has coordinated the activities of the school or institution with relevant activities of the Health Resources and Services Administration and the Centers for Disease Control and Prevention; and

"(B) not fewer than 60 percent of the graduates of the school or institution are in public health positions determined by the Secretary to be consistent with the needs of the United States regarding such professionals.

"(4) APPLICABILITY OF CERTAIN PROVISIONS.—Except as inconsistent with this subsection or subsection (d), the provisions of subpart III of part D of title III (relating to the Scholarship and Loan Repayment Programs of the National Health Service Corps) apply to an award of a scholarship under paragraph (1) to the same extent and in the same manner as such provisions apply to an award of a scholarship under section 338A.

"(c) LOAN REPAYMENT PROGRAM.—

"(1) IN GENERAL.—The Secretary, acting through the Administrator of the Health Resources and Services Administration and in consultation with the Director of the Centers for Disease Control and Prevention, shall carry out a program under which the Federal Government enters into agreements to repay all or part of the educational loans of individuals meeting the following conditions:

"(A) The individual involved is a graduate of a school or other institution described in subsection (b)(1).

"(B) The individual meets the applicable legal requirements to provide services as a public health professional (including a professional in any of the fields specified in subsection (b)(2)(A)).

"(C) The individual enters into the contract required pursuant to subsection (b) as a condition of the Federal Government repaying such loans (relating to an agreement to provide services in approved public health positions, as defined in subsection (d)).

"(2) APPLICABILITY OF CERTAIN PROVISIONS.—Except as inconsistent with this subsection or subsection (d), the provisions of subpart III of part D of title III (relating to the Scholarship and Loan Repayment Programs of the National Health Service Corps) apply to an agreement regarding repayment under

paragraph (1) to the same extent and in the same manner as such provisions apply to an agreement regarding repayment under section 338B.

"(3) AMOUNT OF REPAYMENTS. — For each year for which an individual contracts to serve in an approved public health position pursuant to paragraph (2), the Secretary may repay not more than \$20,000 of the principal and interest of the educational loans of the individual.

"(d) APPROVED PUBLIC HEALTH POSITIONS. —

"(1) POSITION REGARDING POPULATIONS WITH SIGNIFICANT NEED FOR SERVICES. —

"(A) With respect to the programs under this section, the obligated service of a program participant pursuant to subsections (b)(4) and (c)(2) shall be provided through an assignment, to an entity described in paragraph (2), for a position in which the participant provides services as a public health professional to a population determined by the Secretary to have a significant unmet need for the services of such a professional.

"(B) For purposes of subsection (b)(4) and (c)(2), the period of obligated service is the following, as applicable to the program participant involved:

"(i) In the case of scholarships under subsection (b) for full-time students, the greater of —

"(I) 1 year for each year for which such a scholarship is provided; or

"(II) 2 years.

"(ii) In the case of scholarships under subsection (b) for part-time students, a period determined by the Secretary on the basis of the number of hours of education or training received under the scholarship, considering the percentage constituted by the ratio of such number to the number of hours for a full-time student in the program involved.

"(iii) In the case of the loan repayments under subsection (c), such period as the Secretary and the participant may agree, except that the period may not be less than 2 years.

"(2) APPROVAL OF ENTITIES FOR ASSIGNMENT OF PROGRAM PARTICIPANTS. — The entities referred to in paragraph (1)(A) are public and nonprofit private entities approved by the Secretary as meeting such requirements for the assignment of a program participant as the Secretary may establish. The entities that the Secretary may so approve include State and local departments of health, public hospitals, community and neighborhood health clinics, migrant health clinics, community-based health-related organizations, certified regional poison control centers, purchasing cooperatives regarding health insurance, and any other public or nonprofit private entity.

"(3) DEFINITIONS. — For purposes of this section:

"(1) The term 'approved public health position', with respect to a program participant, means a position to which the participant is assigned pursuant to paragraph (1).

"(B) The term 'program participant' means an individual who enters into a contract pursuant to subsection (b)(2)(B) or subsection (c)(1)(C).

"(e) ALLOCATION OF FUNDS; SPECIAL CONSIDERATIONS. —

"(1) ALLOCATIONS REGARDING NEW PARTICIPANTS IN SCHOLARSHIP PROGRAM. — Of the amounts appropriated in subsection (a) for a fiscal year, the Secretary shall obligate not less than 30 percent for the purpose of providing awards for scholarships under subsection (b) to individuals who have not previously received such scholarships.

"(2) SPECIAL CONSIDERATION FOR CERTAIN INDIVIDUALS. — In making awards of scholarships under subsection (b) and making repayments under subsection (c), the Secretary shall give

special consideration to individuals who are in the armed forces of the United States or who are veterans of the armed forces.

"(3) SCHOOL HEALTH EDUCATION PROGRAMS.—The Secretary shall ensure that the approved public health positions to which the Secretary assigns program participants under this part include positions in programs that provide education on the promotion of health and the prevention of diseases and that are carried out on the premises of public or nonprofit private elementary and secondary schools."

Subtitle C—Assistance for Capital Costs of Safety-Net Hospitals

SEC. 7201. TABLE OF CONTENTS REGARDING NEW TITLE XXVIII OF PUBLIC HEALTH SERVICE ACT.

A table describing the contents of title XXVIII of the Public Health Service Act, as added by section 7202 of this Act, is as follows:

TITLE XXVIII—ASSISTANCE FOR CAPITAL COSTS OF CERTAIN ENTITIES

Subtitle A—Safety-Net Hospitals

PART 1—GENERAL PROVISIONS

- Sec. 2801. Financial assistance for qualifying hospitals.
- Sec. 2802. Funding.
- Sec. 2803. Certain requirements for assistance.
- Sec. 2804. Application for assistance.

PART 2—QUALIFYING HOSPITALS: SAFETY-NET HOSPITALS

SUBPART A—GENERAL PROVISIONS

- Sec. 2811. Definition of qualifying hospitals.
- Sec. 2812. Priorities in award of assistance.

SUBPART B—REQUIREMENTS FOR LOAN GUARANTEES

- Sec. 2821. Loan guarantees.
- Sec. 2822. Funding.
- Sec. 2823. Terms and conditions of loan guarantees.
- Sec. 2824. Premiums for loan guarantees.
- Sec. 2825. Procedures regarding loan default.

SUBPART C—REQUIREMENTS FOR INTEREST RATE SUBSIDIES

- Sec. 2831. Grants as interest rate subsidies.
- Sec. 2832. Eligible loans.
- Sec. 2833. Amount of subsidy; allocation of funds.
- Sec. 2834. Terms and conditions for subsidies.
- Sec. 2835. Subsidies for loan refinancing.

SUBPART D—REQUIREMENTS FOR DIRECT MATCHING LOANS

- Sec. 2841. Provision of matching loans.
- Sec. 2842. Eligible projects.
- Sec. 2843. Funding.
- Sec. 2844. Terms and conditions of loans.
- Sec. 2845. Use of loans for refinancing.
- Sec. 2846. Creation of revolving fund.
- Sec. 2847. Loan default.

SUBPART E—REQUIREMENTS FOR GRANTS FOR URGENT CAPITAL NEEDS

- Sec. 2851. Provision of grants.
- Sec. 2852. Eligible projects.

PART 3—QUALIFYING HOSPITALS: ACADEMIC HEALTH CENTERS

- Sec. 2871. Transitional assistance; provision of interest rate subsidies.
- Sec. 2872. Eligible financing.
- Sec. 2873. Eligible projects.
- Sec. 2874. Allotment of subsidies.

Subtitle B—Emergency Medical Equipment for Rural Areas

- Sec. 2881. Grants regarding emergency medical services.

Subtitle C—Facilities of Indian Health Service

- Sec. 2891. Financial assistance for facilities of Service.

SEC. 7202. DIRECT SPENDING REGARDING CERTAIN HOSPITALS.

The Public Health Service Act (42 U.S.C. 201 et seq.) as amended by section 7123 of this Act, is amended by adding at the end the following title:

**“TITLE XXVIII-ASSISTANCE FOR
CAPITAL COSTS OF CERTAIN ENTITIES**

“Subtitle A—Safety-Net Hospitals

“PART 1—GENERAL PROVISIONS

“SEC. 2801. FINANCIAL ASSISTANCE FOR QUALIFYING HOSPITALS.

“(a) **IN GENERAL.**—For the fiscal years 1996 through 1999, the Secretary, acting through the Administrator of the Health Resources and Services Administration, may in accordance with this subtitle provide financial assistance for qualifying hospitals for projects for—

“(1) the construction, acquisition, modernization, and renovation of facilities for the hospitals; and

“(2) the purchase of equipment.

“(b) **QUALIFYING HOSPITAL.**—For purposes of this subtitle, the term ‘qualifying hospital’—

“(1) in the case of financial assistance authorized in part 2, has the meaning given such term in section 2811(a); and

“(2) in the case of financial assistance authorized in part 3, has the meaning given such term in section 2871(b).

“(c) **FORMS OF ASSISTANCE.**—The forms of financial assistance that may be provided under this subtitle are loan guarantees, direct loans, and grants, subject to being authorized in part 2 or part 3.

“SEC. 2802. FUNDING.

“(a) **DIRECT SPENDING.**—For carrying out this title, there are hereby appropriated to the Secretary, out of any money in the Treasury not otherwise appropriated, the following amounts (as applicable to the calendar year involved):

“(1) For fiscal year 1996, \$980,000,000.

“(2) For fiscal year 1997, \$975,000,000.

“(3) For fiscal year 1998, \$955,000,000.

“(4) For fiscal year 1999, \$955,000,000.

“(b) **ALLOCATIONS.**—Of the amounts appropriated in subsection (a) for a fiscal year, the Secretary—

“(1) shall reserve \$29,400,000 for carrying out subtitle C;

“(2) shall reserve \$75,000,000 for carrying out part 3 of this subtitle; and

“(3) may reserve not more than \$35,000,000 for carrying out subtitle B.

“SEC. 2803. CERTAIN REQUIREMENTS FOR ASSISTANCE.

“(a) **COMMUNITY SERVICE.**—The Secretary may provide financial assistance under this subtitle only if the qualifying hospital involved—

“(1) provides services to individuals without regard to their ability to pay for such services (in accordance with standards established by the Secretary); and

“(2) effective January 1, 1999, is a participating provider under medicare part C (established under title XXI of the Social Security Act).

“(b) **PROTECTION OF FEDERAL FINANCIAL INTERESTS.**—The Secretary shall establish criteria to ensure that the financial interests of the United States in projects described in section 2801 are protected, including ensuring that qualifying hospitals have the capacity to meet any financial obligations established under this subtitle for the hospital. The Secretary may provide financial assistance under this subtitle only if the qualifying hospital involved agrees to comply with the criteria.

"(c) TWENTY-YEAR OBLIGATION; RIGHT OF RECOVERY. —

"(1) IN GENERAL. — The Secretary may provide financial assistance under this subtitle only if the qualifying hospital involved agrees as follows:

"(A) The hospital is liable to the United States, for an amount determined pursuant to subparagraph (B), if at any time during the 20-year period beginning on the date of completion of the activities for which the assistance is provided, the hospital —

"(i) ceases to be a hospital meeting 1 or more of the conditions described in section 2811(a)(3) (relating to ownership status); or

"(ii) is sold or transferred to any entity other than an entity that is —

"(I) a hospital described in clause (i); and

"(II) approved by the Secretary as a purchaser or transferee of the hospital.

"(B) The provisions of section 1622 (relating to the amount of liability, the waiver of recovery rights, and other matters) apply to the hospital regarding the liability of the hospital under subparagraph (A) to the same extent and the same manner as such provisions apply to the liability of an entity under section 1622(a).

"(2) OTHER PARTIES. — The Secretary may recover the amount of liability under paragraph (1) from the qualifying hospital involved or from any transferee (or, in the case of a hospital that has ceased to be public or nonprofit private entity, from the owners thereof).

"(d) WAGES OF LABORERS AND MECHANICS. —

"(1) AGREEMENT. — The Secretary may provide financial assistance under section 2801 only if the qualifying hospital involved agrees that, in carrying out the capital activities for which the assistance is provided, all laborers and mechanics employed by contractors or subcontractors will be paid wages at rates not less than those prevailing on similar work in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a-276a-5, known as the Davis-Bacon Act).

"(2) AUTHORITY OF SECRETARY OF LABOR. — The Secretary of Labor shall have with respect to the labor standards referred to in paragraph (1) the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

"SEC. 2804. APPLICATION FOR ASSISTANCE.

The Secretary may provide financial assistance under this subtitle only if the qualifying hospital involved —

"(1) submits to the Secretary an application for the assistance;

"(2) the application contains the agreements required in this subtitle for the receipt of the assistance; and

"(3) the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this subtitle.

"PART 2 — QUALIFYING HOSPITALS; SAFETY-NET HOSPITALS**"Subpart A — General Provisions****"SEC. 2811. DEFINITION OF QUALIFYING HOSPITALS.**

"(a) DEFINITION. —

"(1) IN GENERAL. — For purposes of this part, the term 'qualifying hospital' means a hospital that —

"(A) meets 1 or more of the conditions described in paragraph (2); and

"(B) meets 1 or more of the conditions described in paragraph (3).

"(2) MEDICARE STATUS.—For purposes of paragraph (1), the conditions described in this paragraph regarding a hospital are as follows:

"(A) The hospital is designated as an essential access community hospital by the Secretary under section 1820(i)(1) of the Social Security Act.

"(B) The hospital is designated as a rural primary care hospital by the Secretary under section 1820(i)(2) of such Act.

"(C) The hospital has a disproportionate patient percentage (as described in section 1886(d)(5)(F)(vi) of such Act) equal to or greater than 40 percent.

"(3) OWNERSHIP STATUS.—For purposes of paragraph (1), the conditions described in this paragraph regarding a hospital are as follows:

"(A) The hospital is owned or operated by a unit of State or local government.

"(B) The hospital is a quasi-public corporation, defined as a private, nonprofit corporation or public benefit corporation which is formally granted one or more governmental powers by legislative action through (or is otherwise partially funded by) the State legislature, city or county council.

"(C) The hospital is a private nonprofit hospital.

"(4) CERTAIN HOSPITALS.—For purposes of this part, the term 'qualifying hospital' includes each of the following: George W. Hubbard Hospital of the Meharry Medical College (in Nashville, in the State of Tennessee); Howard University Hospital (in the District of Columbia); Newport News General Hospital (in Newport News, in the State of Virginia); Norfolk Community Hospital (in Norfolk, in the State of Virginia); Richmond Community Hospital (in Richmond, in the State of Virginia); Riverside General Hospital (in Houston, in the State of Texas); Bethany Hospital (in Chicago, in the State of Illinois); Jackson Park Hospital (in Chicago, in the State of Illinois); North General Hospital (in New York, in the State of New York); Rose-land Community Hospital (in Chicago, in the State of Illinois); Southwest Hospital and Medical Center (in Atlanta, in the State of Georgia); and St. Bernard Hospital (in Chicago, in the State of Illinois).

"(b) RULE OF CONSTRUCTION REGARDING MEDICARE AMENDMENTS.—Except as otherwise provided in this subtitle:

"(1) A reference in this subtitle to title XVIII of the Social Security Act shall be considered to be a reference to such title as in effect on the day after the date of the enactment of the Guaranteed Health Insurance Act of 1994, without regard to any amendment subsequently made to such title XVIII.

"(2) For purposes of paragraph (1), an amendment to such title XVIII that is made by the Guaranteed Health Insurance Act of 1994 as of the day referred to in such paragraph applies to this subtitle upon the amendment taking effect, without regard to whether the date on which the amendment takes effect is after the day referred to in such paragraph.

"SEC. 2812. PRIORITIES IN AWARD OF ASSISTANCE.

"In the case of qualifying hospitals that meet the requirements of this part for receiving financial assistance, the Secretary shall give priority to hospitals meeting the conditions of each of paragraphs (1) and (2), as follows:

"(1) The project to be carried out with the assistance meets 1 or more of the following conditions:

"(A) The project is necessary to bring the hospital into compliance with accreditation standards or fire and life

safety, seismic, or other related Federal, State or local regulatory standards.

"(B) The project will improve the provision of essential services (such as emergency medical and trauma services; services regarding acquired immune deficiency syndrome and infectious diseases; perinatal services; services for burned individuals; primary care; and such other services as the Secretary may designate).

"(C) The project will result in the provision of access to essential health services to indigent and other needy individuals within the service area of the hospital, which services would otherwise be unavailable.

"(2) The hospital provides to the Secretary (in the application under section 2804) specific anticipated State or local governmental or other non-Federal assurances of financial support.

"Subpart B—Requirements for Loan Guarantees

"SEC. 2821. LOAN GUARANTEES.

"(a) PURPOSE.—The Secretary may provide loan guarantees for loans to qualifying hospitals for projects described in section 2801. The program under this subpart shall be designed by the Secretary with the goal of rebuilding and maintaining the essential health services of qualifying hospitals eligible for such guarantees.

"(b) GUARANTEE AS ESSENTIAL ELEMENT IN FINANCING.—The Secretary may provide a loan guarantee under subsection (a) for a qualifying hospital only if the guarantee is essential for the hospital to obtain financing for the project involved from a non-Federal lender at a reasonably affordable rate of interest.

"(c) PREFERENCES IN PROVIDING GUARANTEES.—In providing loan guarantees under subsection (a), the Secretary shall give preference to projects in which State or local governmental entities participate in the form of first guarantees of part or all of the total loan value.

"(d) LIMITATION REGARDING RATE OF INTEREST.—The Secretary shall ensure that, with respect to a loan guarantee under subsection (a), the rate of interest does not exceed such annual percentage on the principal obligation outstanding as the Secretary determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risks assumed by the United States.

"SEC. 2822. FUNDING.

"(a) IN GENERAL.—Of the amounts available under section 2802 for a fiscal year after compliance with subsection (b) of such section, the Secretary may reserve not more than \$150,000,000 for providing loan guarantees under section 2821.

"(b) ALLOCATIONS FOR RURAL HOSPITALS.—Of the amounts available for a fiscal year pursuant to subsection (a), the Secretary shall reserve not less than 10 percent for loan guarantees for qualifying hospitals in rural areas, subject to a sufficient number of such hospitals meeting the requirements for such guarantees.

"(c) LIMITATION REGARDING REFINANCING LOANS.—Of the amounts available for a fiscal year pursuant to subsection (a), the Secretary may not obligate more than 20 percent to guarantee refinancing loans.

"SEC. 2823. TERMS AND CONDITIONS OF LOAN GUARANTEES.

"(a) IN GENERAL.—The principle amount of a loan guaranteed under section 2821, when added to any Federal grant assistance made under this subtitle, may not exceed 95 percent of the total value of the project, including land.

"(b) MAINTENANCE OF EFFORT.—Loan guarantees under section 2821 may not be used to supplant other forms of State or local support.

"(c) RIGHT TO RECOVER FUNDS.—The United States shall be entitled to recover from any applicant the amount of payments made pursuant to any loan guarantee under this part, unless the Secretary for good cause waives its right of recovery, and, upon making any such payment, the United States shall be subrogated to all of the rights of the recipients of the payments with respect to which the guarantee was made.

"(e) INCONTESTABILITY OF TERMS ABSENT FRAUD OR MISREPRESENTATION.—Any loan guarantee made by the Secretary under section 2821 shall be incontestable in the hands of an applicant on whose behalf such guarantee is made, and as to any person who makes or contracts to make a loan to such applicant in reliance thereon, except for fraud or misrepresentation on the part of such applicant or other person.

"SEC. 2824. PREMIUMS FOR LOAN GUARANTEES.

"(a) IN GENERAL.—The Secretary shall determine a reasonable loan insurance premium which shall be charged for loan guarantees under section 2821, taking into account the availability of the reserves created under section 2822. Premium charges shall be payable in cash to the Secretary (either in full upon issuance or annually in advance). In addition to such charge, the Secretary may charge and collect such amount as the Secretary considers reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project.

"(b) PAYMENT IN ADVANCE.—In the event that the principal obligation of any loan accepted for a guarantee under section 2821 is paid in full prior to the maturity date, the Secretary may, in the discretion of the Secretary, require the payment by the borrower of an adjusted premium charge in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the qualifying hospital involved would otherwise have been required to pay if the loan had continued to be guaranteed until maturity date.

"(c) WAIVER OF PREMIUMS.—The Secretary may, in the discretion of the Secretary, partially or totally waive premiums charged for loan guarantees under section 2821 for qualifying hospitals that are financially distressed (as described by the Secretary).

"SEC. 2825. PROCEDURES REGARDING LOAN DEFAULT.

"(a) PAYMENT OF INSURANCE AFTER DEFAULT.—

"(1) TRANSFER OF RIGHTS AND INTERESTS.—The failure of a qualifying hospital to make the payment due under or provided by the terms of a loan guaranteed under section 2821 shall be considered in default under such loan and, if such default continues for a period of 30 days, the lender shall be entitled to receive the benefits of the guarantee as provided in this part, upon assignment, transfer, and delivery to the Secretary, within a period and in accordance with rules and regulations to be prescribed by the Secretary of—

"(A) all rights and interests arising under the loan in default;

"(B) all claims of the lender against the qualifying hospital or others, arising out of the loan transactions;

"(C) all policies of title or other insurance or surety bonds or other guarantees and any and all claims thereunder;

"(D) any balance of the loan not advanced to the borrower;

"(E) any cash or assets held by the lender, or to which it is entitled, as deposits made for the account of the borrower and which have not been applied in reduction of the principal of the loan indebtedness; and

"(F) all records, documents, books, papers, and accounts relating to the mortgage transaction.

"(2) PAYMENTS BY SECRETARY.—Upon an assignment, transfer, and delivery described in paragraph (1), the obligation of a qualifying hospital to pay the premium charges for

the loan guarantee shall cease, and the Secretary shall, subject to the cash adjustment provided for in subsection (d), issue to the lender a certificate of claim as provided in subsection (b), and debentures having total face value equal to the original principal face amount of the loan plus such amount as the borrower may have paid for taxes, special assessments, and water rates, which are liens prior to the mortgage; insurance on the assets; and reasonable expenses for the completion and preservation of the assets and any loan insurance premiums paid after default, less the sum of—

“(A) that part of the amount of the principal obligation that has been repaid by the borrower,

“(B) an amount equivalent to 1 percent of the unpaid amount of such principal obligation, and

“(C) any net income received by the lender from the assets.

“(3) OPTION TO FORECLOSE.—

“(A) IN GENERAL.—In the event of a default under the loan the lender may, at its option and in accordance with the regulations of, and in a period of time to be determined by the Secretary, proceed to foreclose on and obtain possession of or otherwise acquire such assets from the borrower after default, and receive the benefits of the insurance as herein provided, upon—

“(i) the prompt conveyance to the Secretary of title to the assets which meets the requirements of the rules and regulations of the Secretary in force at the time the loan was insured and which is evidenced in the manner prescribed by such rules and regulations; and

“(ii) the assignment to the Secretary of all claims of the lender against the borrower or others, arising out of the loan transaction or foreclosure proceedings, except such claims that may have been released with the consent of the Secretary.

“(B) REPEAL OF OBLIGATION TO PAY PREMIUM.—Upon such conveyance and assignment, the obligation of the qualifying hospital to pay the premium charges for the loan guarantee shall cease and the hospital shall be entitled to receive the benefits of the guarantee as provided in this subsection, except that in such event the 1 percent deduction set out above shall not apply.

“(b) CERTIFICATE OF CLAIM; DIVISION OF EXCESS PROCEEDS.—

“(1) VALUE OF CERTIFICATE.—The certificate of claim issued under this section shall be for an amount which the Secretary determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the lender, to equal the amount which the lender would have received if, on the date of the assignment, transfer and delivery to the Secretary provided for in subsection (a) of this section, the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the loan and a reasonable amount for necessary expenses incurred by the lender in connection with the default proceedings, or the acquisition of the mortgaged assets otherwise, and the conveyance thereof to the Secretary. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 percent per annum which shall not be compounded.

“(2) TREATMENT OF EXCESS.—If the net amount realized from the mortgage, and all claims in connection therewith, so assigned, transferred, and delivered, and from the assets covered by such mortgage and all claims in connection with such assets, after deducting all expenses incurred by the Secretary in handling, dealing with, acquiring title to, and disposing of

such mortgage and assets and in collecting such claims, exceeds the face value of the debentures issued and the case adjustment paid to the mortgagee plus all interest paid on such debentures, such excess shall be divided as follows:

"(A) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such assets, the Secretary shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be retained by the Secretary and credited to the loan insurance program of the Secretary.

"(B) If such excess is equal to or less than the total amount payable under such certificate of claim, the Secretary shall pay to the holder of such certificate the full amount of such excess.

"(c) ACQUISITION OF ASSETS BY CONVEYANCE OR FORECLOSURE.—

"(1) IN GENERAL.—The Secretary is authorized to—

"(A) acquire possession of and title to any assets, covered by a mortgage insured under this section and assigned to it, by voluntary conveyance in extinguishment of the mortgage indebtedness, or

"(B) institute proceeding for foreclosure on the assets covered by any such insured mortgage and prosecute such proceedings to conclusion.

"(2) BIDDING PROCEDURES AT FORECLOSURE.—The Secretary at any sale under foreclosure may, in its discretion, for the protection of the Secretary, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage plus taxes, insurance, foreclosure costs, fees, and other expenses, and may become the purchaser of the assets at such sale. In determining the amount to be bid, the Secretary shall act consistently with its duties.

"(3) PAYMENT OF EXPENSES.—The Secretary is authorized to pay from the Secretary such sums as may be necessary to defray such taxes, insurance, costs, fees, and other expenses in connection with the acquisition or foreclosure of assets under this section.

"(4) EXERCISE OF RIGHTS PENDING ACQUISITION.—Pending such acquisition by voluntary conveyance or by foreclosure, the Secretary is authorized, with respect to any mortgage assigned to it under the provisions of subsection (a), to exercise all the rights of a mortgagee under such mortgage, including the right to sell such a mortgage, and to take such action and advance such sums as may be necessary to preserve or protect the lien of such mortgage.

"(d) HANDLING AND DISPOSAL OF ASSETS; SETTLEMENT OF CLAIMS.—

"(1) PAYMENT FOR CERTAIN EXPENSES.—Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Secretary shall also have power, for the protection of the interests of the Secretary, to pay out of the Secretary all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in its discretion, any assets acquired by it under this section.

"(2) SETTLEMENT OF CLAIMS.—Notwithstanding any other provision of law, the Secretary shall also have the power to pursue to final collection by way of compromise or otherwise all claims assigned and transferred to it in connection with the assignment, transfer, and delivery provided for in this section, and at any time, upon default, to foreclose or refrain from foreclosing on any assets secured by any mortgage assigned and transferred to or held by it.

"(3) LIMITATIONS ON AUTHORITY.—Subsections (a) and (b) shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such assets if the amount thereof does not exceed \$1,000.

"Subpart C—Requirements for Interest Rate Subsidies

"SEC. 2831. GRANTS AS INTEREST RATE SUBSIDIES.

"(a) IN GENERAL.—The Secretary shall make grants as interest subsidies to reduce the costs of qualifying hospitals in financing projects described in section 2801.

"(b) PURPOSES.—The interest subsidy program under subsection (a) shall provide a partial Federal subsidy of debt service payment for financing replacement (whether by construction or acquisition), modernization, and renovation projects or capital equipment acquisitions.

"(c) INTEREST SUBSIDIES AS ESSENTIAL ELEMENT IN FINANCING.—The Secretary may make a grant under subsection (a) for a qualifying hospital only if the grant is essential for the hospital as financing for the project involved.

"SEC. 2832. ELIGIBLE LOANS.

"(a) IN GENERAL.—Qualifying hospitals shall have issued or plan to issue bonds, or shall have secured or plan to secure loans, for capital projects or be responsible for paying debt service on general obligation or revenue bonds issued or loans made on the qualifying hospital's behalf. To be eligible, bonds must have been issued after December 31, 1992.

"(b) NON-FEDERAL PARTICIPATION REQUIREMENT.—The Secretary may provide interest subsidies under section 2831 for a qualifying hospital only if the hospital receives assistance from non-Federal sources in an amount not less than the amount of such subsidies.

"SEC. 2833. AMOUNT OF SUBSIDY; ALLOCATION OF FUNDS.

"(a) IN GENERAL.—Interest subsidy grants under section 2831 shall be made in the amount of 3 percentage points for qualifying non-Federal loans.

"(b) QUALIFYING FEDERAL LOANS UNDER PART 2.—Interest subsidy grants under section 2831 in an amount of up to 5 percentage points shall be made for qualifying Federal loans made under this part if it is determined by the Secretary that the project would not be otherwise financially feasible.

"(c) RESERVE FOR RURAL HOSPITALS AND FACILITIES.—Of the amounts available for a fiscal year pursuant to subsection (e), the Secretary shall reserve not less than 10 percent for grants under section 2831 to qualifying hospitals in rural areas, subject to there being a sufficient number of qualified applicants.

"(d) LIMITATION ON AMOUNT OF SUBSIDIES AWARDED PER STATE.—The aggregate value of interest subsidies made under section 2831 to qualifying hospitals in any State for a fiscal year shall not exceed 25 percent of the amounts available under subsection (e) for the year.

"(e) AMOUNT ALLOCATED FROM SECRETARY.—Of the amounts available under section 2802 for a fiscal year after compliance with subsection (b) of such section, the Secretary shall reserve \$220,000,000 for interest subsidies under section 2831.

"SEC. 2834. TERMS AND CONDITIONS FOR SUBSIDIES.

"(a) STATE OR LOCAL PARTICIPATION.—State or local participation in an amount equal to not less than the Federal subsidy shall be required.

"(b) ISSUANCE OF FEDERAL COMMITMENTS.—If the Secretary approves an application for interest subsidies under section 2831, the qualifying hospital involved shall receive a Federal commitment of a grant for the subsidies. Applicants shall then have 12

months to finalize financing arrangements before unobligated funds are returned to the subsidy program. A commitment, when issued, shall be valid for as long as the qualifying hospital continues to meet the eligibility qualifications of this subtitle.

"SEC. 2835. SUBSIDIES FOR LOAN REFINANCING.

"In addition to providing interest rate subsidies for new loans, the Secretary may provide subsidies to assist in refinancing if the qualifying hospital involved presently lacks permanent financing at an affordable current market rate.

"Subpart D—Requirements for Direct Matching Loans

"SEC. 2841. PROVISION OF MATCHING LOANS.

"(a) **IN GENERAL.**—The Secretary may provide direct loans to qualifying hospitals for projects described in section 2801 if the hospitals are unable otherwise to obtain essential financing for the projects.

"(b) **PRIORITY FOR CERTAIN PROJECTS.**—In making direct loans under subsection (a) to qualifying hospitals, the Secretary shall give priority to smaller projects where the transaction costs of securing financing from other sources may be disproportionately onerous in relationship to the amounts financed.

"SEC. 2842. ELIGIBLE PROJECTS.

"(a) **IN GENERAL.**—Qualifying hospitals may seek a direct loan under section 2841 for a project of up to \$50,000,000. Not more than 75 percent of the cost of the project may come from Federal sources.

"(b) **EXCEPTION FOR FINANCIALLY DISTRESSED APPLICANTS.**—The Secretary shall have the discretion to waive the 25 percent match requirement under subsection (a) for financially distressed hospitals and facilities (as described by the Secretary).

"SEC. 2843. FUNDING.

"(a) **IN GENERAL.**—Of the amounts available under section 2802 for a fiscal year after compliance with subsection (b) of such section, the Secretary shall reserve for direct loans under section 2841 \$114,500,000 for fiscal year 1996, \$109,500,000 for fiscal year 1997, and \$89,500,000 for fiscal year 1998. Funded projects shall be divided between projects designed to achieve compliance with accreditation standards, life safety code, and other certification standards, and those related to the provision of new services.

"(b) **RESERVE FOR RURAL HOSPITALS AND FACILITIES.**—Of the amounts available for a fiscal year pursuant to subsection (a), the Secretary shall reserve not less than 10 percent for direct loans under section 2841 to qualifying hospitals in rural areas, subject to there being a sufficient number of qualified applicants.

"SEC. 2844. TERMS AND CONDITIONS OF LOANS.

"(a) **GENERAL TERM.**—Direct loans under section 2841 shall be made for a period equal to the construction period of the project involved plus up to 39 years amortization.

"(b) **INTEREST RATE.**—The interest rate for a direct loan under section 2841 shall be a market rate determined by the Secretary to be the most recent applicable index for revenue bonds, as the Secretary finds appropriate.

"SEC. 2845. USE OF LOANS FOR REFINANCING.

"In addition to making direct loans under section 2841 for new projects, the Secretary may make such loans to refinance existing loans if the qualifying hospital involved has been unable to secure permanent financing at an affordable current market rate, except that the amount of such loans made for a fiscal year for refinancing existing loans may not exceed 20 percent of the total amount made available for such loans for the year.

"SEC. 2846. CREATION OF REVOLVING FUND.

"In addition to the new amounts made available under section 2843 for a fiscal year, all loan repayments under section 2841 made by qualifying hospitals shall be held in a revolving fund that may be used for additional loans under section 2841.

"SEC. 2847. LOAN DEFAULT.

"(a) **IN GENERAL.**—The failure of a qualifying hospital to make payment due under or provided by the terms of a direct loan made under section 2841 shall be considered a default under such loan and, if such default continues for a period of 30 days, the Secretary shall have the right to begin collection proceedings against the hospital.

"(b) **PRIORITY OF FEDERAL INTEREST.**—In the case of default, the United States shall be paid prior to State or local bonds.

"(c) **SETTLEMENT OF CLAIMS.**—Notwithstanding any other provision of law, the Secretary shall have the power to pursue to final collection by way of compromise or otherwise all claims assigned and transferred to the Secretary in connection with an assignment, transfer, and delivery and at any time, upon default, to foreclose or refrain from foreclosing on any assets secured by any defaulted loan held by the Secretary.

"Subpart E—Requirements for Grants for Urgent Capital Needs**"SEC. 2851. PROVISION OF GRANTS.**

"(a) **IN GENERAL.**—The Secretary shall make grants to qualifying hospitals with urgent capital needs for carrying out a project under section 2801.

"(b) **PURPOSES.**—Grants made under subsection (a) shall be available to qualifying hospitals for 3 types of projects:

"(1) **Emergency certification and licensure grants** shall be available to such hospitals that are threatened with closure or loss of accreditation or certification of a facility or of essential services as a result of life or safety code violations or similar facility or equipment failures. Such grants shall provide limited funding for repair and renovation or capital equipment acquisition where failure to fund would disrupt the provision of essential public health services such as emergency care.

"(2) **Emergency grants** shall be available for capital renovation, expansion, or replacement (whether by construction or acquisition) necessary to the maintenance or expansion of essential safety and health services such as obstetrics, perinatal, emergency and trauma, primary care and preventive health services.

"(3) **Planning grants** shall be available to qualified hospitals and facilities requiring pre-approval assistance related to management and finance in order to apply for loans, loan guarantees, and interest subsidies under this part.

"(c) **PRIORITY TO FINANCIALLY DISTRESSED PROVIDERS.**—In making grants pursuant to subsection (a), the Secretary shall give priority to qualifying hospitals that are financially distressed (as described by the Secretary).

"(d) **APPLICATION PROCESS.**—The Secretary shall create an expedited application process for grants under subsection (a).

"(e) **AMOUNT ALLOCATED FROM SECRETARY.**—Of the amounts available under section 2802 for a fiscal year after compliance with subsection (b) of such section, the Secretary shall reserve \$356,100,000 for making grants under subsection (a).

"SEC. 2852. ELIGIBLE PROJECTS.

"(a) **MATCHING GRANTS.**—

"(1) **LIMITATION ON AMOUNT.**—Grants under section 2851 shall be limited to \$25,000,000.

"(2) **MATCHING REQUIREMENT.**—The Secretary shall require that qualifying hospitals receiving grants under section 2851

receive at least 50 percent of their funding from State or local sources.

"(3) RESERVATION FOR RURAL APPLICANTS.—Of the amounts available pursuant to section 2851(e) for a fiscal year, the Secretary shall reserve not less than 10 percent for grants under section 2851 for qualifying hospitals in rural areas, subject to there being a sufficient number of qualified applicants.

"(b) PLANNING GRANTS.—

"(1) IN GENERAL.—In making grants under section 2851, the Secretary may make a grant to a qualifying hospital of up to \$200,000 to assist in implementation of key budgetary and financial systems as well as management and governance restructuring.

"(2) LIMIT ON TOTAL AMOUNTS PROVIDED.—The total amount of assistance provided pursuant to section 2851 in the form of planning grants described in this subsection shall not exceed \$10,000,000.

"PART 3—QUALIFYING HOSPITALS; ACADEMIC HEALTH CENTERS

"SEC. 2871. TRANSITIONAL ASSISTANCE; PROVISION OF INTEREST RATE SUBSIDIES.

"(a) IN GENERAL.—From the amounts reserved under section 2802(b)(2) for a fiscal year, the Secretary may make grants as interest subsidies to reduce the capital costs of qualifying hospitals in carrying out projects described in section 2801 that meet the conditions described in section 2873.

"(b) DEFINITION OF QUALIFYING HOSPITAL.—For purposes of this part, the term 'qualifying hospital' means a hospital that—

"(1) is eligible to receive payment for the direct costs of graduate medical education under section 1886(h) of the Social Security Act;

"(2) on June 1, 1994, was eligible to receive a payment adjustment under section 1886(d)(5)(F) of such Act in an amount determined in accordance with section 1886(d)(5)(f)(vii)(I) of such Act; and

"(3) is a public or nonprofit private hospital.

"SEC. 2872. ELIGIBLE FINANCING.

"(a) IN GENERAL.—An interest subsidy is available under section 2871 with respect to any financing obtained by the hospital involved if the financing meets the requirements of subsections (b) through (d), without regard to whether such financing is subject to refunding, advance refunding, or refinancing.

"(b) PROPORTION OF AGGREGATE FINANCING USED FOR PROJECT.—An interest subsidy is available under section 2871 with respect to any financing obtained for a project only if not less than 80 percent of all financing for which a subsidy is provided under such section with respect to the project is used for such project.

"(c) LIMIT ON TOTAL AMOUNT OF FINANCING ELIGIBLE FOR SUBSIDY.—The total amount of financing for which a subsidy is provided under section 2871 with respect to a project may not exceed the lesser of—

"(1) 65 percent of the total cost of the project, as specified by the governing board of the hospital prior to June 1, 1994;

"(2) the total amount of borrowing authorized by the governing board of the hospital with respect to the project prior to June 1, 1994; or

"(3) the Secretary's estimate of the reasonable cost of such financing, as determined in accordance with the methodology described in section 1861(v).

"(d) PROHIBITION AGAINST USE OF SUBSIDY FOR RETROACTIVE DEBT SERVICE PAYMENTS.—The Secretary may not provide any interest subsidy under section 2871 with respect to any debt service payment made by a hospital prior to the date on which the subsidy is initially provided to the hospital under such section.

"SEC. 2873. ELIGIBLE PROJECTS.

"(a) **IN GENERAL.**—The Secretary may make a grant under section 2871 to a qualifying hospital for a project under section 2801 only if—

"(1) prior to June 1, 1994, the project has been approved by a State under a capital review program or, in the case of a project in a State without such a program, by the governing board of the hospital;

"(2) the hospital demonstrates that the replacement facility will be available for providing services to patients not later than December 31, 2002 and was not available for providing services to patients prior to January 1, 1987; and

"(3) the total cost of the project is not less than \$200,000,000.

"(b) **TOTAL PROJECT COST.**—For purposes of subsection (a)(3), the term 'total cost of the project' means the total amount of project-related costs, including the following: Construction; land; air rights; equipment; construction contingency; planning; legal, architectural, engineering, and design services; interest during construction; borrowings for the purpose of refinancing previously incurred debt in order to meet requirements of a new lender; and other expenses generally recognized as costs of development, financing, and construction of such projects.

"SEC. 2874. ALLOTMENT OF SUBSIDIES.

"(a) **IN GENERAL.**—Interest subsidy grants to a hospital under section 2871 shall be made in an amount not exceeding 3 percentage points, except that the amount of such a grant may not exceed the interest portion of the eligible financing involved. The amount applicable under the preceding sentence as the maximum amount for such a grant shall be reduced by the Secretary by the amount of any financial assistance provided for the project involved under part 2.

"(b) **AMOUNT ALLOCATED BY SECRETARY.**—If the amount reserved under section 2802(b)(2) for a fiscal year is insufficient to provide interest subsidies to all qualifying hospitals that apply for and are eligible for such subsidies, the amount of the subsidy provided to each recipient shall be reduced on a pro rata basis.

"Subtitle B—Emergency Medical Equipment for Rural Areas

"SEC. 2881. GRANTS REGARDING EMERGENCY MEDICAL SERVICES.

"(a) **IN GENERAL.**—From amounts reserved under section 2802(b)(3), the Secretary, acting through the Director of the Office of Rural Health Policy, may make grants to public and nonprofit private entities for the purpose of purchasing equipment and vehicles for the provision of emergency medical services in rural areas.

"(b) **REQUIREMENT REGARDING COMMUNITY SERVICE.**—Section 2803(a) applies to a grant under subsection (a) to the same extent and in the same manner as such section applies to financial assistance under section 2801.

"(c) **USE OF EQUIPMENT AND VEHICLES.**—The Secretary may make a grant under subsection (a) only if the applicant agrees that the equipment and vehicles purchased pursuant to subsection (a) will be owned, operated, and maintained by the applicant.

"(d) MATCHING FUNDS.—

"(1) **IN GENERAL.**—With respect to the costs of the program to be carried out under subsection (a) by an applicant, the Secretary may make a grant under such subsection only if the applicant agrees to make available (directly or through donations from public or private entities) non-Federal contributions toward such costs in an amount that is not less than 50 percent of such costs.

"(2) **DETERMINATION OF AMOUNT CONTRIBUTED.**—Non-Federal contributions required in paragraph (1) may be in cash or

in kind, fairly evaluated, including plant, equipment, or services. Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, may not be included in determining the amount of such non-Federal contributions.

"(e) APPLICATION FOR GRANT.—The Secretary may make a grant under subsection (a) only if an application for the grant is submitted to the Secretary and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this section.

"Subtitle C—Facilities of Indian Health Service

"SEC. 2891. FINANCIAL ASSISTANCE FOR FACILITIES OF SERVICE.

"(a) IN GENERAL.—From the amounts reserved under section 2802(b)(1), the Secretary shall provide financial assistance in the form of loan guarantees, direct loans, and grants to facilities of health programs of the Service (as defined in section 901 of the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.) for the purposes specified in subparagraphs (A) and (B) of section 2801(a)(1).

"(b) TERMS AND CONDITIONS.—Section 2803 applies to financial assistance under subsection (a) to the same extent and in the same manner as such section applies to financial assistance under section 2801. Such assistance shall be subject to such other terms and conditions as the Secretary determines appropriate to carry out this subtitle with respect to such facilities of health programs of the Service.

"(c) EQUAL TREATMENT OF IHS AND TRIBAL FACILITIES.—In carrying out this section, the Secretary shall—

"(1) treat facilities operated directly by the Indian Health Service and facilities operated by Indian tribes, tribal organizations, and urban Indian organizations through a contract or compact with the Indian Health Service equitably; and

"(2) apply the same terms and conditions in the same manner with respect to facilities operated directly by the Indian Health Service as the Secretary applies to facilities operated by tribes, tribal organizations, and urban Indian organizations through a contract or compact with the Indian Health Service."

Subtitle D—Other Programs in Public Health Service Act

SEC. 7301. SCHOOL-BASED HEALTH CLINICS.

"(a) IN GENERAL.—Part D of title III of the Public Health Service Act (42 U.S.C. 254b et seq.) is amended by adding at the end the following section:

"SCHOOL-BASED HEALTH CLINICS

"SEC. 340E. (a) IN GENERAL.—

"(1) IN GENERAL.—The Secretary may make grants to public and nonprofit private entities for the purpose of making available to school children the health services described in subsection (c) at sites that are on or in close proximity to the premises of a school (or at such other sites as the Secretary determines to be appropriate to provide school children with access to the services).

"(2) SCHOOL CHILDREN.—For purposes of this section, the term "school children" means an individual between the ages of 3 and 21 (inclusive).

"(b) MINIMUM QUALIFICATIONS: STATUS REGARDING FEDERAL HEALTH PROGRAMS.—

"(1) IN GENERAL.—For fiscal year 1996 and subsequent fiscal years, the Secretary may make a grant under subsection (a) only if, subject to paragraph (2), the applicant involved is in compliance with the following, as applicable to the fiscal year involved:

"(A) For each of the fiscal years 1996 through 1998, and for the first quarter of fiscal year 1999, the applicant is a provider of services under the State plan approved for the State involved under title XIX of the Social Security Act.

"(B) For the remaining quarters of fiscal year 1999 and for each subsequent fiscal year, the applicant is a participating provider under medicare part C (established under title XXI of the Social Security Act).

"(2) WAIVER.—The requirements established in paragraph (1) do not apply to an applicant that provides health services without charge and does not receive reimbursement for the services from any third-party payors.

"(c) REQUIRED CONSULTATIONS REGARDING PARENTS AND TEACHERS.—The Secretary may make a grant under paragraph (1) only if the applicant involved, in preparing the application under subsection (k), has consulted with parents in the community in which services under the grant are to be provided, with teachers at schools in the community, and with the local educational agency with jurisdiction over such schools.

"(d) PREFERENCES IN MAKING GRANTS.—In making grants under subsection (a), the Secretary shall give preference to—

"(1) qualified applicants that are experienced in delivering health care services to medically underserved populations (as defined in section 2752(b)) or in areas in which a significant number of children are at risk for health problems; and

"(2) qualified applicants that are affiliated with community provider networks operated pursuant to section 2721(b)(3)(E).

"(e) AUTHORIZED SERVICES.—

"(1) IN GENERAL.—The Secretary may make a grant under subsection (a) only if the applicant involved agrees that services made available under the grant will include each of the following (as medically appropriate for the child involved):

"(A) Comprehensive health examinations.

"(B) Health education and prevention services, including prenatal care.

"(C) Follow-up care for routine health problems.

"(D) Referrals for dental, vision, and hearing services and for mental health services.

"(E) Screenings and follow-up treatment for sexually-transmitted diseases or other communicable diseases.

"(2) OPTION REGARDING FAMILY PLANNING SERVICES.—A grantee under subsection (a) may, at the option of the grantee, expend the grant under such subsection to provide voluntary family planning services. The Secretary may not require as a condition of the receipt of a grant under subsection (a) that an applicant for the grant agree to provide such services.

"(3) OTHER SERVICES.—In addition to services specified in paragraphs (1) and (2), the Secretary may authorize a grantee under subsection (a) to expend the grant for such additional health or health-related services for school children as the Secretary determines to be appropriate.

"(4) AVAILABILITY THROUGHOUT YEAR.—The Secretary may make a grant under subsection (a) only if the applicant involved agrees that services under the grant will be available throughout the year (including any portion of the year during which the school does not hold classes).

"(f) CULTURAL CONTEXT OF SERVICES.—The Secretary may make a grant under subsection (a) only if the applicant involved

agrees that services under the grant will be provided in the language and cultural context most appropriate for the individuals to whom the services are provided.

"(g) **LIMITATION ON IMPOSITION OF FEES FOR SERVICES.**—The Secretary may make a grant under subsection (a) only if the applicant involved agrees that, if a fee is imposed for the provision of services under the grant, such fee—

"(1) will be made according to a schedule of fees that is made available to the public;

"(2) will be adjusted to reflect the income and resources of the school-children involved; and

"(3) will not be imposed on any school child with an income of less than 100 percent of the applicable official poverty line (established by the Director of the Office of Management and Budget and revised by the Secretary in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981).

"(h) **MATCHING FUNDS.**—

"(1) **IN GENERAL.**—With respect to the costs of the program to be carried out under subsection (a) by an applicant, the Secretary, subject to paragraph (3), may make a grant under such subsection only if the applicant agrees to make available (directly or through donations from public or private entities) non-Federal contributions toward such costs in an amount that is—

"(A) for the first fiscal year for which the applicant receives such a grant, 10 percent of such costs;

"(B) for any second such fiscal year, 25 percent of such costs; and

"(C) for any subsequent such fiscal year, 50 percent of such costs.

"(2) **DETERMINATION OF AMOUNT CONTRIBUTED.**—Non-Federal contributions required in paragraph (1) may be in cash or in kind, fairly evaluated, including plant, equipment, or services. Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, may not be included in determining the amount of such non-Federal contributions.

"(3) **WAIVER.**—The Secretary may for an applicant waive the requirement of paragraph (1) for a fiscal year if the Secretary determines that the applicant will be unable to carry out a program under subsection (a) otherwise. If the Secretary provides a waiver under the preceding sentence for a grantee under subsection (a) for a fiscal year, the Secretary may make a grant to the applicant for the following fiscal year only if the Secretary reviews the waiver to determine whether the waiver should remain in effect.

"(i) **ADDITIONAL AGREEMENTS.**—The Secretary may make a grant under subsection (a) only if the applicant involved agrees as follows:

"(1) The applicant will maintain the confidentiality of patient records.

"(2) The applicant will establish an ongoing quality assurance program regarding services provided under the grant.

"(3) The applicant will not expend more than 10 percent of the grant for administrative expenses regarding the grant.

"(j) **REPORTS TO SECRETARY.**—The Secretary may make a grant under subsection (a) only if the applicant agrees that, not later than February 1 of the fiscal year following the fiscal year for which the grant is to be made, the applicant will submit to the Secretary a report describing the program carried out by the applicant under the grant, including provisions on the utilization, cost, and outcome of services provided under the grant.

"(k) **APPLICATION FOR GRANT; PLAN.**—The Secretary may make a grant under subsection (a) only if an application for the grant is submitted to the Secretary; the application contains a plan describing the proposal of the applicant for a program under subsection

(a) and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this section.

"(l) EVALUATION OF PROGRAMS.—The Secretary, directly or through grants or contracts, shall provide for evaluations of programs carried out under subsection (a), including the cost-effectiveness and health-effectiveness of the programs.

"(m) REPORTS TO CONGRESS.—Not later than May 31 of each fiscal year, the Secretary shall submit to the Congress a report on the programs carried out under subsection (a). The report shall include a summary of the evaluations carried out under subsection (l) for the preceding fiscal year.

"(n) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there is authorized to be appropriated \$100,000,000 for each of the fiscal year 1996, \$275,000,000 for fiscal year 1997, \$350,000,000 for fiscal year 1998, and \$400,000,000 for each of the fiscal years 1999 and 2000."

(b) CONFORMING AMENDMENT.—Part D of title III of the Public Health Service Act (42 U.S.C 254b et seq.), as amended by section 104 of Public Law 103-183 (107 Stat. 2230), is amended in the heading for subpart VIII by striking "Bulk" and all that follows and inserting the following: "Miscellaneous Provisions Regarding Primary Health Care".

(c) RULE OF CONSTRUCTION.—For fiscal year 1995, references in section 340E of the Public Health Service Act (as added by subsection (a) of this section) to section 2752(b) of such Act are deemed to be references to section 330(a) of such Act.

SEC. 7302. RURAL AND URBAN MANAGED CARE PROGRAM.

(a) IN GENERAL.—The Public Health Service Act, as amended by section 7201 of the this Act, is amended by adding at the end the following title:

"TITLE XXIX—ADDITIONAL PROGRAMS OF PUBLIC HEALTH SERVICE

"SEC. 2901. RURAL AND URBAN MANAGED CARE PROGRAM.

"(a) IN GENERAL.—The Secretary may make grants to public and nonprofit private entities for the purpose of carrying out projects for the following:

"(1) To develop rural community-operated health plans, as defined in subsection (b).

"(2) To develop community health networks, as defined in subsection (c).

"(3) To promote the establishment of managed care plans in underserved areas.

"(b) RURAL COMMUNITY-OPERATED HEALTH PLAN.—For purposes of this section, the term 'rural community-operated health plan' means health plan meeting the following conditions:

"(1) The health plan is a public or nonprofit private entity that provides services exclusively in a rural or frontier area.

"(2) The plan is developed in consultation with the local governments of the geographic area to be served by the plan, with individuals who reside in the area, and with a reasonable number and variety of health professionals who provide services in the area.

"(3) The principal legal authority over the operation of the plan is vested in individuals who reside in such geographic area.

"(4) The plan provides a full continuum of services.

"(c) COMMUNITY HEALTH NETWORK.—

"(1) IN GENERAL.—For purposes of this section, the term 'community health network' means a public or nonprofit entity meeting the following requirements:

"(A) The entity provides primary care services and acute care services, including health promotion, health

maintenance, and disease prevention, either directly through its members or through contracts with other entities (under such limited circumstances as the Secretary may permit in regulations) in an area—

“(i) designated by the Secretary as a health-professional shortage area under section 332(a)(1)(A); or

“(ii) with a significant number of individuals who are members of a medically underserved population designated by the Secretary under section 2752(b).

“(B) The entity consists of—

“(i) at least one hospital that

“(I) is a sole community hospital described in section 1886(d)(5)(D) of the Social Security Act;

“(II) is a rural referral center described in section 1886(d)(5)(C) of such Act; or

“(III) is described in section 1886(d)(5)(F) of such Act, or would be described in such section if the hospital were a subsection (d) hospital as defined in section 1886(d)(1)(B) of such Act;

“(ii) at least 3 primary care centers, as described in paragraph (2); and

“(iii) at the election of the entity's members, any other entities that provide primary care or other health care services.

“(C) The members of the entity have entered into an agreement under which—

“(i) each member agrees to provide appropriate emergency and medical support services to other members;

“(ii) each member agrees to accept referrals from other members;

“(iii) each hospital member has arrangements to provide staff privileges to physicians providing care for other members; and

“(iv) each member has in effect (or is in the process of establishing) agreements with other members to share in the member's communication system, including (where appropriate) the electronic sharing of patient data, medical records, and billing services.

“(2) PRIMARY CARE CENTERS.—For purposes of this section, the term ‘primary care center’ means—

“(A) a rural health clinic, as defined in section 1861(aa)(2) of the Social Security Act;

“(B) a Federally-qualified health center certified by the Secretary under section 1905(l)(2)(B) of such Act; or

“(C) a facility that would be a Federally-qualified health center but for its failure to meet the requirement described in section 2713(a)(1) (relating to the composition of the facility's governing board), but only if the facility provides assurances to the State or unit of local government that consumers have significant input into the governance of the facility.

“(3) RULE OF CONSTRUCTION REGARDING MEDICARE AMENDMENTS.—Except as otherwise provided in this section:

“(A) A reference in this section to title XVIII of the Social Security Act shall be considered to be a reference to such title as in effect on the day after the date of the enactment of the Guaranteed Health Insurance Act of 1994, without regard to any amendment subsequently made to such title XVIII.

“(B) For purposes of subparagraph (A), an amendment to such title XVIII that is made by the Guaranteed Health Insurance Act of 1994 as of the day referred to in such subparagraph applies to this section upon the amendment taking effect, without regard to whether the date on which

the amendment takes effect is after the day referred to in such subparagraph.

“(c) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there is authorized to be appropriated \$85,000,000 for each of the fiscal years 1995 through 1999.”

(b) RULE OF CONSTRUCTION.—For fiscal year 1995, references in section 2901 of the Public Health Service Act (as added by subsection (a) of this section) to section 2752(b) of such Act are deemed to be references to section 330(a) of such Act, and references to section 2713(a)(1) of such Act are deemed to be references to section 329(e)(2)(G)(i) of such Act, or section 330(e)(3)(G)(i) of such Act, as applicable to the entity involved.

SEC. 7303. EMERGENCY MEDICAL SERVICES IN RURAL AREAS.

(a) USE OF CERTAIN FORMULA GRANTS FOR TRAINING OF PERSONNEL.—Part B of title XII of the Public Health Service Act (42 U.S.C. 300d-11 et seq.) is amended—

(1) in section 1211(b), by inserting before the period the following: “, and for training personnel in accordance with section 1213(e)”; and

(2) in section 1213, by adding at the end the following subsection:

“(e) TRAINING OF PERSONNEL.—The Secretary may not make payments under section 1211(a) for a fiscal year unless the State involved agrees that 25 percent of the payments will be expended to train personnel in the provision of trauma care.”

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 1232(a) of the Public Health Service Act (42 U.S.C. 300d-32(a)) is amended—

(1) by striking “and such sums” and inserting “, such sums”; and

(2) by inserting before the period the following: “, and \$100,000,000 for each of the fiscal years 1995 through 1997”.

SEC. 7304. ALLIED HEALTH PROFESSIONS.

(a) CAPITAL COSTS.—Subpart II of part D of title VII of the Public Health Service Act (42 U.S.C. 294d et seq.) is amended by adding at the end the following section:

“SEC. 768. CAPITAL COSTS OF SCHOOLS OF ALLIED HEALTH IN INCREASING CAPACITY FOR TRAINING.

“(a) IN GENERAL.—The Secretary may make loans to, and guarantee the payment of principal and interest to Federal and non-Federal lenders on behalf of, schools of allied health for the capital costs of increasing the capacity of the schools to train students in the allied health professions.

“(b) PREFERENCES REGARDING UNDERSERVED AREAS.—In providing loans and guarantees under subsection (a), the Secretary shall give preference to qualified applicants that agree to make capital expenditures under subsection (a) that the Secretary determines will assist underserved rural and urban areas.

“(c) TERMS AND CONDITIONS.—The Secretary shall establish terms and conditions (and such other criteria as the Secretary considers necessary) regarding loans and loan guarantees under subsection (a), including provisions regarding defaults by borrowers and including such provisions as may be necessary to protect the financial interests of the United States. The Secretary may provide a loan or loan guarantee under subsection (a) only if the applicant involved agrees to comply with such terms and conditions (and other criteria).

“(d) TWENTY-YEAR OBLIGATION; RIGHT OF RECOVERY.—

“(1) IN GENERAL.—With respect to a facility for which a loan or loan guarantee is to be made under subsection (a), the Secretary may provide the loan or loan guarantee only if the applicant involved agrees that the applicant will be liable to the United States for the amount of the loan or loan guarantee, together with an amount representing interest, if at any time during the 20-year period beginning on the date of completion of the activities involved, the facility—

"(A) ceases to be a facility utilized for the purpose specified in subsection (a) (or another purpose approved by the Secretary for education and training in the health professions); or

"(B) is sold or transferred to any entity other than an entity that is—

"(i) qualified to carry out a purpose referred to in subparagraph (A); and

"(ii) approved by the Secretary as a purchaser or transferee regarding the facility.

"(2) SUBORDINATION; WAIVERS.—The Secretary may subordinate or waive the right of recovery under paragraph (1), and any other Federal interest that may be derived by virtue of a loan or loan guarantee under subsection (a), if the Secretary determines that subordination or waiver will further the objectives of this section.

"(e) WAIVER.—The Secretary may, under a waiver of the requirement under subsection (a) regarding status as a school of allied health, make not more than 1 grant under such subsection each fiscal year to a public or nonprofit private institution that does not meet each of the conditions described in section 799(4) if the entity operates a program that provides training in the allied health professions.

"(f) FUNDING.—

"(1) CREDIT AUTHORITY.—Credit authority for making loans and loan guarantees under subsection (a) for a fiscal year is available only to the extent of amounts provided in appropriations Acts.

"(2) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 1997."

(b) PROJECT GRANTS AND CONTRACTS.—Section 767(d) of the Public Health Service Act (42 U.S.C. 294e(d)) is amended—

(1) by striking "there is" and inserting "there are"; and

(2) by striking "through 1995" and inserting the following: "and 1994, and \$9,000,000 for each of the fiscal years 1995 through 1997".

SEC. 7305. COMMUNITY HEALTH ADVISORS.

Title XXIX of the Public Health Service Act, as added by section 7302 of this Act, is amended by adding at the end the following section.

"SEC. 2902. FORMULA GRANTS REGARDING COMMUNITY HEALTH ADVISOR PROGRAMS.

"(a) IN GENERAL.—

"(1) FORMULA GRANTS.—In the case of each State (or entity designated by a State under paragraph (4) that submits to the Secretary an application in accordance with subsection (d) for a fiscal year, the Secretary, acting through the Director of the Centers for Disease Control and Prevention and in coordination with the heads of the agencies specified in paragraph (2), shall make an award of financial assistance to the State or entity for the development and operation of community health advisor programs under section subsection (b)(2). The award shall consist of the allotment determined under subsection (e) with respect to the State, subject to subsection (j).

"(2) COORDINATION WITH OTHER AGENCIES.—The agencies referred to in paragraph (1) regarding coordination are the Health Resources and Services Administration, the National Institutes of Health, the Substance Abuse and Mental Health Services Administration, the Agency for Health Care Policy and Research, and the Indian Health Service.

"(3) PRIORITY FOR MEDICALLY UNDERSERVED COMMUNITIES.—A funding agreement for an award under paragraph (1) is that the applicant involved will give priority to develop-

ing and operating community health advisor programs for medically underserved communities.

"(4) DESIGNATED ENTITIES.—With respect to the State involved, an entity other than the State may receive an award under paragraph (1) only if the entity—

"(A) is a public or nonprofit private entity; and

"(B) has been designated by the State to carry out the purpose described in such paragraph in the State and to receive amounts under such paragraph in lieu of the State.

"(5) ROLE OF STATE AGENCY FOR PUBLIC HEALTH.—A funding agreement for an award under subsection (a) is that—

"(A) if the applicant is a State, the award will be administered by the State agency with the principal responsibility for carrying out public health programs; and

"(B) if the applicant is an entity designated under paragraph (3), the award will be administered in consultation with such State agency.

"(5) STATEWIDE RESPONSIBILITIES; LIMITATION ON EXPENDITURES.—

"(A) A funding agreement for an award under paragraph (1) is that the applicant involved will—

"(i) operate a clearinghouse to maintain and disseminate information on community health advisor programs (and similar programs) in the State, including information on developing and operating such programs, on training individuals to participate in the programs, and on evaluation of the programs;

"(ii) provide to community health advisor programs in the State technical assistance in training community health advisors under subsection (c)(7)(A);

"(iii) coordinate the activities carried out in the State under the award, including coordination between the various community health advisor programs and coordination between such programs and related activities of the State and of other public or private entities.

"(B) A funding agreement for an award under paragraph (1) is that the applicant involved will not expend more than 15 percent of the award in the aggregate for carrying out subparagraph (A) and for the expenses of administering the award with respect to the State involved, including the process of receiving payments from the Secretary under the award, allocating the payments among the entities that are to develop and operate the community health advisor programs involved, and monitoring compliance with the funding agreements made under this section by the applicant.

"(b) REQUIREMENTS REGARDING COMMUNITY HEALTH ADVISOR PROGRAMS.

"(1) PURPOSE OF AWARD; HEALTHY PEOPLE 2000 OBJECTIVES.—

"(A) Subject to subparagraph (B), a funding agreement for an award under subsection (a) for an applicant is that the purpose of the award is, through community health advisor programs under paragraph (2), to assist the State involved in attaining the Healthy People 2000 Objectives (as defined in paragraph (4)).

"(B) With respect to compliance with the agreement made under subparagraph (A), an applicant receiving an award under subsection (a) may, from among the various Healthy People 2000 Objectives, select one or more Objectives to be given priority in the operation of a community health advisor program of the applicant, subject to the applicant selecting such priorities in consultation with the entity that is to carry out the program.

"(2) REQUIREMENTS FOR PROGRAMS.—A funding agreement for an award under subsection (a) for an applicant is that, in expending the award, the purpose described in subsection (a)(1) will be carried out in accordance with the following:

"(A) For each community for which the purpose is to be carried out, the applicant will establish a program in accordance with this subsection.

"(B) The program will be carried out in a community only if the applicant has, under subsection (c)(1), identified the community as having a significant need for the program.

"(C) The program will be operated by a public or non-profit private entity with experience in providing health or health-related social services to individuals who are underserved with respect to such services.

"(D) The services of the program, as specified in paragraph (3), will be provided principally by community health advisors (as defined in paragraph (5)).

"(3) AUTHORIZED PROGRAM SERVICES.—For purposes of paragraph (2)(D), the services specified in this paragraph for a program are as follows:

"(A) The program will collaborate with health care providers and related entities in order to facilitate the provision of health services and health-related social services (including collaborating with local health departments, community health centers, migrant health centers, rural health clinics, hospitals, physicians and nurses, providers of health education, and providers of social services).

"(B) The program will provide public education on health promotion and disease prevention and facilitate the use of available health services and health-related social services.

"(C) The program will provide health-related counseling.

"(D) The program will provide referrals for available health services and health-related social services.

"(E) For the purpose of increasing the capacity of individuals to utilize health services and health-related social services under Federal, State, and local programs, the following conditions will be met:

"(i) The program will assist individuals in establishing eligibility under the programs and in receiving the services or other benefits of the programs.

"(ii) The program will provide such other services as the Secretary determines to be appropriate, which services may include (but are not limited to) transportation and translation services.

"(F) The program will provide outreach services to inform the community of the availability of the services of the program.

"(c) ADDITIONAL AGREEMENTS.—

"(1) IDENTIFICATION OF COMMUNITY NEEDS.—A funding agreement for an award under subsection (a) is that the applicant involved will—

"(A) identify the needs of the community involved for the authorized program services;

"(B) in identifying such needs, consult with members of the community, with individuals and programs that provide health services in the community, and with individuals and programs that provide health-related social services in the community; and

"(C) consider such needs in carrying out a community health advisor program for the community.

"(2) MATCHING FUNDS.—

"(A) IN GENERAL.—With respect to the cost of carrying out a community health advisor program, a funding agree-

ment for an award under subsection (a) is that the applicant involved will make available (directly or through donations from public or private entities) non-Federal contributions toward such cost in an amount that is not less than 25 percent of such cost.

“(B) DETERMINATION OF AMOUNT CONTRIBUTED.—

“(i) Non-Federal contributions required in subparagraph (A) may be in cash or in kind, fairly evaluated, including plant, equipment, or services. Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, may not be included in determining the amount of such non-Federal contributions.

“(ii) With respect to the State in which the community health advisor program involved is to be carried out, amounts provided by the State in compliance with paragraph (3) shall be included in determining the amount of non-Federal contributions under subparagraph (A).

“(3) MAINTENANCE OF EFFORT.—

“(A) With respect to the purposes for which an award under subsection (a) is authorized in this section to be expended, the Secretary may make such an award only if the State involved agrees to maintain expenditures of non-Federal amounts for such purposes at a level that is not less than the level of such expenditures maintained by the State for the fiscal year preceding the first fiscal year for which such an award is made with respect to the State.

“(B)(i) In making an award under subsection (a) for a fiscal year, the Secretary shall make a determination of whether, for the previous fiscal year, the State involved maintained material compliance with the agreement made under subparagraph (A). If the Secretary determines that a State has failed to maintain such compliance, the Secretary shall reduce the amount of the grant under subsection (a) for the fiscal year for which the grant is being made by an amount equal to the amount constituting such failure for the previous fiscal year.

“(ii) The Secretary may make a grant under subsection (a) for a fiscal year only if the State involved submits to the Secretary information sufficient for the Secretary to make the determination required in clause (i).

“(4) CULTURAL CONTEXT OF SERVICES.—A funding agreement for an award under subsection (a) for an applicant is that the services of the community health advisor program involved will be provided in the language and cultural context most appropriate for the individuals served by the program.

“(5) NUMBER OF PROGRAMS PER AWARD; PROGRAMS FOR URBAN AND RURAL AREAS.—A funding agreement for an award under subsection (a) for an applicant is that the number of community health advisor programs operated in the State with the award will be determined by the Secretary, except that (subject to subsection (a)(3)) such a program will be carried out in not less than one urban area of the State, and in not less than one rural area of the State.

“(6) ONGOING SUPERVISION OF ADVISORS.—A funding agreement for an award under subsection (a) is that the applicant involved will ensure that each community health advisor program operated with the award provides for the ongoing supervision of the community health advisors of the program.

“(7) CERTAIN EXPENDITURES.—

“(A) Funding agreements for an award under subsection (a) include the following:

“(i) The applicant involved will ensure that, for each community health advisor program operated with the award, a program is carried out to train commu-

nity health advisors to provide the authorized program services, including practical experiences in providing services for health promotion and disease prevention.

"(ii) The program of training will provide for the continuing education of the community health advisors.

"(iii) Not more than 15 percent of the award will be expended for the program of training.

"(B) With respect to compliance with the agreements made under this section, the purposes for which an award under subsection (a) may be expended include providing compensation for the services of community health advisors.

"(8) REPORTS TO SECRETARY; ASSESSMENT OF EFFECTIVENESS.—Funding agreements for an award under subsection (a) for an applicant include the following:

"(A) The applicant will ensure that, for each fiscal year for which a community health advisor program receives amounts from the award, the program will prepare a report describing the activities of the program for such year, including—

"(i) a specification of the number of individuals served by the program;

"(ii) a specification of the entities with which the program has collaborated in carrying out the purpose described in subsection (a)(1); and

"(iii) an assessment of the extent of the effectiveness of the program in carrying out such purpose.

"(B) Such reports will include such additional information regarding the applicant and the programs as the Secretary may require.

"(C) The applicant will prepare the reports as a single document and will submit the document to the Secretary not later than February 1 of the fiscal year following the fiscal year for which the reports were prepared.

"(d) APPLICATION FOR ASSISTANCE; STATE PLAN.—For purposes of subsection (a), an application is in accordance with this section if the application is submitted not later than the date specified by the Secretary; the application contains each funding agreement described in this section; the application contains a State plan describing the purposes for which the award is to be expended in the State (including a description of the manner in which the applicant will comply with each such funding agreement); and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this section.

"(e) DETERMINATION OF AMOUNT OF ALLOTMENT.—

"(1) IN GENERAL.—For purposes of subsection (a), the allotment under this subsection with respect to a State for a fiscal year is the greater of—

"(A) the sum of the respective amounts determined for the State under paragraph (2) and paragraph (3); and

"(B) \$500,000.

"(2) AMOUNT RELATING TO POPULATION.—For purposes of subsection (a), the amount determined under this paragraph is the product of—

"(A) an amount equal to 50 percent of the amount appropriated under subsection (j) for the fiscal year and available for awards under subsection (a); and

"(B) the percentage constituted by the ratio of—

"(i) the number of individuals residing in the State involved; to

"(ii) the sum of the respective amounts determined for each State under clause (i).

"(3) AMOUNT RELATING TO POVERTY LEVEL.—For purposes of subsection (a), the amount determined under this paragraph is the product of—

"(A) the amount determined under paragraph (2)(A);

and

"(B) the percentage constituted by the ratio of—

"(i) the number of individuals residing in the State whose income is at or below an amount equal to 200 percent of the official poverty line; to

"(ii) the sum of the respective amounts determined for each State under clause (i).

"(f) QUALITY ASSURANCE; COST-EFFECTIVENESS.—The Secretary shall establish guidelines for assuring the quality of community health advisor programs (including quality in the training of community health advisors) and for assuring the cost-effectiveness of the programs. A funding agreement for an award under subsection (a) is that the applicant involved will carry out such programs in accordance with the guidelines.

"(g) EVALUATIONS; TECHNICAL ASSISTANCE.—

"(1) EVALUATIONS.—The secretary shall conduct evaluations of community health advisor programs, and may disseminate information developed as result of the evaluations. In conducting such evaluations, the Secretary shall determine whether the programs are in compliance with the guidelines established under subsection (f).

"(2) TECHNICAL ASSISTANCE.—The Secretary may provide technical assistance to recipients of awards under subsection (a) with respect to the planning, development, and operation of community health advisor programs.

"(3) GRANTS AND CONTRACTS.—The Secretary may carry out this subsection directly or through grants, cooperative agreements, or contracts.

"(4) LIMITATION ON EXPENDITURES.—Of the amounts appropriated under subsection (j) for a fiscal year, the Secretary may reserve not more than 10 percent for carrying out this subsection.

"(h) RULE OF CONSTRUCTION REGARDING PROGRAMS OF INDIAN HEALTH SERVICE.—This section may not be construed as requiring the Secretary to modify or terminate the program carried out by the Director of the Indian Health Service and designated by such Director as the Community Health Representative Program. The Secretary shall ensure that support for such Program is not supplanted by awards under subsection (a). In communities in which both such Program and a community health advisor program are being carried out, the Secretary shall ensure that the community health advisor program works in cooperation with, and as a complement to, the Community Health Representative Program.

"(i) DEFINITIONS.—For purposes of this section:

"(1) The term "authorized program services", with respect to a community health advisor program, means the services specified in subsection (b)(3).

"(2) The term "community health advisor" means an individual—

"(A) who has demonstrated the capacity to carry out one or more of the authorized program services;

"(B) who, for not less than 1 year, has been a resident of the community in which the community health advisor program involved is to be operated; and

"(C) is a member of a socioeconomic group to be served by the program.

"(3) The term "community health advisor program" means a program carried out under subsection (b)(2).

"(4) The term "financial assistance", with respect to an award under subsection (a), means a grant, cooperative agreement, or a contract.

"(5) The term "funding agreement" means an agreement required as a condition of receiving an award under subsection (a).

"(6) The term "Healthy People 2000 Objectives" means the objectives established by the Secretary toward the goals of increasing the span of healthy life, reducing health disparities among various populations, and providing access to preventive services, which objectives apply to the health status of the population of the United States for the year 2000.

"(7) The term "medically underserved community" has the meaning given such term in section 799.

"(8) The term "official poverty line" means the official poverty line established by the Director of the Office of Management and Budget and revised by the Secretary in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981, which poverty line is applicable the size of the family involved.

"(9) The term "State involved", with respect to an applicant for an award under subsection (a), means the State in which the applicant is to carry out a community health advisor program.

"(j) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1995 through 2000.

"(2) EFFECT OF INSUFFICIENT APPROPRIATIONS FOR MINIMUM ALLOTMENTS.—

"(A) If the amounts made available under paragraph (1) for a fiscal year are insufficient for providing each State (or entity designated by the State pursuant to subsection (a), as the case may be) with an award under subsection (a) in an amount equal to or greater than the amount specified in subsection (e)(1)(B), the Secretary shall, from such amounts as are made available under paragraph (1), make such awards on a discretionary basis.

"(B) For purposes of subparagraph (A), awards under subsection (a) are made on a discretionary basis if the Secretary determines which States (or entities designated by States pursuant to such subsection, as the case may be) are to receive such awards, subject to meeting the requirements of this section for such an award, and the Secretary determines the amount of such awards."

SEC. 7306. TRAINING OF HEALTH PROFESSIONALS FOR RURAL AREAS.

Section 778(f) of the Public Health Service Act (42 U.S.C. 294p(f)) is amended by striking "there is" and all that follows and inserting the following: "there is authorized to be appropriated \$400,000,000 for each of the fiscal years 1995 through 2003."

SEC. 7307. REGIONAL POISON CONTROL CENTERS.

Title XII of the Public Health Service Act (42 U.S.C. 300d et seq.) is amended by adding at the end the following part:

"PART G—REGIONAL POISON CONTROL CENTERS

"SEC. 1271. GRANTS FOR REGIONAL CENTERS.

"(a) IN GENERAL.—The Secretary may make grants to public and nonprofit private entities for centers to carry out activities regarding—

"(1) the prevention and treatment of poisoning; and

"(2) such other activities regarding the control of poisons as the Secretary determines to be appropriate.

"(b) REGIONAL CONSIDERATIONS.—In making grants under subsection (a), the Secretary shall determine the need in each of the principal geographic regions of the United States for a center under such subsection, and shall make the grants according to priorities established by the Secretary on the basis of the extent of such need

in each of the regions. In carrying out the preceding sentence, the Secretary shall ensure that no two centers receive grants for the same geographic service area.

"(c) MATCHING FUNDS.—

"(1) IN GENERAL.—With respect to the costs of an entity in providing for centers under subsection (a), the Secretary may make a grant under such subsection only if the State in which the center is to operate, or other public entities in the State, agree to make available (directly or through donations from public or private entities) non-Federal contributions toward such costs in an amount determined by the Secretary.

"(2) DETERMINATION OF AMOUNT CONTRIBUTED.—Non-Federal contributions required under paragraph (1) may be in cash or in kind, fairly evaluated, including plant, equipment, or services. Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, may not be included in determining the amount of such non-Federal contributions.

"SEC. 1272. REQUIREMENTS REGARDING CERTIFICATION.

"(a) IN GENERAL.—Subject to subsection (b), the Secretary may make a grant under section 1271 only if the center involved has been certified by a professional organization in the field of poison control, and the Secretary has approved the organization as having in effect standards for certification that reasonably provide for the protection of the public health with respect to poisoning. In carrying out the preceding sentence, the Secretary shall consider the standards established by the American Association of Poison Control Centers.

"(b) TEMPORARY WAIVER.—The Secretary may waive the requirement of subsection (a) for a center for a period not exceeding 1 year.

"SEC. 1273. GENERAL PROVISIONS.

"(a) DURATION OF GRANT.—The period during which payments are made under a grant under section 1271 may not exceed 3 years. The provision of such payments is subject to annual approval by the Secretary of the payments and subject to the availability of appropriations for the fiscal year involved to make the payments. The preceding sentence may not be construed as establishing a limitation on the number of such grants that may be made to an entity.

"(b) STUDY REGARDING NEED FOR CENTERS.—

"(1) IN GENERAL.—The Secretary shall conduct a study of each of the centers for which a grant under section 1271 has been provided. The purpose of the study shall be to determine the effectiveness of the centers in carrying out the activities described in such section and the extent to which the activities have been carried out in a cost-effective manner.

"(2) ALTERNATIVES TO CENTERS.—In carrying out the study under paragraph (1), the Secretary shall determine the extent to which the activities described in section 1271 can be effectively carried out through means other than centers under such section. The alternative means considered by the Secretary under the preceding sentence shall include the alternative of requiring public and private health plans to carry out such activities.

"(3) DATE CERTAIN FOR COMPLETION.—Not later than November 1, 1996, the Secretary shall submit to the Congress a report describing the findings made in the study under paragraph (1).

"(4) NOTICE TO CENTERS.—Not later than February 1, 1997, the Secretary shall notify each grantee under section 1271 whether the Secretary considers the continued operation of the center involved to be necessary in meeting the needs of the geographic region involved for the activities described in such section.

"SEC. 1274. AUTHORIZATIONS OF APPROPRIATIONS FROM FUND.

"For the purpose of carrying out this part, there is authorized to be appropriated \$50,000,000 for each of the fiscal years 1995 through 1997."

SEC. 7308. COBRA CONTINUATION COVERAGE: TRANSITIONAL COVERAGE REQUIREMENT FOR GROUP HEALTH PLANS.

Section 2202(2) of the Public Health Service Act (42 U.S.C. 300bb-2) is amended by adding at the end the following new sentence: "In the case of an individual whose period of coverage under this paragraph would (but for this sentence) end after the date of the enactment of the Guaranteed Health Insurance Act of 1994 and before January 1, 1999, such period shall in no event terminate by reason of this paragraph before January 1, 1999."

Subtitle E—Mental Health**SEC. 7401. STATE COMPREHENSIVE MANAGED MENTAL HEALTH AND SUBSTANCE ABUSE PROGRAM.**

Title XIX of the Public Health Service Act (42 U.S.C. 300w et seq.) is amended by adding at the end the following part:

"PART D—STATE COMPREHENSIVE MANAGED MENTAL HEALTH AND SUBSTANCE ABUSE PROGRAMS**"SEC. 1981. AUTHORITY FOR ESTABLISHMENT OF PROGRAMS.****"(a) OPTIONAL ESTABLISHMENT OF PROGRAMS BY STATES.—**

"(1) IN GENERAL.—A State with an application approved by the Secretary under subsection (b) may establish a comprehensive managed mental health and substance abuse program (in this section referred to as the 'Program') under which, during a year the Program is in effect—

"(A) the State shall provide (or arrange for the provision of) mental health and substance abuse services through the Program for qualified individuals residing in the State who choose to receive such services through the Program during such year; and

"(B) such individuals shall receive such services through the Program and not through a certified health plan, through the medicare program, or through medicare part C providing the guaranteed national benefit package.

"(2) PERMITTING OPERATION OF PROGRAM THROUGH PLANS.—A State may operate the Program by entering into agreements with certified health plans, the medicare program, or medicare part C, under which the State shall reimburse such plans or programs for providing services under the Program under this section to qualified individuals who are enrolled in such certified health plans or programs.

"(3) EFFECT ON OTHER MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES.—Nothing in this section shall be construed to affect the provision of services in a State that are not covered under the guaranteed national benefit package.

"(4) APPLICABILITY TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—

"(A) IN GENERAL.—An Indian tribe or tribal organization may establish a program under this section in the same manner and under the same terms and conditions as a State (other than the condition described in subsection (b)(8)).

"(B) DEFINITION.—In subparagraph (A), the terms 'Indian tribe' and 'tribal organization' have the meaning given such terms in section 4 of the Indian Health Care Improvement Act (25 U.S.C. 1603).

"(b) ELIGIBILITY REQUIREMENTS FOR STATES.—A State is eligible to establish a Program under this section if the State submits an application to the Secretary (at such time and in such form as

the Secretary may require) containing information and assurances that the State and the Program meets the following requirements:

"(1) COVERAGE OF SERVICES WITHOUT DAY LIMITS.—The Program provides for coverage of the mental health and substance abuse services described in the guaranteed national benefit package without the imposition of any limits applicable under the package on the number of days for which the services may be provided and (at the option of the State) at a lower coinsurance rate than the rate applicable under the package.

"(2) COVERAGE OF ALL QUALIFIED INDIVIDUALS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Program provides for coverage for all qualified individuals in the State (as described in subsection (c)) during the year.

"(B) INITIAL COVERAGE OF ONE GROUP OF QUALIFIED INDIVIDUALS ONLY.—During any of the first 3 years in which the Program is in operation, the Program may provide for coverage for only the group of qualified individuals described in paragraph (1) of subsection (c) or only the group of qualified individuals described in paragraph (2) of such subsection, except that the Program may not discontinue coverage of any group for which coverage is provided.

"(3) DEVELOPMENT OF INTEGRATED DELIVERY SYSTEMS.—

The Program promotes the development of integrated delivery systems for the management of mental health and substance abuse services for individuals enrolled in the Program.

"(4) ACCESS TO PROVIDERS.—The State assures that individuals enrolled in the Program have access to the full range of qualified providers necessary to furnish services covered under the Program in accordance with such requirements as the State may impose, except that any individual or entity to whom payment may be made for the provision of mental health and substance abuse services under medicare part C shall be deemed to be a qualified provider under the Program.

"(5) MECHANISM FOR ENROLLMENT OF ADULTS NOT MEETING INCOME ELIGIBILITY REQUIREMENT.—

"(A) OPTION DESCRIBED.—A State operating a Program may elect to permit certified health plans in the State, the medicare program, and medicare part C to enroll in the Program any individual covered under the certified health plan, the medicare program, or medicare part C who wishes to enroll in the Program and who would be a qualified individual described in subsection (c)(2) but for the individual's failure to meet the requirement described in subparagraph (E) of such subsection (relating to income).

"(B) REQUIRING ENROLLMENT AND BUY-IN MECHANISM.—If a State elects to permit plans or programs to enroll individuals in the Program under subparagraph (A), the State shall establish an effective mechanism to enroll such individuals and impose an appropriate premium with respect to such enrollment.

"(6) STANDARDS FOR PROVIDERS.—The State establishes and enforces standards for the eligibility of individuals and entities to furnish services under the Program.

"(7) SUBMISSION OF PLAN.—The State shall submit to the Secretary (and regularly update) a plan describing the operation of the Program, including information on the following:

"(A) The management, access and referral structure which the State would use to promote and achieve integration of the services the State intends to integrate under the Program.

"(B) The steps to be taken under the Program to ensure the integration of services under the Program with services of other agencies and providers that serve the needs of adults with serious mental illness or substance abuse, or children with serious emotional disturbance or

substance abuse (including agencies and providers involved with child welfare, education, juvenile justice, corrections, vocational rehabilitation, crime prevention, health care, mental health, and substance abuse prevention and treatment).

"(C) The detailed specifications for the program which will assure that individuals enrolled in the Program have access to each service covered under the Program.

"(D) The criteria used by the State to determine whether an individual is a qualified individual under subsection (c).

"(E) The involvement of the families of individuals to whom services are provided under the Program (with the approval of the individual where possible) in the planning of treatment, the delivery of services, and the evaluation of these interventions.

"(F) In the case of substance abuse treatment services, the application of uniform patient placement criteria (as established by the Secretary in consultation with the States) for determining the placement of individuals enrolled in the Program in treatment programs.

"(G) The proposed system for the development and implementation of individualized treatment plans through multi-disciplinary or multi-agency teams.

"(H) The description of how the State will provide for public input in the development and ongoing assessment of the Program.

"(I) The description of the grievance procedure that will be available to eligible individuals dissatisfied with the Program.

"(J) The method and components of Program review, including assessments of clinical outcomes, residential stability, vocational and academic achievement, and management of costs.

"(K) The sources of any funds that the State proposes to integrate in order to finance the Program (including funds expended by or provided to the State under title IV of the Social Security Act, title XIX of such Act, and the Individuals With Disabilities Education Act, and State general revenue), except that nothing in this section may be construed to permit the State from reducing the level of financial assistance it provides under any other program as a result of receiving funds provided under this Act or amendments made by this Act for the operation of the Program.

"(L)(i) Assurances that, prior to implementing the Program, negotiations will be commenced with labor organizations representing the employees of any hospitals or other facilities that may be affected by the Program. Such negotiations shall address the following:

"(I) The impact of the proposed Program upon the workforce.

"(II) Methods to redeploy workers to positions in the Program or other private or public settings, in the case of workers affected by the proposed Program.

"(ii) Evidence of compliance with clause (i).

"(8) CONSULTATION WITH INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—The State consults with Indian tribes and tribal organizations in the State regarding the establishment of the Program and the ability of individuals who receive services from the tribes and tribal organizations to enroll in the State Program.

"(c) QUALIFIED INDIVIDUALS DESCRIBED.—In this section, a 'qualified individual' is either of the following:

"(1) The individual—

"(A) is an eligible individual (as defined in section 2);