

103^D CONGRESS
1ST SESSION

S. 1215

To increase the number of primary care providers in order to improve the nation's health care access and contain health care spending by the establishment of medical education reimbursement programs and other programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 13, 1993

Mrs. KASSEBAUM (for herself and Mr. SIMPSON) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To increase the number of primary care providers in order to improve the nation's health care access and contain health care spending by the establishment of medical education reimbursement programs and other programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Primary Medical Care Act of 1993”.

6 (b) TABLE OF CONTENTS.—The table of contents is
7 as follows:

Sec. 1. Short title; table of contents.

TITLE I—INCREASING THE NUMBER OF PRIMARY CARE PROVIDERS

Sec. 101. Findings.

Sec. 102. Graduate medical education payments.

Sec. 103. Approval of primary care and health care consortium programs for GME payments.

Sec. 104. Health professions funding for nurse practitioner and physician assistants programs.

Sec. 105. Primary care demonstration grants.

Sec. 106. Health workforce oversight.

TITLE II—COMMUNITY HEALTH SERVICES EXPANSION

Sec. 201. Establishment of grant program.

Sec. 202. Program to provide for expansion of federally qualified health centers.

TITLE III—EXPANDING THE SUPPLY OF HEALTH PROFESSIONALS IN RURAL AREAS

Sec. 301. Expansion of National Health Service Corps.

Sec. 302. Tax incentives for practice in rural areas.

TITLE IV—MISCELLANEOUS PROVISIONS

Sec. 401. Effective date.

1 **TITLE I—INCREASING THE NUM-**
2 **BER OF PRIMARY CARE PRO-**
3 **VIDERS**

4 **SEC. 101. FINDINGS.**

5 Congress finds that—

6 (1) not less than 50 percent of all medical resi-
7 dents should complete generalist training programs,
8 and at least 50 percent of all physicians should be-
9 come primary care providers;

10 (2) all primary care shortage areas should be
11 eliminated, and disparities between the metropolitan
12 and nonmetropolitan distribution of physicians
13 should be reduced;

1 (3) the aggregate allopathic and osteopathic
2 physician-to-population ratio should be maintained
3 at 1993 levels;

4 (4) the total number of entry medical residency
5 positions should be limited;

6 (5) the number of nurse practitioners and phy-
7 sician assistants should be increased; and

8 (6) community-based ambulatory training expe-
9 riences for medical residents should be increased.

10 **SEC. 102. GRADUATE MEDICAL EDUCATION PAYMENTS.**

11 (a) IN GENERAL.—Subsection (h) of section 1886 of
12 the Social Security Act (42 U.S.C. 1395ww(h)) is amend-
13 ed to read as follows:

14 “(h) GRADUATE MEDICAL EDUCATION PAYMENTS.—

15 “(1) NATIONAL HEALTH WORKFORCE EDU-
16 CATION FUND.—

17 “(A) ESTABLISHMENT.—The Secretary
18 shall establish a National Health Workforce
19 Education Fund (hereafter referred to in this
20 subsection as the ‘Fund’) to make payments in
21 accordance with this subsection.

22 “(B) ALLOCATIONS.—

23 “(i) IN GENERAL.—In providing for
24 the Fund, the Secretary shall annually pro-
25 vide for an allocation of monies to the

1 Fund from the trust funds established
2 under parts A and B as the Secretary de-
3 termines reasonably reflects the amount of
4 DME payments and IME payments pay-
5 able under such funds during fiscal year
6 1993.

7 “(ii) UPDATING TO THE FIRST COST
8 REPORTING PERIOD.—The Secretary shall
9 update the amount of funds allocated to
10 the Fund under clause (i) by the percent-
11 age increase in the consumer price index
12 during the 12-month cost reporting period
13 described in such clause.

14 “(iii) AMOUNT FOR SUBSEQUENT
15 COST REPORTING PERIODS.—For each cost
16 reporting period, the amount of funds allo-
17 cated to the Fund shall be equal to the
18 amount determined under this subpara-
19 graph for the previous cost reporting pe-
20 riod updated, through the midpoint of the
21 period, by projecting the estimated per-
22 centage change in the consumer price
23 index during the 12-month period ending
24 at that midpoint, with appropriate adjust-
25 ments to reflect previous under- or over-es-

1 timations under this subparagraph in the
2 projected percentage change in the
3 consumer price index.

4 “(C) DIVISION OF FUND.—The Secretary
5 shall annually divide the Fund into subfunds.
6 One subfund shall be established for DME pay-
7 ments (hereafter referred to in this subsection
8 as the ‘DME subfund’) and another subfund
9 for IME payments (hereafter referred to in this
10 subsection as the ‘IME subfund’). In determin-
11 ing the annual relative distribution of funds be-
12 tween the DME subfund and the IME subfund,
13 the Secretary shall first consider the amount to
14 be contained in the DME subfund. The IME
15 subfund shall be equal to the amount of the
16 Fund less the amount of the DME subfund.

17 “(D) DETERMINATION OF AMOUNT OF
18 DME SUBFUND.—The Secretary shall annually
19 determine the amount of the DME subfund.
20 For the first cost reporting period, the DME
21 subfund shall be equal to the amount of DME
22 payments under parts A and B in 1993, up-
23 dated by the percentage increase in the
24 consumer price index during that 12-month cost

1 reporting period. For subsequent cost reporting
 2 periods, such subfund shall be the greater of—

3 “(i) the amount of DME payments
 4 made from the Fund during the previous
 5 cost reporting period updated, through the
 6 midpoint of the period, by projecting the
 7 estimated percentage change in the
 8 consumer price index during the 12-month
 9 period ending at that midpoint, with ap-
 10 appropriate adjustments to reflect previous
 11 under- or over-estimations under this sub-
 12 paragraph in the projected percentage
 13 change in the consumer price index; or

14 “(ii) the projected amount of DME
 15 payments for such cost reporting period re-
 16 quired for all primary care residents and
 17 health care training consortia residents in
 18 programs approved by the Administrator
 19 of the Health Resources and Services Ad-
 20 ministration.

21 “(3) GUIDELINES FOR DISBURSEMENT OF
 22 GRADUATE MEDICAL EDUCATION FUNDS.—

23 “(A) DME PAYMENTS.—

24 “(i) AMOUNT OF PAYMENT PER FTE
 25 RESIDENT.—The Secretary shall develop a

1 payment amount per FTE resident, with
2 respect to DME payments, that is not his-
3 torically based, but shall accurately reflect
4 the resident stipends, clinical faculty sti-
5 pends, administrative expenses, and pro-
6 gram operation overhead involved. The
7 Secretary shall develop such a formula
8 based upon a national average of such pay-
9 ments during the cost reporting period
10 that ended in 1993.

11 “(ii) UPDATING TO THE FIRST COST
12 REPORTING PERIOD.—The Secretary shall
13 update the payment amount per FTE resi-
14 dent determined under clause (i) by the
15 percentage increase in the consumer price
16 index during the 12-month cost reporting
17 period described in such clause.

18 “(iii) AMOUNT FOR SUBSEQUENT
19 COST REPORTING PERIODS.—For each cost
20 reporting period, the approved payment
21 amount per FTE resident shall be equal to
22 the amount determined under this sub-
23 paragraph for the previous cost reporting
24 period updated, through the midpoint of
25 the period, by projecting the estimated per-

1 centage change in the consumer price
2 index during the 12-month period ending
3 at that midpoint, with appropriate adjust-
4 ments to reflect previous under- or over-es-
5 timations under this subparagraph in the
6 projected percentage change in the
7 consumer price index.

8 “(B) HEALTH CARE TRAINING INSTITU-
9 TION PAYMENT AMOUNT PER RESIDENT.—

10 “(i) IN GENERAL.—The payment
11 amount, for a health care training institu-
12 tion’s cost reporting period shall be equal
13 to the product of—

14 “(I) the aggregate approved
15 amount (as defined in clause (ii)) for
16 that period; and

17 “(II) the health care training in-
18 stitution’s medicare patient load (as
19 defined in clause (iii)) for that period.

20 “(ii) AGGREGATE APPROVED
21 AMOUNT.—As used in clause (i), the term
22 ‘aggregate approved amount’ means, for a
23 health care training institution cost report-
24 ing period, the product of—

1 “(I) the payment amount per
2 FTE resident amount (as determined
3 under subparagraph (A)) for that pe-
4 riod; and

5 “(II) the weighted average num-
6 ber of FTE (as determined under sub-
7 paragraph (C)) in the health care
8 training institution’s approved medical
9 residency training programs in that
10 period.

11 “(iii) MEDICARE PATIENT LOAD.—As
12 used in clause (i), the term ‘medicare pa-
13 tient load’ means, with respect to a health
14 care training consortium’s or a teaching
15 hospital’s cost reporting period, the frac-
16 tion of the total number of inpatient-bed-
17 days (as established by the Secretary) dur-
18 ing the period which are attributable to pa-
19 tients with respect to whom payment may
20 be under part A. For the purpose of this
21 clause, for a health care training consor-
22 tium, the fraction of the total number of
23 inpatient-bed-days shall be calculated using
24 the inpatient-bed-days of the teaching hos-

1 pitals which are members of the consor-
2 tium.

3 “(C) DETERMINATION OF FULL-TIME
4 EQUIVALENT RESIDENTS.—

5 “(i) RULES.—The Secretary shall es-
6 tablish rules consistent with this subpara-
7 graph for the computation of the number
8 of FTE residents in an approved medical
9 residency training program.

10 “(ii) ADJUSTMENT FOR PART-YEAR
11 OR PART-TIME RESIDENTS.—Such rules
12 shall take into account individuals who
13 serve as residents for only a portion of a
14 period with a hospital or simultaneously
15 with more than one hospital.

16 “(iii) WEIGHTING FACTORS.—Subject
17 to clause (iv), such rules shall provide that,
18 in calculating the number of FTE resi-
19 dents in an approved residency program
20 for a resident who is in the resident’s ini-
21 tial residency period—

22 “(I) with respect to each primary
23 care resident in a primary care train-
24 ing program approved by the Admin-
25 istrator of the Health Resources and

1 Services Administration, the weighting
2 factor is 1.5;

3 “(II) with respect to each
4 nonprimary care resident in a training
5 program which is part of a health
6 care training consortia, approved by
7 the Administrator of the Health Re-
8 sources and Services Administration,
9 the weighting factor is 1.0; and

10 “(III) with respect to each
11 nonprimary care resident in a training
12 program that is not part of a health
13 care training consortia approved by
14 the Administrator of the Health Re-
15 sources and Services Administration,
16 the weighting factor shall be the ratio
17 of the subspecialty total divided by the
18 product of the payment amount per
19 FTE resident and the total number of
20 residents who do not train in pro-
21 grams approved under section 753 of
22 the Public Health Service Act as a
23 primary care training program or a
24 health care training consortium.

1 The subspecialty total for purposes of
2 subclause (III) shall be the sum deter-
3 mined by subtracting the amount of DME
4 payments that would be needed to provide
5 reimbursements for residents who train in
6 programs approved, under section 753 of
7 the Public Health Service Act as a primary
8 care training program or a health care
9 training consortium from the amount of
10 the DME subfund.

11 “(iv) FOREIGN MEDICAL GRADUATES
12 REQUIRED TO PASS FMGEMS EXAMINA-
13 TION.—Such rules shall provide that, in
14 the case of an individual who is a foreign
15 medical graduate, the individual shall not
16 be counted as a resident, unless—

17 “(I) the individual has passed the
18 FMGEMS examination; or

19 “(II) the individual has pre-
20 viously received certification from, or
21 has previously passed the examination
22 of, the Educational Commission for
23 Foreign Medical Graduates.

24 “(v) COUNTING TIME SPENT IN OUT-
25 PATIENT SETTINGS.—Such rules shall pro-

1 vide that only time spent in activities relat-
2 ing to patient care shall be counted and
3 that all the time so spent by a resident
4 under an approved medical residency train-
5 ing program shall be counted towards the
6 determination of full-time equivalency,
7 without regard to the setting in which the
8 activities are performed.

9 “(D) ASSURANCES.—In disbursing DME
10 payments from the Fund, the Secretary, shall
11 ensure that following:

12 “(i) A teaching hospital receiving
13 DME payments from the Fund for its resi-
14 dents, other than those residents that are
15 part of a health care training consortium,
16 uses those funds to support the training of
17 medical residents.

18 “(ii) A health care training Consor-
19 tium receiving DME payments may use
20 such funds, at the sole discretion of such
21 consortium, to support the training of
22 medical students and medical residents to
23 meet the training outcome requirements as
24 described under section 753 of the Public
25 Health Service Act.

1 “(iii) Assurances are obtained from
2 the health care training consortia or teach-
3 ing hospitals receiving such DME pay-
4 ments that such entities will compensate
5 the appropriate primary care residents at
6 not less than an amount that is 20 percent
7 greater than the compensation paid to
8 other residents.

9 “(E) COMPENSATION.—As used in sub-
10 paragraph (D)(iii), the term ‘compensation’
11 means the total of salary, benefits, debt forgive-
12 ness, and all other presentations provided to
13 residents, both monetary and material. Pay-
14 ments made to residents by a residency pro-
15 gram either prior to or following the actual pe-
16 riod of residency shall also be considered as
17 compensation under this section.

18 “(4) DETERMINATION AS TO FUNDING OF PRO-
19 GRAMS.—The Secretary shall, with respect to
20 weighting factors for primary care training pro-
21 grams and health care training consortia under
22 paragraph (3), use only such weights for programs
23 or consortia approved by the Administrator of the
24 Health Resources and Services Administration under
25 section 753 of the Public Health Service Act.

1 “(5) DEFINITIONS.—As used in this subsection:

2 “(A) APPROVED MEDICAL RESIDENCY
3 TRAINING PROGRAM.—The term ‘approved med-
4 ical residency training program’ means a resi-
5 dency or other postgraduate medical training
6 program in which participation may be counted
7 toward certification in a specialty or sub-
8 specialty and includes formal postgraduate
9 training programs in geriatric medicine ap-
10 proved by the Secretary.

11 “(B) CONSUMER PRICE INDEX.—The term
12 ‘consumer price index’ refers to the Consumer
13 Price Index for All Urban Consumers (United
14 States city average), as published by the Sec-
15 retary of Commerce.

16 “(C) DIRECT MEDICAL EDUCATION PAY-
17 MENTS; DME.—The term ‘direct medical edu-
18 cation payments’ means payments to a health
19 care training institution that sponsors a resi-
20 dency program, to enable such institution to
21 provide—

22 “(i) resident and fellow stipends;

23 “(ii) the salaries of clinical faculty;

24 “(iii) administrative expenses; and

1 “(iv) reimbursement for overhead ex-
2 penses incurred for residency and fellow-
3 ship physician training.

4 “(D) FOREIGN MEDICAL GRADUATE.—The
5 term ‘foreign medical graduate’ means a resi-
6 dent who is not a graduate of—

7 “(i) a school of medicine accredited by
8 the Liaison Committee on Medical Edu-
9 cation of the American Medical Colleges
10 (or approved by such Committee as meet-
11 ing the standards necessary for such ac-
12 creditation);

13 “(ii) a school of osteopathy accredited
14 by the American Osteopathic Association,
15 or approved by such Association as meet-
16 ing the standards necessary for such ac-
17 creditation; or

18 “(iii) a school of dentistry or podiatry
19 that is accredited (or meets the standards
20 for accreditation) by an organization recog-
21 nized by the Secretary for such purpose.

22 “(E) FMGEMS EXAMINATION.—The term
23 ‘FMGEMS examination’ means parts I and II
24 of the Foreign Medical Graduate Examination

1 in the Medical Sciences recognized by the Sec-
2 retary for this purpose.

3 “(F) GENERALISTS.—The term ‘general-
4 ists’ means family physicians, general pediatri-
5 cians, and general internists.

6 “(G) HEALTH CARE TRAINING CONSOR-
7 TIUM.—

8 “(i) IN GENERAL.—The term ‘health
9 care training consortium’ means a local,
10 State, or regional association approved by
11 the Administrator of the Health Resources
12 and Services Administration under section
13 753 of the Public Health Service Act, that
14 includes at least one school of medicine,
15 teaching hospital, and ambulatory training
16 site, organized in a manner so that at least
17 50 percent of the involved medical school’s
18 or schools’ graduates become primary care
19 providers during the year after such grad-
20 uates complete their residency training.

21 “(ii) AMBULATORY TRAINING SITES.—
22 As used in clause (i), the term ‘ambulatory
23 training sites’ includes health maintenance
24 organizations, community health centers
25 and federally qualified health centers, mi-

1 grant health centers, ambulatory offices or
2 other appropriate educational and teaching
3 sites as determined by the Administrator
4 of the Health Resources and Services Ad-
5 ministration.

6 “(H) HEALTH CARE TRAINING INSTITU-
7 TION.—The term ‘health care training institu-
8 tion’ means a teaching hospital or a health care
9 training consortium.

10 “(I) INDIRECT MEDICAL EDUCATION PAY-
11 MENTS; IME.—The term ‘indirect medical edu-
12 cation payments’ means payments to teaching
13 hospitals to enable such hospitals to pay the ad-
14 ditional operating costs associated with the
15 training of medical residents under section
16 1886(d)(5)(B). Such payments shall be referred
17 to as ‘IME payments’.

18 “(J) INITIAL RESIDENCY PERIOD.—(i) The
19 term ‘initial residency period’ means the period
20 of board eligibility. Except as provided in clause
21 (ii), in no case shall the initial period of resi-
22 dency exceed an aggregate period of formal
23 training of more than five years for any individ-
24 ual. The initial residency period shall be deter-
25 mined, with respect to a resident, as of the time

1 the resident enters the residency training pro-
2 gram.

3 “(ii) Notwithstanding clause (i), a period,
4 of not more than two years, during which an in-
5 dividual is in a geriatric residency or fellowship
6 program that meets such criteria as the Sec-
7 retary may establish, shall be treated as part of
8 the initial residency period, but shall not be
9 counted against any limitation on the initial
10 residency period.

11 “(K) PERIOD OF BOARD ELIGIBILITY.—

12 “(i) GENERAL RULE.—Subject to
13 clauses (ii) and (iii), the term ‘period of
14 board eligibility’ means, for a resident, the
15 minimum number of years of formal train-
16 ing necessary to satisfy the requirements
17 for initial board eligibility in the particular
18 specialty for which the resident is training.

19 “(ii) APPLICATION OF DIRECTORY.—
20 Except as provided in clause (iii), the pe-
21 riod of board eligibility shall be such period
22 specified in the Directory of Residency
23 Training Programs published by the Ac-
24 creditation Council on Graduate Medical
25 Education.

1 “(iii) CHANGES IN PERIOD OF BOARD
2 ELIGIBILITY.—If the Accreditation Council
3 on Graduate Medical Education, in its Di-
4 rectory of Residency Training Programs—

5 “(I) increases the minimum num-
6 ber of years of formal training nec-
7 essary to satisfy the requirements for
8 a specialty, above the period specified
9 in its 1993–1994 Directory, the Sec-
10 retary may increase the period of
11 board eligibility for that specialty, but
12 not to exceed the period of board eligi-
13 bility specified in that later Directory;
14 or

15 “(II) decreases the minimum
16 number of years of formal training
17 necessary to satisfy the requirements
18 for a specialty, below the period speci-
19 fied in its 1993–1994 Directory, the
20 Secretary may decrease the period of
21 board eligibility for that specialty, but
22 not below the period of board eligi-
23 bility specified in that later Directory.

1 “(L) PRIMARY CARE.—The term ‘primary
2 care’ means medical care that is characterized
3 by the following elements:

4 “(i) First contact care for persons
5 with undifferentiated health care concerns.

6 “(ii) Person-centered, comprehensive
7 care that is not organ or problem specific.

8 “(iii) An orientation toward the longi-
9 tudinal care of the patient.

10 “(iv) Responsibility for coordination of
11 other health services as they relate to the
12 patient’s care.

13 “(M) PRIMARY CARE COMPETENCIES.—
14 The term ‘primary care competencies’ means—

15 “(i) health promotion and disease pre-
16 vention;

17 “(ii) the assessment or evaluation of
18 common symptoms and physical signs;

19 “(iii) the management of common
20 acute and chronic medical conditions, in-
21 cluding behavioral conditions; or

22 “(iv) the identification and appro-
23 priate referral for other needed health care
24 services.

1 “(N) PRIMARY CARE PROVIDERS.—The
2 term ‘primary care providers’ means generalists
3 and obstetrician/gynecologists, nurse practition-
4 ers, and physician assistants who utilize the pri-
5 mary care competencies to deliver primary care.

6 “(O) PRIMARY CARE RESIDENTS.—The
7 term ‘primary care residents’ means medical
8 residents in primary care training programs.

9 “(P) PRIMARY CARE TRAINING PRO-
10 GRAMS.—The term ‘primary care training pro-
11 grams’ means—

12 “(i) all family practice residency pro-
13 grams; and

14 “(ii) residency programs for primary
15 care providers that are approved by the
16 Administrator of the Health Resources and
17 Services Administration in accordance with
18 section 753 of the Public Health Service
19 Act.”.

20 (b) IME PAYMENTS.—Subparagraph (B) of section
21 1886(d)(5) of the Social Security Act (42 U.S.C.
22 1395ww(d)(5)(B)) is amended—

23 (1) in the matter preceding clause (i), by insert-
24 ing “(IME payments under subsection (h)), from the

1 IME subfund established in subsection (h),” after
2 “medical education,”; and

3 (2) by adding at the end thereof the following
4 new clause:

5 “(v) In determining the additional payment
6 amount, the Secretary shall reduce the amount of
7 IME payments to teaching hospitals for a hospital
8 cost reporting period by an appropriate across-the-
9 board percentage, in order to maintain IME subfund
10 budget neutrality if—

11 “(I) such payments for resident provided
12 services are projected to increase during the
13 hospital cost reporting period; or

14 “(II) the amount of such subfund is re-
15 duced in accordance with subsection
16 (h)(1)(C).”.

17 **SEC. 103. APPROVAL OF PRIMARY CARE AND HEALTH CARE**
18 **CONSORTIUM PROGRAMS FOR GME PAY-**
19 **MENTS.**

20 Part C of title VII of the Public Health Service Act
21 (42 U.S.C. 293j et seq.) is amended by adding at the end
22 thereof the following new section:

1 **“SEC. 753. APPROVAL OF PRIMARY CARE AND HEALTH**
2 **CARE CONSORTIUM PROGRAMS FOR GME**
3 **PAYMENTS.**

4 “(a) IN GENERAL.—

5 “(1) REQUIREMENTS.—The Secretary, acting
6 through the Administrator of the Health Resources
7 and Services Administration, shall, for purposes of
8 section 1886(h) of the Social Security Act—

9 “(A) establish criteria, based upon pro-
10 gram curricula, that shall be utilized to deter-
11 mine which residencies in pediatrics, internal
12 medicine, and obstetrics and gynecology shall be
13 approved as primary care training programs;

14 “(B) approve primary care training pro-
15 grams, using the criteria established in para-
16 graph (2); and

17 “(C) approve health care training consor-
18 tium in accordance with paragraph (2).

19 “(2) TRANSITION.—

20 “(A) IN GENERAL.—During the period
21 ending on June 30, 1997, a health care training
22 consortium shall be approved if the consortium
23 demonstrates that not less than 50 percent of
24 the filled residency program positions of such
25 consortium are in primary care training pro-
26 grams.

1 “(B) 1997–2001.—During the period be-
2 ginning July 1, 1997, through June 30, 2001,
3 a health care training consortium shall be ap-
4 proved if the consortium demonstrates that not
5 less than 50 percent of the filled residency pro-
6 gram positions of such consortium are in pri-
7 mary care training programs and not less than
8 50 percent of the medical school graduates from
9 such health care training consortium with re-
10 spect to the year involved enter primary care
11 training programs.

12 “(C) POST 2001.—For each annual period
13 beginning on July 1, 2001, health care training
14 consortium shall be approved if such consortium
15 demonstrates that not less than 50 percent of
16 the 1997 graduates, and each subsequent class
17 of graduates, from the consortium medical
18 school or medical schools have become primary
19 care providers.

20 “(b) DEFINITIONS.—As used in this section:

21 “(1) GENERALISTS.—The term ‘generalists’
22 means family physicians, general pediatricians, and
23 general internists.

24 “(2) HEALTH CARE TRAINING CONSORTIUM.—

1 “(A) IN GENERAL.—The term ‘health care
2 training consortium’ means a local, State, or re-
3 gional association approved by the Adminis-
4 trator of the Health Resources and Services Ad-
5 ministration that includes at least one school of
6 medicine, teaching hospital, and ambulatory
7 training site, organized in a manner so that at
8 least 50 percent of the involved medical school’s
9 or schools’ graduates become primary care pro-
10 viders during the year after such graduates
11 complete their residency training.

12 “(B) AMBULATORY TRAINING SITES.—As
13 used in subparagraph (A), the term ‘ambula-
14 tory training sites’ includes health maintenance
15 organizations, community health centers and
16 federally qualified health centers, migrant
17 health centers, ambulatory offices or other ap-
18 propriate educational and teaching sites as de-
19 termined by the Administrator of the Health
20 Resources and Services Administration.

21 “(3) PRIMARY CARE.—The term ‘primary care’
22 means medical care that is characterized by the fol-
23 lowing elements:

24 “(A) First contact care for persons with
25 undifferentiated health care concerns.

1 “(B) Person-centered, comprehensive care
2 that is not organ or problem specific.

3 “(C) An orientation toward the longitu-
4 dinal care of the patient.

5 “(D) Responsibility for coordination of
6 other health services as they relate to the pa-
7 tient’s care.

8 “(4) PRIMARY CARE COMPETENCIES.—The
9 term ‘primary care competencies’ means—

10 “(A) health promotion and disease preven-
11 tion;

12 “(B) the assessment or evaluation of com-
13 mon symptoms and physical signs;

14 “(C) the management of common acute
15 and chronic medical conditions, including be-
16 havioral conditions; or

17 “(D) the identification and appropriate re-
18 ferral for other needed health care services.

19 “(5) PRIMARY CARE PROVIDERS.—The term
20 ‘primary care providers’ means generalists and ob-
21 stetrician/gynecologists, nurse practitioners, and
22 physician assistants who utilize the primary care
23 competencies to deliver primary care.

1 “(6) PRIMARY CARE RESIDENTS.—The term
2 ‘primary care residents’ means medical residents in
3 primary care training programs.

4 “(7) PRIMARY CARE TRAINING PROGRAMS.—
5 The term ‘primary care training programs’ means—

6 “(A) all family practice residency pro-
7 grams; and

8 “(B) residency programs for primary care
9 providers that are approved by the Adminis-
10 trator of the Health Resources and Service Ad-
11 ministrators in accordance with this section.”.

12 **SEC. 104. HEALTH PROFESSIONS FUNDING FOR NURSE**
13 **PRACTITIONER AND PHYSICIAN ASSISTANTS**
14 **PROGRAMS.**

15 (a) PHYSICIAN ASSISTANTS.—Section 750(d)(1) of
16 the Public Health Service Act (42 U.S.C. 293n(d)(1)) is
17 amended by striking “for each of the fiscal years 1993
18 through 1995” and inserting “for fiscal year 1993,
19 \$11,250,000 for fiscal year 1994, and such sums as may
20 be necessary for each of the fiscal years 1995 and 1996”.

21 (b) NURSE PRACTITIONERS.—Section 822(d) of such
22 Act (42 U.S.C. 296m(d)) is amended by striking “for each
23 of the fiscal years 1993 and 1994” and inserting “for fis-
24 cal year 1993, \$25,000,000 for fiscal year 1994, and such

1 sums as may be necessary for each of the fiscal years 1995
2 and 1996”.

3 **SEC. 105. PRIMARY CARE DEMONSTRATION GRANTS.**

4 Part B of title III of the Public Health Service Act
5 (42 U.S.C. 243 et seq.) is amended by adding at the end
6 thereof the following new section:

7 **“SEC. 320A. PRIMARY CARE DEMONSTRATION GRANTS.**

8 “(a) AUTHORIZATION.—The Secretary, acting
9 through the Health Resources and Services Administra-
10 tion, shall award grants to States or nonprofit entities to
11 fund not less than 10 demonstration projects to enable
12 such States or entities to evaluate one or more of the
13 following:

14 “(1) State mechanisms, including changes in
15 the scope of practice laws, to enhance the delivery of
16 primary care by nurse practitioners or physician as-
17 sistants.

18 “(2) The feasibility of, and the most effective
19 means to train subspecialists to deliver primary care
20 as primary care providers.

21 “(3) State mechanisms to increase the supply
22 or improve the distribution of primary care provid-
23 ers.

24 “(b) APPLICATION.—To be eligible to receive a grant
25 under this section a State or nonprofit entity shall prepare

1 and submit to the Secretary an application at such time,
2 in such manner and containing such information as the
3 Secretary may require.

4 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
5 are authorized to be appropriated to carry out this section,
6 \$9,000,000 for fiscal year 1994, and such sums as may
7 be necessary for each of the fiscal years 1995 through
8 1997.”.

9 **SEC. 106. HEALTH WORKFORCE OVERSIGHT.**

10 (a) IN GENERAL.—Section 301(a) of the Health Pro-
11 fessions Education Extension Amendments of 1992 (42
12 U.S.C. 295k note) is amended—

13 (1) in paragraph (1), by striking “and” at the
14 end thereof;

15 (2) in paragraph (2), by striking the period and
16 inserting “; and”; and

17 (3) by adding at the end thereof the following
18 new paragraph:

19 “(3) maintain data bases concerning the supply
20 and distribution of, and postgraduate training pro-
21 grams for, physicians and other primary care provid-
22 ers in the United States in order to make periodic
23 recommendations with respect to subparagraphs (D)
24 and (E) of paragraph (1).”.

1 (b) FINAL REPORT.—Section 301(j) of such Act is
2 amended—

3 (1) by striking “FINAL” in the subsection head-
4 ing; and

5 (2) by striking “final”.

6 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
7 301(k) of such Act is amended to read as follows:

8 “(k) AUTHORIZATION OF APPROPRIATIONS.—There
9 are authorized to be appropriated to maintain the data
10 bases required under subsection (a)(3), and for other pur-
11 poses authorized by this section, \$8,000,000 for fiscal year
12 1994, and such sums as may be necessary for each of the
13 fiscal years 1995 through 1997.”.

14 **TITLE II—COMMUNITY HEALTH**
15 **SERVICES EXPANSION**

16 **SEC. 201. ESTABLISHMENT OF GRANT PROGRAM.**

17 Subpart I of part D of title III of the Public Health
18 Service Act (42 U.S.C. 254b et seq.) is amended by adding
19 at the end thereof the following new section:

20 **“SEC. 330A. COMMUNITY-BASED PRIMARY HEALTH CARE**
21 **GRANT PROGRAM.**

22 “(a) ESTABLISHMENT.—The Secretary shall estab-
23 lish and administer a program to provide allotments to
24 States to enable such States to provide grants for the cre-
25 ation or enhancement of community-based primary health

1 care entities that provide services to low-income or medi-
2 cally underserved populations.

3 “(b) ALLOTMENTS TO STATES.—

4 “(1) IN GENERAL.—From the amount available
5 for allotment under subsection (h) for a fiscal year,
6 the Secretary shall allot to each State an amount
7 equal to the product of the grant share of the State
8 (as determined under paragraph (2)) multiplied by
9 such amount available.

10 “(2) GRANT SHARE.—

11 “(A) IN GENERAL.—For purposes of para-
12 graph (1), the grant share of a State shall be
13 the product of the need-adjusted population of
14 the State (as determined under subparagraph
15 (B)) multiplied by the Federal matching per-
16 centage of the State (as determined under sub-
17 paragraph (C)), expressed as a percentage of
18 the sum of the products of such factors for all
19 States.

20 “(B) NEED-ADJUSTED POPULATION.—

21 “(i) IN GENERAL.—For purposes of
22 subparagraph (A), the need-adjusted popu-
23 lation of a State shall be the product of
24 the total population of the State (as esti-
25 mated by the Secretary of Commerce) mul-

1 multiplied by the need index of the State (as
2 determined under clause (ii)).

3 “(ii) NEED INDEX.—For purposes of
4 clause (i), the need index of a State shall
5 be the ratio of—

6 “(I) the weighted sum of the geo-
7 graphic percentage of the State (as
8 determined under clause (iii)), the
9 poverty percentage of the State (as
10 determined under clause (iv)), and the
11 multiple grant percentage of the State
12 (as determined under clause (v)); to

13 “(II) the general population per-
14 centage of the State (as determined
15 under clause (vi)).

16 “(iii) GEOGRAPHIC PERCENTAGE.—

17 “(I) IN GENERAL.—For purposes
18 of clause (ii)(I), the geographic per-
19 centage of the State shall be the esti-
20 mated population of the State that is
21 residing in nonurbanized areas (as de-
22 termined under subclause (II)) ex-
23 pressed as a percentage of the total
24 nonurbanized population of all States.

1 “(II) NONURBANIZED POPU-
2 LATION.—For purposes of subclause
3 (I), the estimated population of the
4 State that is residing in nonurbanized
5 areas shall be one minus the urban-
6 ized population of the State (as deter-
7 mined using the most recent decennial
8 census), expressed as a percentage of
9 the total population of the State (as
10 determined using the most recent de-
11 cennial census), multiplied by the cur-
12 rent estimated population of the
13 State.

14 “(iv) POVERTY PERCENTAGE.—For
15 purposes of clause (ii)(I), the poverty per-
16 centage of the State shall be the estimated
17 number of people residing in the State
18 with incomes below 200 percent of the in-
19 come official poverty line (as determined
20 by the Office of Management and Budget)
21 expressed as a percentage of the total
22 number of such people residing in all
23 States.

24 “(v) MULTIPLE GRANT PERCENT-
25 AGE.—For purposes of clause (ii)(I), the

1 multiple grant percentage of the State
2 shall be the amount of Federal funding re-
3 ceived by the State under grants awarded
4 under sections 329, 330, and 340, ex-
5 pressed as a percentage of the total
6 amounts received under such grants by all
7 States. With respect to a State, such per-
8 centage shall not exceed twice the general
9 population percentage of the State under
10 clause (vi) or be less than one-half of the
11 States general population percentage.

12 “(vi) GENERAL POPULATION PER-
13 CENTAGE.—For purposes of clause (ii)(II),
14 the general population percentage of the
15 State shall be the total population of the
16 State (as determined by the Secretary of
17 Commerce) expressed as a percentage of
18 the total population of all States.

19 “(C) FEDERAL MATCHING PERCENTAGE.—

20 “(i) IN GENERAL.—For purposes of
21 subparagraph (A), the Federal matching
22 percentage of the State shall be equal to
23 one, less the State matching percentage (as
24 determined under clause (ii)).

1 “(ii) STATE MATCHING PERCENT-
2 AGE.—For purposes of clause (i), the State
3 matching percentage of the State shall be
4 0.25 multiplied by the ratio of the total
5 taxable resource percentage (as determined
6 under clause (iii)) to the need-adjusted
7 population of the State (as determined
8 under subparagraph (B)).

9 “(iii) TOTAL TAXABLE RESOURCE
10 PERCENTAGE.—For purposes of clause (ii),
11 the total taxable resources percentage of
12 the State shall be the total taxable re-
13 sources of a State (as determined by the
14 Secretary of the Treasury) expressed as a
15 percentage of the sum of the total taxable
16 resources of all States.

17 “(3) ANNUAL ESTIMATES.—

18 “(A) IN GENERAL.—If the Secretary of
19 Commerce does not produce the annual esti-
20 mates required under paragraph (2)(B)(iv),
21 such estimates shall be determined by multiply-
22 ing the percentage of the population of the
23 State that is below 200 percent of the income
24 official poverty line as determined using the
25 most recent decennial census by the most recent

1 estimate of the total population of the State.
2 Except as provided in subparagraph (B), the
3 calculations required under this subparagraph
4 shall be made based on the most recent 3-year
5 average of the total taxable resources of individ-
6 uals within the State.

7 “(B) DISTRICT OF COLUMBIA.—Notwith-
8 standing subparagraph (A), the calculations re-
9 quired under such subparagraph with respect to
10 the District of Columbia shall be based on the
11 most recent 3-year average of the personal in-
12 come of individuals residing within the District
13 as a percentage of the personal income for all
14 individuals residing within the District, as de-
15 termined by the Secretary of Commerce.

16 “(4) MATCHING REQUIREMENT.—A State that
17 receives an allotment under this section shall make
18 available State resources (either directly or indi-
19 rectly) to carry out this section in an amount that
20 shall equal the State matching percentage for the
21 State (as determined under paragraph (2)(C)(ii)) di-
22 vided by the Federal matching percentage (as deter-
23 mined under paragraph (2)(C)).

24 “(c) APPLICATION.—

1 “(1) IN GENERAL.—To be eligible to receive an
2 allotment under this section, a State shall prepare
3 and submit an application to the Secretary at such
4 time, in such manner, and containing such informa-
5 tion as the Secretary may by regulation require.

6 “(2) ASSURANCES.—A State application sub-
7 mitted under paragraph (1) shall contain an assur-
8 ance that—

9 “(A) the State will use amounts received
10 under its allotment consistent with the require-
11 ments of this section; and

12 “(B) the State will provide, from non-Fed-
13 eral sources, the amounts required under sub-
14 section (b)(4).

15 “(d) USE OF FUNDS.—

16 “(1) IN GENERAL.—The State shall use
17 amounts received under this section to award grants
18 to eligible public and nonprofit private entities, or
19 consortia of such entities, within the State to enable
20 such entities or consortia to provide services of the
21 type described in paragraph (2) of section 329(h) to
22 low-income or medically underserved populations.

23 “(2) ELIGIBILITY.—To be eligible to receive a
24 grant under paragraph (1), an entity or consortium
25 shall—

1 “(A) prepare and submit to the admin-
2 istering entity of the State, an application at
3 such time, in such manner, and containing such
4 information as such administering entity may
5 require, including a plan for the provision of
6 services of the type described in paragraph (3);

7 “(B) provide assurances that services will
8 be provided under the grant at fee rates estab-
9 lished or determined in accordance with section
10 330(e)(3)(F); and

11 “(C) provide assurances that in the case of
12 services provided to individuals with health in-
13 surance, such insurance shall be used as the
14 primary source of payment for such services.

15 “(3) SERVICES.—The services to be provided
16 under a grant awarded under paragraph (1) shall in-
17 clude—

18 “(A) one or more of the types of primary
19 health services described in section 330(b)(1);

20 “(B) one or more of the types of supple-
21 mental health services described in section
22 330(b)(2); and

23 “(C) any other services determined appro-
24 priate by the administering entity of the State.

1 “(4) TARGET POPULATIONS.—Entities or con-
2 sortia receiving grants under paragraph (1) shall, in
3 providing the services described in paragraph (3),
4 substantially target populations of low-income or
5 medically underserved populations within the State
6 who reside in medically underserved or health pro-
7 fessional shortage areas, areas certified as under-
8 served under the rural health clinic program, or
9 other areas determined appropriate by the admin-
10 istering entity of the State, within the State.

11 “(5) PRIORITY.—In awarding grants under
12 paragraph (1), the State shall—

13 “(A) give priority to entities or consortia
14 that can demonstrate through the plan submit-
15 ted under paragraph (2) that—

16 “(i) the services provided under the
17 grant will expand the availability of pri-
18 mary care services to the maximum num-
19 ber of low-income or medically underserved
20 populations who have no access to such
21 care on the date of the grant award; and

22 “(ii) the delivery of services under the
23 grant will be cost-effective; and

1 “(B) ensure that an equitable distribution
2 of funds is achieved among urban and rural en-
3 tities or consortia.

4 “(e) REPORTS AND AUDITS.—Each State shall pre-
5 pare and submit to the Secretary annual reports concern-
6 ing the State’s activities under this section which shall be
7 in such form and contain such information as the Sec-
8 retary determines appropriate. Each such State shall es-
9 tablish fiscal control and fund accounting procedures as
10 may be necessary to assure that amounts received under
11 this section are being disbursed properly and are ac-
12 counted for, and include the results of audits conducted
13 under such procedures in the reports submitted under this
14 subsection.

15 “(f) PAYMENTS.—

16 “(1) ENTITLEMENT.—Each State for which an
17 application has been approved by the Secretary
18 under this section shall be entitled to payments
19 under this section for each fiscal year in an amount
20 not to exceed the State’s allotment under subsection
21 (b) to be expended by the State in accordance with
22 the terms of the application for the fiscal year for
23 which the allotment is to be made.

24 “(2) METHOD OF PAYMENTS.—The Secretary
25 may make payments to a State in installments, and

1 in advance or by way of reimbursement, with nec-
2 essary adjustments on account of overpayments or
3 underpayments, as the Secretary may determine.

4 “(3) STATE SPENDING OF PAYMENTS.—Pay-
5 ments to a State from the allotment under sub-
6 section (b) for any fiscal year must be expended by
7 the State in that fiscal year or in the succeeding fis-
8 cal year.

9 “(g) DEFINITION.—As used in this section, the term
10 ‘administering entity of the State’ means the agency or
11 official designated by the chief executive officer of the
12 State to administer the amounts provided to the State
13 under this section.

14 “(h) FUNDING.—Notwithstanding any other provi-
15 sion of law, the Secretary shall use 50 percent of the
16 amounts that the Secretary is required to utilize under
17 section 330B(h) in each fiscal year to carry out this
18 section.”.

19 **SEC. 202. PROGRAM TO PROVIDE FOR EXPANSION OF FED-**
20 **ERALLY QUALIFIED HEALTH CENTERS.**

21 (a) IN GENERAL.—Subpart I of part D of title III
22 of the Public Health Service Act (42 U.S.C. 254b et seq.)
23 (as amended by section 201) is further amended by adding
24 at the end thereof the following new section:

1 **“SEC. 330B. PROGRAM TO PROVIDE FOR EXPANSION OF**
2 **FEDERALLY QUALIFIED HEALTH CENTERS.**

3 “(a) ESTABLISHMENT OF HEALTH SERVICES AC-
4 CESS PROGRAM.—From amounts appropriated under this
5 section, the Secretary shall, acting through the Bureau of
6 Health Care Delivery Assistance, award grants under this
7 section to federally qualified health centers (hereafter re-
8 ferred to in this section as ‘FQHCs’) and other entities
9 and organizations submitting applications under this sec-
10 tion (as described in subsection (c)) for the purpose of
11 providing access to services for medically underserved pop-
12 ulations (as defined in section 330(b)(3)) or in high im-
13 pact areas (as defined in section 329(a)(5)) not currently
14 being served by a FQHC.

15 “(b) ELIGIBILITY FOR GRANTS.—

16 “(1) IN GENERAL.—The Secretary shall award
17 grants under this section to entities or organizations
18 described in this paragraph and paragraph (2) which
19 have submitted a proposal to the Secretary to ex-
20 pand such entities or organizations operations (in-
21 cluding expansions to new sites (as determined nec-
22 essary by the Secretary)) to serve medically under-
23 served populations or high impact areas not cur-
24 rently served by a FQHC and which—

25 “(A) have as of the date of enactment of
26 this section, been certified by the Secretary as

1 a FQHC under section 1905(l)(2)(B) of the So-
2 cial Security Act;

3 “(B) have submitted applications to the
4 Secretary to qualify as FQHCs under section
5 1905(l)(2)(B) of the Social Security Act; or

6 “(C) have submitted a plan to the Sec-
7 retary which provides that the entity or organi-
8 zation will meet the requirements to qualify as
9 a FQHC when operational.

10 “(2) NON-FQHC ENTITIES.—

11 “(A) ELIGIBILITY.—The Secretary shall
12 also make grants under this section to any pub-
13 lic or private nonprofit agency, or any health
14 care entity or organization which—

15 “(i) meets the requirements necessary
16 to qualify as a FQHC, except the require-
17 ment that such agency, entity, or organiza-
18 tion has a consumer majority governing
19 board,

20 “(ii) has submitted a proposal to the
21 Secretary to provide those services pro-
22 vided by a FQHC as defined in section
23 1905(l)(2)(B) of the Social Security Act,
24 and

1 “(iii) is designed to promote access to
2 primary care services or to reduce reliance
3 on hospital emergency rooms or other high
4 cost providers of primary health care serv-
5 ices,

6 *Provided*, That the proposal described in clause
7 (ii) is developed by the agency, entity, or orga-
8 nization (or such agencies, entities, or organiza-
9 tions acting in a consortium in a community)
10 with the review and approval of the Governor of
11 the State in which such agency, entity, or orga-
12 nization is located.

13 “(B) LIMITATION.—The Secretary shall
14 provide in making grants to entities or organi-
15 zations described in this paragraph that not
16 more than 10 percent of the funds provided for
17 grants under this section shall be made avail-
18 able for grants to such entities or organizations.

19 “(c) APPLICATION REQUIREMENTS.—

20 “(1) IN GENERAL.—In order to be eligible to
21 receive a grant under this section, a FQHC or other
22 entity or organization must submit an application in
23 such form and at such time as the Secretary shall
24 prescribe and which meets the requirements of this
25 subsection.

1 “(2) REQUIREMENTS.—An application submit-
2 ted under this section must provide—

3 “(A)(i) for a schedule of fees or payments
4 for the provision of the services provided by the
5 entity or organization designed to cover its rea-
6 sonable costs of operations; and

7 “(ii) for a corresponding schedule of dis-
8 counts to be applied to such fees or payments,
9 based upon the patient’s ability to pay (deter-
10 mined by using a sliding scale formula based on
11 the income of the patient);

12 “(B) assurances that the entity or organi-
13 zation provides services to persons who are eli-
14 gible for benefits under title XVIII of the Social
15 Security Act, for medical assistance under title
16 XIX of such Act, or for assistance for medical
17 expenses under any other public assistance pro-
18 gram or private health insurance program; and

19 “(C) assurances that the entity or organi-
20 zation has made and will continue to make
21 every reasonable effort to collect reimbursement
22 for services—

23 “(i) from persons eligible for assist-
24 ance under any of the programs described
25 in subparagraph (B); and

1 “(ii) from patients not entitled to ben-
2 efits under any such programs.

3 “(d) LIMITATIONS ON USE OF FUNDS.—

4 “(1) IN GENERAL.—From the amounts award-
5 ed to a FQHC or other entity or organization under
6 this section, funds may be used for purposes of plan-
7 ning but may only be expended for the costs of—

8 “(A) assessing the needs of the populations
9 or proposed areas to be served;

10 “(B) preparing a description of how the
11 needs identified will be met; and

12 “(C) development of an implementation
13 plan that addresses—

14 “(i) recruitment and training of per-
15 sonnel; and

16 “(ii) activities necessary to achieve
17 operational status in order to meet FQHC
18 requirements under 1905(l)(2)(B) of the
19 Social Security Act.

20 “(2) RECRUITING, TRAINING, AND COMPENSA-
21 TION OF STAFF.—From the amounts awarded to an
22 entity or organization under this section, funds may
23 be used for the purposes of paying for the costs of
24 recruiting, training, and compensating staff (clinical
25 and associated administrative personnel (to the ex-

1 tent such costs are not already reimbursed under
2 title XIX of the Social Security Act or any other
3 State or Federal program)) to the extent necessary
4 to allow the entity or organization to operate at new
5 or expanded existing sites.

6 “(3) FACILITIES AND EQUIPMENT.—From the
7 amounts awarded to an entity or organization under
8 this section, funds may be expended for the purposes
9 of acquiring facilities and equipment but only for the
10 costs of—

11 “(A) construction of new buildings (to the
12 extent that new construction is found to be the
13 most cost-efficient approach by the Secretary);

14 “(B) acquiring, expanding, or modernizing
15 existing facilities;

16 “(C) purchasing essential (as determined
17 by the Secretary) equipment; and

18 “(D) amortization of principal and pay-
19 ment of interest on loans obtained for purposes
20 of site construction, acquisition, modernization,
21 or expansion, as well as necessary equipment.

22 “(4) SERVICES.—From the amounts awarded
23 to an entity or organization under this section, funds
24 may be expended for the payment of services but
25 only for the costs of—

1 “(A) providing or arranging for the provi-
2 sion of all services through the entity or organi-
3 zation necessary to qualify such entity or orga-
4 nization as a FQHC under section
5 1905(l)(2)(B) of the Social Security Act;

6 “(B) providing or arranging for any other
7 service that a FQHC may provide and be reim-
8 bursed for under title XIX of the Social Secu-
9 rity Act; and

10 “(C) providing any unreimbursed costs of
11 providing services as described in section 330(a)
12 to patients.

13 “(e) PRIORITIES IN THE AWARDING OF GRANTS.—

14 “(1) CERTIFIED FQHCS.—The Secretary shall
15 give priority in awarding grants under this section
16 to entities and organizations which have, as of the
17 date of enactment of this section, been certified as
18 a FQHC under section 1905(l)(2)(B) of the Social
19 Security Act and which have submitted a proposal to
20 the Secretary to expand their operations (including
21 expansion to new sites) to serve medically
22 underserved populations for high impact areas not
23 currently served by a FQHC. The Secretary shall
24 give first priority in awarding grants under this sec-
25 tion to those FQHCS or other entities or organiza-

1 tions which propose to serve populations with the
2 highest degree of unmet need, and which can dem-
3 onstrate the ability to expand their operations in the
4 most efficient manner.

5 “(2) QUALIFIED FQHCS.—The Secretary shall
6 give second priority in awarding grants to entities
7 and organizations which have submitted applications
8 to the Secretary which demonstrate that the entities
9 or organizations will qualify as FQHCS under sec-
10 tion 1905(l)(2)(B) of the Social Security Act before
11 they provide or arrange for the provision of services
12 supported by funds awarded under this section, and
13 which are serving or proposing to serve medically
14 underserved populations or high impact areas which
15 are not currently served (or proposed to be served)
16 by a FQHC.

17 “(3) EXPANDED SERVICES AND PROJECTS.—
18 The Secretary shall give third priority in awarding
19 grants in subsequent years to those FQHCS or other
20 entities or organizations which have provided for ex-
21 panded services and projects and are able to dem-
22 onstrate that such entities or organizations will
23 incur significant unreimbursed costs in providing
24 such expanded services.

1 “(f) RETURN OF FUNDS TO SECRETARY FOR COSTS
2 REIMBURSED FROM OTHER SOURCES.—To the extent
3 that a FQHC or other entity or organization receiving
4 funds under this section is reimbursed from another
5 source for the provision of services to an individual, and
6 does not use such increased reimbursement to expand
7 services furnished, to expand areas served, to compensate
8 for costs of unreimbursed services provided to patients, or
9 to promote recruitment, training, or retention of person-
10 nel, such excess revenues shall be returned to the Sec-
11 retary.

12 “(g) TERMINATION OF GRANTS.—

13 “(1) FAILURE TO MEET FQHC REQUIRE-
14 MENTS.—

15 “(A) IN GENERAL.—With respect to any
16 entity or organization that is receiving funds
17 awarded under this section and which subse-
18 quently fails to meet the requirements to qual-
19 ify as a FQHC under section 1905(l)(2)(B) of
20 the Social Security Act or is an entity or orga-
21 nization that is not required to meet the re-
22 quirements to qualify as a FQHC under section
23 1905(l)(2)(B) of the Social Security Act but
24 fails to meet the requirements of this section,
25 the Secretary shall terminate the award of

1 funds under this section to such entity or orga-
2 nization.

3 “(B) NOTICE.—Prior to any termination
4 of funds under this section to an entity or orga-
5 nization, the entity or organization shall be en-
6 titled to 60 days’ prior notice of termination
7 and, as provided by the Secretary in regula-
8 tions, an opportunity to correct any deficiencies
9 in order to allow the entity or organization to
10 continue to receive funds under this section.

11 “(2) REQUIREMENTS.—Upon any termination
12 of funding under this section, the Secretary may (to
13 the extent practicable)—

14 “(A) sell any property (including equip-
15 ment) acquired or constructed by the entity or
16 organization using funds made available under
17 this section or transfer such property to an-
18 other FQHC, except that the Secretary shall re-
19 imburse any costs which were incurred by the
20 entity or organization in acquiring or construct-
21 ing such property (including equipment) which
22 were not supported by grants under this sec-
23 tion; and

1 “(B) recoup any funds provided to an en-
2 tity or organization terminated under this sec-
3 tion.

4 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
5 are authorized to be appropriated to carry out this section
6 \$600,000,000 for each of the fiscal years 1994 through
7 1998.”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 subsection (a) shall become effective with respect to serv-
10 ices furnished by a federally qualified health center or
11 other qualifying entity or organization described in this
12 section beginning on or after the date of enactment of this
13 Act.

14 **TITLE III—EXPANDING THE SUP-**
15 **PLY OF HEALTH PROFES-**
16 **SIONALS IN RURAL AREAS**

17 **SEC. 301. EXPANSION OF NATIONAL HEALTH SERVICE**
18 **CORPS.**

19 Section 338H(b) of the Public Health Service Act (42
20 U.S.C. 254q(b)) is amended—

21 (1) in paragraph (1), by striking “and such
22 sums” and all that follows through the end thereof
23 and inserting “\$120,000,000 for each of the fiscal
24 years 1993 through 2000.”; and

25 (2) in paragraph (2)—

1 (A) by redesignating subparagraphs (A)
2 and (B) as subparagraphs (B) and (C), respec-
3 tively; and

4 (B) by inserting before subparagraph (B)
5 (as so redesignated) the following new subpara-
6 graph:

7 “(A) IN GENERAL.—Of the amount appro-
8 priated under paragraph (1) for each fiscal
9 year, the Secretary shall utilize 25 percent of
10 such amount to carry out section 338A and 75
11 percent of such amount to carry out section
12 338B.”.

13 **SEC. 302. TAX INCENTIVES FOR PRACTICE IN RURAL**
14 **AREAS.**

15 (a) NONREFUNDABLE CREDIT FOR CERTAIN PRI-
16 MARY HEALTH SERVICES PROVIDERS.—

17 (1) IN GENERAL.—Subpart A of part IV of sub-
18 chapter A of chapter 1 of the Internal Revenue Code
19 of 1986 (relating to nonrefundable personal credits)
20 is amended by inserting after section 25 the follow-
21 ing new section:

22 **“SEC. 25A. PRIMARY HEALTH SERVICES PROVIDERS.**

23 “(a) ALLOWANCE OF CREDIT.—In the case of a
24 qualified primary health services provider, there is allowed
25 as a credit against the tax imposed by this chapter for

1 any taxable year in a mandatory service period an amount
2 equal to the product of—

3 “(1) the lesser of—

4 “(A) the number of months of such period
5 occurring in such taxable year, or

6 “(B) 36 months, reduced by the number of
7 months taken into account under this para-
8 graph with respect to such provider for all pre-
9 ceding taxable years (whether or not in the
10 same mandatory service period), multiplied by

11 “(2) \$1,000 (\$500 in the case of a qualified
12 primary health services provider who is a physician
13 assistant or a nurse practitioner).

14 “(b) QUALIFIED PRIMARY HEALTH SERVICES PRO-
15 VIDER.—For purposes of this section, the term ‘qualified
16 primary health services provider’ means any physician,
17 physician assistant, or nurse practitioner who for any
18 month during a mandatory service period is certified by
19 the Bureau to be a primary health services provider who—

20 “(1) is providing primary health services—

21 “(A) full time, and

22 “(B) to individuals at least 80 percent of
23 whom reside in a rural health professional
24 shortage area,

1 “(2) is not receiving during such year a scholar-
2 ship under the National Health Service Corps Schol-
3 arship Program or a loan repayment under the Na-
4 tional Health Service Corps Loan Repayment Pro-
5 gram,

6 “(3) is not fulfilling service obligations under
7 such Programs, and

8 “(4) has not defaulted on such obligations.

9 “(c) MANDATORY SERVICE PERIOD.—For purposes
10 of this section, the term ‘mandatory service period’ means
11 the period of 60 consecutive calendar months beginning
12 with the first month the taxpayer is a qualified primary
13 health services provider.

14 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
15 poses of this section—

16 “(1) BUREAU.—The term ‘Bureau’ means the
17 Bureau of Health Care Delivery and Assistance,
18 Health Resources and Services Administration of the
19 United States Public Health Service.

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

23 “(3) PHYSICIAN ASSISTANT; NURSE PRACTI-
24 TIONER.—The terms ‘physician assistant’ and ‘nurse

1 practitioner' have the meanings given to such terms
2 by section 1861(aa)(3) of the Social Security Act.

3 “(4) PRIMARY HEALTH SERVICES PROVIDER.—
4 The term ‘primary health services provider’ means a
5 provider of primary health services (as defined in
6 section 330(b)(1) of the Public Health Service Act).

7 “(5) RURAL HEALTH PROFESSIONAL SHORTAGE
8 AREA.—The term ‘rural health professional shortage
9 area’ means—

10 “(A) a rural health professional shortage
11 area (as defined in section 332(a)(1)(A) of the
12 Public Health Service Act) in a rural area (as
13 determined under section 1886(d)(2)(D) of the
14 Social Security Act), or

15 “(B) an area which is determined by the
16 Secretary of Health and Human Services as
17 equivalent to an area described in subparagraph
18 (A) and which is designated by the Bureau of
19 the Census as not urbanized.

20 “(C) a community that is certified as un-
21 derserved by the Secretary for purposes of par-
22 ticipation in the rural health clinic program
23 under title XVIII of the Social Security Act.

24 “(e) RECAPTURE OF CREDIT.—

1 “(1) IN GENERAL.—If, during any taxable year,
 2 there is a recapture event, then the tax of the tax-
 3 payer under this chapter for such taxable year shall
 4 be increased by an amount equal to the product of—

- 5 “(A) the applicable percentage, and
- 6 “(B) the aggregate unrecaptured credits
- 7 allowed to such taxpayer under this section for
- 8 all prior taxable years.

9 “(2) APPLICABLE RECAPTURE PERCENTAGE.—

10 “(A) IN GENERAL.—For purposes of this
 11 subsection, the applicable recapture percentage
 12 shall be determined from the following table:

“If the recapture event occurs during:	The applicable recap- ture percentage is:
Months 1–24	100
Months 25–36	75
Months 37–48	50
Months 49–60	25
Months 61 and thereafter	0.

13 “(B) TIMING.—For purposes of subpara-
 14 graph (A), month 1 shall begin on the first day
 15 of the mandatory service period.

16 “(3) RECAPTURE EVENT DEFINED.—

17 “(A) IN GENERAL.—For purposes of this
 18 subsection, the term ‘recapture event’ means
 19 the failure of the taxpayer to be a qualified pri-
 20 mary health services provider for any month
 21 during any mandatory service period.

1 “(B) CESSATION OF DESIGNATION.—The
2 cessation of the designation of any area as a
3 rural health professional shortage area after the
4 beginning of the mandatory service period for
5 any taxpayer shall not constitute a recapture
6 event.

7 “(C) SECRETARIAL WAIVER.—The Sec-
8 retary may waive any recapture event caused by
9 extraordinary circumstances.

10 “(4) NO CREDITS AGAINST TAX.—Any increase
11 in tax under this subsection shall not be treated as
12 a tax imposed by this chapter for purposes of deter-
13 mining the amount of any credit under subpart A,
14 B, or D of this part.”.

15 (2) CLERICAL AMENDMENT.—The table of sec-
16 tions for subpart A of part IV of subchapter A of
17 chapter 1 of such Code is amended by inserting
18 after the item relating to section 25 the following
19 new item:

 “Sec. 25A. Primary health services providers.”.

20 (3) EFFECTIVE DATE.—The amendments made
21 by this subsection shall apply to taxable years begin-
22 ning after the date of the enactment of this Act.

23 (b) NATIONAL HEALTH SERVICE CORPS LOAN RE-
24 PAYMENTS EXCLUDED FROM GROSS INCOME.—

1 (1) IN GENERAL.—Part III of subchapter B of
2 chapter 1 of the Internal Revenue Code of 1986 (re-
3 lating to items specifically excluded from gross in-
4 come) is amended by redesignating section 136 as
5 section 137 and by inserting after section 135 the
6 following new section:

7 **“SEC. 136. NATIONAL HEALTH SERVICE CORPS LOAN RE-**
8 **PAYMENTS.**

9 “(a) GENERAL RULE.—Gross income shall not in-
10 clude any qualified loan repayment.

11 “(b) QUALIFIED LOAN REPAYMENT.—For purposes
12 of this section, the term ‘qualified loan repayment’ means
13 any payment made on behalf of the taxpayer by the Na-
14 tional Health Service Corps Loan Repayment Program
15 under section 338B(g) of the Public Health Service Act.”.

16 (2) CONFORMING AMENDMENT.—Paragraph (3)
17 of section 338B(g) of the Public Health Service Act
18 is amended by striking “Federal, State, or local”
19 and inserting “State or local”.

20 (3) CLERICAL AMENDMENT.—The table of sec-
21 tions for part III of subchapter B of chapter 1 of
22 the Internal Revenue Code of 1986 is amended by
23 striking the item relating to section 136 and insert-
24 ing the following:

“Sec. 136. National Health Service Corps loan repayments.
“Sec. 137. Cross references to other Acts.”.

1 (4) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to payments made
3 under section 338B(g) of the Public Health Service
4 Act after the date of the enactment of this Act.

5 (c) EXPENSING OF MEDICAL EQUIPMENT.—

6 (1) IN GENERAL.—Section 179 of the Internal
7 Revenue Code of 1986 (relating to election to ex-
8 pense certain depreciable business assets) is amend-
9 ed—

10 (A) by striking paragraph (1) of subsection
11 (b) and inserting the following:

12 “(1) DOLLAR LIMITATION.—

13 “(A) GENERAL RULE.—The aggregate cost
14 which may be taken into account under sub-
15 section (a) for any taxable year shall not exceed
16 \$10,000.

17 “(B) RURAL HEALTH CARE PROPERTY.—
18 In the case of rural health care property, the
19 aggregate cost which may be taken into account
20 under subsection (a) for any taxable year shall
21 not exceed \$25,000, reduced by the amount
22 otherwise taken into account under subsection
23 (a) for such year.”; and

24 (B) by adding at the end of subsection (d)
25 the following new paragraph:

1 “(11) RURAL HEALTH CARE PROPERTY.—For
2 purposes of this section, the term ‘rural health care
3 property’ means section 179 property used by a phy-
4 sician (as defined in section 1861(r) of the Social
5 Security Act) in the active conduct of such physi-
6 cian’s full-time trade or business of providing pri-
7 mary health services (as defined in section 330(b)(1)
8 of the Public Health Service Act) in a rural health
9 professional shortage area (as defined in section
10 25A(d)(5)).”.

11 (2) EFFECTIVE DATE.—The amendments made
12 by this subsection shall apply to property placed in
13 service in taxable years beginning after the date of
14 enactment of this Act.

15 (d) DEDUCTION FOR STUDENT LOAN PAYMENTS BY
16 MEDICAL PROFESSIONALS PRACTICING IN RURAL
17 AREAS.—

18 (1) INTEREST ON STUDENT LOANS NOT TREAT-
19 ED AS PERSONAL INTEREST.—Section 163(h)(2) of
20 the Internal Revenue Code of 1986 (defining per-
21 sonal interest) is amended by striking “and” at the
22 end of subparagraph (D), by striking the period at
23 the end of subparagraph (E) and inserting “, and”,
24 and by adding at the end thereof the following new
25 subparagraph:

1 “(F) any qualified medical education interest
2 (within the meaning of subsection (k)).”.

3 (2) QUALIFIED MEDICAL EDUCATION INTEREST
4 DEFINED.—Section 163 of such Code (relating to in-
5 terest expenses) is amended by redesignating sub-
6 section (k) as subsection (l) and by inserting after
7 subsection (j) the following new subsection:

8 “(k) QUALIFIED MEDICAL EDUCATION INTEREST OF
9 MEDICAL PROFESSIONALS PRACTICING IN RURAL
10 AREAS.—

11 “(1) IN GENERAL.—For purposes of subsection
12 (h)(2)(F), the term ‘qualified medical education in-
13 terest’ means an amount which bears the same ratio
14 to the interest paid on qualified educational loans
15 during the taxable year by an individual performing
16 services under a qualified rural medical practice
17 agreement as—

18 “(A) the number of months during the tax-
19 able year during which such services were per-
20 formed, bears to

21 “(B) the number of months in the taxable
22 year.

23 “(2) DOLLAR LIMITATION.—The aggregate
24 amount which may be treated as qualified medical

1 education interest for any taxable year with respect
2 to any individual shall not exceed \$5,000.

3 “(3) QUALIFIED RURAL MEDICAL PRACTICE
4 AGREEMENT.—For purposes of this subsection—

5 “(A) IN GENERAL.—The term ‘qualified
6 rural medical practice agreement’ means a writ-
7 ten agreement between an individual and an ap-
8 plicable rural community under which the indi-
9 vidual agrees—

10 “(i) in the case of a medical doctor,
11 upon completion of the individual’s resi-
12 dency (or internship if no residency is re-
13 quired), or

14 “(ii) in the case of a registered nurse,
15 nurse practitioner, or physician’s assistant,
16 upon completion of the education to which
17 the qualified education loan relates,

18 to perform full-time services as such a medical
19 professional in the applicable rural community
20 for a period of 24 consecutive months. An indi-
21 vidual and an applicable rural community may
22 elect to have the agreement apply for 36 con-
23 secutive months rather than 24 months.

24 “(B) SPECIAL RULE FOR COMPUTING PE-
25 RIODS.—An individual shall be treated as meet-

1 ing the 24 or 36 consecutive month requirement
2 under subparagraph (A) if, during each 12-con-
3 secutive month period within either such period,
4 the individual performs full-time services as a
5 medical doctor, registered nurse, nurse practi-
6 tioner, or physician’s assistant, whichever ap-
7 plies, in the applicable rural community during
8 9 of the months in such 12-consecutive month
9 period. For purposes of this subsection, an indi-
10 vidual meeting the requirements of the preced-
11 ing sentence shall be treated as performing
12 services during the entire 12-month period.

13 “(C) APPLICABLE RURAL COMMUNITY.—
14 The term ‘applicable rural community’ means—

15 “(i) any political subdivision of a
16 State which—

17 “(I) has a population of 5,000 or
18 less, and

19 “(II) has a per capita income of
20 \$15,000 or less, or

21 “(ii) an Indian reservation which has
22 a per capita income of \$15,000 or less.

23 “(4) QUALIFIED EDUCATIONAL LOAN.—The
24 term ‘qualified educational loan’ means any indebt-
25 edness to pay qualified tuition and related expenses

1 (within the meaning of section 117(b)) and reason-
2 able living expenses—

3 “(A) which are paid or incurred—

4 “(i) as a candidate for a degree as a
5 medical doctor at an educational institu-
6 tion described in section 170(b)(1)(A)(ii),
7 or

8 “(ii) in connection with courses of in-
9 struction at such an institution necessary
10 for certification as a registered nurse,
11 nurse practitioner, or physician’s assistant,
12 and

13 “(B) which are paid or incurred within a
14 reasonable time before or after such indebted-
15 ness is incurred.

16 “(5) RECAPTURE.—If an individual fails to
17 carry out a qualified rural medical practice agree-
18 ment during any taxable year, then—

19 “(A) no deduction with respect to such
20 agreement shall be allowable by reason of sub-
21 section (h)(2)(F) for such taxable year and any
22 subsequent taxable year, and

23 “(B) there shall be included in gross in-
24 come for such taxable year the aggregate
25 amount of the deductions allowable under this

1 section (by reason of subsection (h)(2)(F)) for
2 all preceding taxable years.

3 “(6) DEFINITIONS.—For purposes of this sub-
4 section, the terms ‘registered nurse’, ‘nurse practi-
5 tioner’, and ‘physician’s assistant’ have the meaning
6 given such terms by section 1861 of the Social Secu-
7 rity Act.”.

8 (3) DEDUCTION ALLOWED IN COMPUTING AD-
9 JUSTED GROSS INCOME.—Section 62(a) of such
10 Code is amended by inserting after paragraph (13)
11 the following new paragraph:

12 “(14) INTEREST ON STUDENT LOANS OF RURAL
13 HEALTH PROFESSIONALS.—The deduction allowable
14 by reason of section 163(h)(2)(F) (relating to stu-
15 dent loan payments of medical professionals practic-
16 ing in rural areas).”.

17 (4) EFFECTIVE DATE.—The amendments made
18 by this subsection shall apply to taxable years begin-
19 ning after the date of the enactment of this
20 Act.applies, in the applicable rural community dur-
21 ing 9 of the months in such 12-consecutive month
22 period. For purposes of this subsection, an individ-
23 ual meeting the requirements of the preceding sen-
24 tence shall be treated as performing services during
25 the entire 12-month period.

1 “(C) APPLICABLE RURAL COMMUNITY.—

2 The term ‘applicable rural community’ means—

3 “(i) any political subdivision of a
4 State which—

5 “(I) has a population of 5,000 or
6 less, and

7 “(II) has a per capita income of
8 \$15,000 or less, or

9 “(ii) an Indian reservation which has
10 a per capita income of \$15,000 or less.

11 “(4) QUALIFIED EDUCATIONAL LOAN.—The
12 term ‘qualified educational loan’ means any indebt-
13 edness to pay qualified tuition and related expenses
14 (within the meaning of section 117(b)) and reason-
15 able living expenses—

16 “(A) which are paid or incurred—

17 “(i) as a candidate for a degree as a
18 medical doctor at an educational institu-
19 tion described in section 170(b)(1)(A)(ii),
20 or

21 “(ii) in connection with courses of in-
22 struction at such an institution necessary
23 for certification as a registered nurse,
24 nurse practitioner, or physician’s assistant,
25 and

1 “(B) which are paid or incurred within a
2 reasonable time before or after such indebted-
3 ness is incurred.

4 “(5) RECAPTURE.—If an individual fails to
5 carry out a qualified rural medical practice agree-
6 ment during any taxable year, then—

7 “(A) no deduction with respect to such
8 agreement shall be allowable by reason of sub-
9 section (h)(2)(F) for such taxable year and any
10 subsequent taxable year, and

11 “(B) there shall be included in gross in-
12 come for such taxable year the aggregate
13 amount of the deductions allowable under this
14 section (by reason of subsection (h)(2)(F)) for
15 all preceding taxable years.

16 “(6) DEFINITIONS.—For purposes of this sub-
17 section, the terms ‘registered nurse’, ‘nurse practi-
18 tioner’, and ‘physician’s assistant’ have the meaning
19 given such terms by section 1861 of the Social Secu-
20 rity Act.”.

21 (3) DEDUCTION ALLOWED IN COMPUTING AD-
22 JUSTED GROSS INCOME.—Section 62(a) of such
23 Code is amended by inserting after paragraph (13)
24 the following new paragraph:

1 “(14) INTEREST ON STUDENT LOANS OF RURAL
 2 HEALTH PROFESSIONALS.—The deduction allowable
 3 by reason of section 163(h)(2)(F) (relating to stu-
 4 dent loan payments of medical professionals practic-
 5 ing in rural areas).”.

6 (4) EFFECTIVE DATE.—The amendments made
 7 by this subsection shall apply to taxable years begin-
 8 ning after the date of the enactment of this Act.

9 **TITLE IV—MISCELLANEOUS**
 10 **PROVISIONS**

11 **SEC. 401. EFFECTIVE DATE.**

12 Unless specifically provided otherwise, this Act and
 13 the amendments made by this Act shall become effective
 14 on the date of enactment of this Act.

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S 1215 IS—2

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