

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2452

To increase access to, control the costs associated with, and improve the quality of health care in States through health insurance reform, State innovation, public health and medical research, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 22 (legislative day, SEPTEMBER 12), 1994

Mr. GRAHAM (for himself and Mr. HATFIELD) introduced the following bill;  
which was read the first time

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## A BILL

To increase access to, control the costs associated with, and improve the quality of health care in States through health insurance reform, State innovation, public health and medical research, 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.**

4 This Act may be cited as the “Health Innovation  
5 Partnership Act of 1994”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1           (1) Americans support universal coverage. The  
2           people of this country agree that all Americans, rich  
3           and poor, should be guaranteed access to affordable,  
4           high-quality health care.

5           (2) Although there is common agreement on the  
6           goal of universal coverage, there are many different  
7           ways to achieve this goal. The States can play an  
8           important role in achieving universal coverage for  
9           our population, demonstrating additional health re-  
10          forms that may be needed on a national level to en-  
11          hance access to affordable, high-quality health care.  
12          The States can also serve as testing grounds to iden-  
13          tify effective alternatives for making the transition  
14          to universal coverage, while maintaining the  
15          strengths of the current health care system.

16          (3) Maintaining the high quality of health care  
17          Americans expect and controlling costs are also im-  
18          portant goals of health care reform. As payers of  
19          health care, the States have a strong incentive to en-  
20          sure that such States purchase high-quality, cost-ef-  
21          fective services for the residents of such States. The  
22          States can develop and test alternative payment and  
23          delivery systems to ensure that these goals are  
24          achieved.

1           (4) There are many health-related issues that  
2           should be addressed at the State level before their  
3           implementation on the national level. As with social  
4           security and child labor protections, States can lead  
5           the way in testing ideas for national application.

6           (5) The States should have the flexibility to test  
7           alternative health reforms with the objectives of in-  
8           creasing access to care, controlling health care costs,  
9           and maintaining or improving the quality of health  
10          care.

## 11       **TITLE I—HEALTH INSURANCE** 12                                   **REFORM**

### 13   **SEC. 1001. ESTABLISHMENT OF STANDARDS.**

14          (a) IN GENERAL.—The Secretary of Health and  
15          Human Services (hereafter referred to in this section as  
16          the “Secretary”) shall request that the National Associa-  
17          tion of Insurance Commissioners (hereafter referred to in  
18          this section as the “Association”) develop, not later than  
19          6 months after the date of enactment of this Act, stand-  
20          ards for health insurance plans with respect to—

21                  (1) the renewability of coverage under such  
22                  plans;

23                  (2) the portability of coverage under such plans,  
24                  including—

1 (A) limitations on the use of pre-existing  
2 conditions;

3 (B) the concept of an “amnesty period”  
4 during which limitations on pre-existing condi-  
5 tions would be suspended; and

6 (C) the advisability of open enrollment pe-  
7 riods;

8 (3) guaranteed issue with respect to all health  
9 insurance coverage products;

10 (4) the establishment of an adjusted community  
11 rating system with adjustment factors limited to age  
12 (with no more than a 2:1 variation in premiums  
13 based on age) and geography;

14 (5) solvency standards for health insurance  
15 plans regulations under Federal and State law, in-  
16 cluding the development of risk-based capital stand-  
17 ards for health plans, solvency standards for health  
18 plans, self-funded employer-sponsored health plans,  
19 and multi-employer welfare arrangements and asso-  
20 ciation plans;

21 (6) stop-loss standards for self-funded health  
22 insurance plans and multi-employer welfare arrange-  
23 ments and association plans;

24 (7) the identification of minimum employer size  
25 for self-funding and the interrelationship between

1 self-funding and the community-rated pool of enroll-  
2 ees; and

3 (8) any other areas determined appropriate by  
4 the Secretary.

5 (b) REVIEW.—Not later than 30 days after receipt  
6 of the standards developed by the Association under sub-  
7 section (a), the Secretary shall complete a review of such  
8 standards. If the Secretary, based on such review, ap-  
9 proves such standards, such standards shall apply with re-  
10 spect to all health insurance plans offered or operating  
11 in a State on and after the date specified in subsection  
12 (d) herein.

13 (c) FAILURE TO DEVELOP STANDARDS OR FAILURE  
14 TO APPROVE.—If the Association fails to develop stand-  
15 ards within the 6-month period referred to in subsection  
16 (a), or the Secretary fails to approve any standards devel-  
17 oped under such subsection, the Secretary shall develop,  
18 not later than 15 months after the date of enactment of  
19 this Act, standards applicable to health insurance plans,  
20 including standards related to the matter described in  
21 paragraphs (1) through (7) of subsection (a) (“Federal  
22 standards”) and such standards shall apply with respect  
23 to all health insurance plans offered or operating in a  
24 State on and after the date specified in subsection (d)  
25 herein.

1       (d)(1) Subject to clause (ii), the date specified in this  
2 subparagraph for a State is the date the State adopts the  
3 NAIC standards or the Federal standards or 1 year after  
4 the date the Association or the Secretary first adopts such  
5 standards, whichever is earlier.

6       (2) In the case of a State which the Secretary identi-  
7 fies, in consultation with the Association, as—

8           (A) requiring State legislation (other than legis-  
9 lation appropriating funds) in order for health insur-  
10 ance policies to meet the NAIC or Federal stand-  
11 ards, but

12           (B) having a legislature which is not scheduled  
13 to meet in 1992 in a legislative session in which  
14 such legislation may be considered, the date speci-  
15 fied in this subparagraph is the first day of the first  
16 calendar quarter beginning after the close of the  
17 first legislative session of the State legislature that  
18 begins on or after January 1, 1992. For purposes of  
19 the previous sentence, in the case of a State that has  
20 a 2-year legislative session, each year of such session  
21 shall be deemed to be a separate regular session of  
22 the State legislature.

23       (e) In promulgating standards under this paragraph,  
24 the Association or Secretary shall consult with a working  
25 group composed or representatives of issuers of health in-

1 surance policies, consumer groups, health insurance bene-  
 2 ficiaries, and other qualified individuals. Such representa-  
 3 tives shall be selected in a manner so as to assure balanced  
 4 representation among the interested groups.

5 (f) EFFECT ON STATE LAW.—Nothing in this section  
 6 shall be construed to preempt any State law to the extent  
 7 that such State law implements more progressive reforms  
 8 than those implemented under the standards developed  
 9 under this section, as determined by the Secretary.

10 **SEC. 1002. MEDICARE SELECT.**

11 (a) AMENDMENTS TO PROVISIONS RELATING TO  
 12 MEDICARE SELECT POLICIES.—

13 (1) PERMITTING MEDICARE SELECT POLICIES  
 14 IN ALL STATES.—Subsection (c) of section 4358 of  
 15 the Omnibus Budget Reconciliation Act of 1990 is  
 16 hereby repealed.

17 (2) REQUIREMENTS OF MEDICARE SELECT  
 18 POLICIES.—Section 1882(t)(1) (42 U.S.C.  
 19 1395ss(t)(1)) is amended to read as follows:

20 “(1)(A) If a medicare supplemental policy meets the  
 21 requirements of the 1991 NAIC Model Regulation or 1991  
 22 Federal Regulation and otherwise complies with the re-  
 23 quirements of this section except that—

24 “(i) the benefits under such policy are re-  
 25 stricted to items and services furnished by certain

1 entities (or reduced benefits are provided when items  
2 or services are furnished by other entities), and

3 “(ii) in the case of a policy described in sub-  
4 paragraph (C)(i)—

5 “(I) the benefits under such policy are not  
6 one of the groups or packages of benefits de-  
7 scribed in subsection (p)(2)(A),

8 “(II) except for nominal copayments im-  
9 posed for services covered under part B of this  
10 title, such benefits include at least the core  
11 group of basic benefits described in subsection  
12 (p)(2)(B), and

13 “(III) an enrollee’s liability under such pol-  
14 icy for physician’s services covered under part  
15 B of this title is limited to the nominal  
16 copayments described in subclause (II),

17 the policy shall nevertheless be treated as meeting  
18 those requirements if the policy meets the require-  
19 ments of subparagraph (B).

20 “(B) A policy meets the requirements of this sub-  
21 paragraph if—

22 “(i) full benefits are provided for items and  
23 services furnished through a network of entities  
24 which have entered into contracts or agreements  
25 with the issuer of the policy,

1           “(ii) full benefits are provided for items and  
2 services furnished by other entities if the services are  
3 medically necessary and immediately required be-  
4 cause of an unforeseen illness, injury, or condition  
5 and it is not reasonable given the circumstances to  
6 obtain the services through the network,

7           “(iii) the network offers sufficient access,

8           “(iv) the issuer of the policy has arrangements  
9 for an ongoing quality assurance program for items  
10 and services furnished through the network,

11           “(v)(I) the issuer of the policy provides to each  
12 enrollee at the time of enrollment an explanation  
13 of—

14           “(aa) the restrictions on payment under  
15 the policy for services furnished other than by  
16 or through the network,

17           “(bb) out of area coverage under the pol-  
18 icy,

19           “(cc) the policy’s coverage of emergency  
20 services and urgently needed care, and

21           “(dd) the availability of a policy through  
22 the entity that meets the 1991 Model NAIC  
23 Regulation or 1991 Federal Regulation without  
24 regard to this subsection and the premium  
25 charged for such policy, and

1           “(II) each enrollee prior to enrollment acknowl-  
2 edges receipt of the explanation provided under  
3 subclause (I), and

4           “(vi) the issuer of the policy makes available to  
5 individuals, in addition to the policy described in this  
6 subsection, any policy (otherwise offered by the is-  
7 suer to individuals in the State) that meets the 1991  
8 Model NAIC Regulation or 1991 Federal Regulation  
9 and other requirements of this section without re-  
10 gard to this subsection.

11          “(C)(i) A policy described in this subparagraph—

12           “(I) is offered by an eligible organization (as  
13 defined in section 1876(b)),

14           “(II) is not a policy or plan providing benefits  
15 pursuant to a contract under section 1876 or an ap-  
16 proved demonstration project described in section  
17 603(c) of the Social Security Amendments of 1983,  
18 section 2355 of the Deficit Reduction Act of 1984,  
19 or section 9412(b) of the Omnibus Budget Reconcili-  
20 ation Act of 1986, and

21           “(III) provides benefits which, when combined  
22 with benefits which are available under this title, are  
23 substantially similar to benefits under policies of-  
24 fered to individuals who are not entitled to benefits  
25 under this title.

1       “(ii) In making a determination under subclause (III)  
2 of clause (i) as to whether certain benefits are substan-  
3 tially similar, there shall not be taken into account, except  
4 in the case of preventive services, benefits provided under  
5 policies offered to individuals who are not entitled to bene-  
6 fits under this title which are in addition to the benefits  
7 covered by this title and which are benefits an entity must  
8 provide in order to meet the definition of an eligible orga-  
9 nization under section 1876(b)(1).”.

10       (b) RENEWABILITY OF MEDICARE SELECT POLI-  
11 CIES.—Section 1882(q)(1) (42 U.S.C. 1395ss(q)(1)) is  
12 amended—

13           (1) by striking “(1) Each” and inserting  
14       “(1)(A) Except as provided in subparagraph (B),  
15       each”;

16           (2) by redesignating subparagraphs (A) and  
17       (B) as clauses (i) and (ii), respectively; and

18           (3) by adding at the end the following new sub-  
19       paragraph:

20           “(B)(i) In the case of a policy that meets the  
21       requirements of subsection (t), an issuer may cancel  
22       or nonrenew such policy with respect to an individ-  
23       ual who leaves the service area of such policy; except  
24       that, if such individual moves to a geographic area  
25       where such issuer, or where an affiliate of such is-

1       suer, is issuing medicare supplemental policies, such  
2       individual must be permitted to enroll in any medi-  
3       care supplemental policy offered by such issuer or  
4       affiliate that provides benefits comparable to or less  
5       than the benefits provided in the policy being can-  
6       celed or nonrenewed. An individual whose coverage  
7       is canceled or nonrenewed under this subparagraph  
8       shall, as part of the notice of termination or  
9       nonrenewal, be notified of the right to enroll in other  
10      medicare supplemental policies offered by the issuer  
11      or its affiliates.

12           “(ii) For purposes of this subparagraph, the  
13      term ‘affiliate’ shall have the meaning given such  
14      term by the 1991 NAIC Model Regulation.”.

15      (c) CIVIL PENALTY.—Section 1882(t)(2) (42 U.S.C.  
16 1395ss(t)(2)) is amended—

17           (1) by striking “(2)” and inserting “(2)(A)”;

18           (2) by redesignating subparagraphs (A), (B),  
19      (C), and (D) as clauses (i), (ii), (iii), and (iv), re-  
20      spectively;

21           (3) in clause (iv), as redesignated—

22                   (A) by striking “paragraph (1)(E)(i)” and  
23                   inserting “paragraph (1)(B)(v)(I); and

24                   (B) by striking “paragraph (1)(E)(ii)” and  
25                   inserting “paragraph (1)(B)(v)(II)”;

1 (4) by striking “the previous sentence” and in-  
2 sserting “this subparagraph”; and

3 (5) by adding at the end the following new sub-  
4 paragraph:

5 “(B) If the Secretary determines that an issuer of  
6 a policy approved under paragraph (1) has made a mis-  
7 representation to the Secretary or has provided the Sec-  
8 retary with false information regarding such policy, the  
9 issuer is subject to a civil money penalty in an amount  
10 not to exceed \$100,000 for each such determination. The  
11 provisions of section 1128A (other than the first sentence  
12 of subsection (a) and other than subsection (b)) shall  
13 apply to a civil money penalty under this subparagraph  
14 in the same manner as such provisions apply to a penalty  
15 or proceeding under section 1128A(a).”.

16 (d) EFFECTIVE DATES.—

17 (1) NAIC STANDARDS.—If, within 9 months  
18 after the date of the enactment of this Act, the Na-  
19 tional Association of Insurance Commissioners  
20 (hereafter in this subsection referred to as the  
21 “NAIC”) makes changes in the 1991 NAIC Model  
22 Regulation (as defined in section 1882(p)(1)(A) of  
23 the Social Security Act) to incorporate the additional  
24 requirements imposed by the amendments made by  
25 this section, section 1882(g)(2)(A) of such Act shall

1 be applied in each State, effective for policies issued  
2 to policyholders on and after the date specified in  
3 paragraph (3), as if the reference to the Model Reg-  
4 ulation adopted on June 6, 1979, were a reference  
5 to the 1991 NAIC Model Regulation (as so defined)  
6 as changed under this paragraph (such changed  
7 Regulation referred to in this subsection as the  
8 “1995 NAIC Model Regulation”).

9 (2) SECRETARY STANDARDS.—If the NAIC  
10 does not make changes in the 1991 NAIC Model  
11 Regulation (as so defined) within the 9-month period  
12 specified in paragraph (1), the Secretary of Health  
13 and Human Services (hereafter in this subsection re-  
14 ferred to as the “Secretary”) shall promulgate a reg-  
15 ulation and section 1882(g)(2)(A) of the Social Se-  
16 curity Act shall be applied in each State, effective  
17 for policies issued to policyholders on and after the  
18 date specified in paragraph (3), as if the reference  
19 to the Model Regulation adopted on June 6, 1979,  
20 were a reference to the 1991 NAIC Model Regula-  
21 tion (as so defined) as changed by the Secretary  
22 under this paragraph (such changed Regulation re-  
23 ferred to in this subsection as the “1995 Federal  
24 Regulation”).

25 (3) DATE SPECIFIED.—

1 (A) IN GENERAL.—Subject to subpara-  
2 graph (B), the date specified in this paragraph  
3 for a State is the earlier of—

4 (i) the date the State adopts the 1995  
5 NAIC Model Regulation or the 1995 Fed-  
6 eral Regulation, or

7 (ii) 1 year after the date the NAIC or  
8 the Secretary first adopts such regulations.

9 (B) ADDITIONAL LEGISLATIVE ACTION RE-  
10 QUIRED.—In the case of a State which the Sec-  
11 retary identifies, in consultation with the NAIC,  
12 as—

13 (i) requiring State legislation (other  
14 than legislation appropriating funds) in  
15 order for medicare supplemental policies to  
16 meet the 1995 NAIC Model Regulation or  
17 the 1995 Federal Regulation, but

18 (ii) having a legislature which is not  
19 scheduled to meet in 1995 in a legislative  
20 session in which such legislation may be  
21 considered,

22 the date specified in this paragraph is the first  
23 day of the first calendar quarter beginning after  
24 the close of the first legislative session of the  
25 State legislature that begins on or after Janu-

1           ary 1, 1996. For purposes of the previous sen-  
2           tence, in the case of a State that has a 2-year  
3           legislative session, each year of such session  
4           shall be deemed to be a separate regular session  
5           of the State legislature.

6           **TITLE II—STATE INNOVATION**  
7           **Subtitle A—State Waiver Authority**

8           **SEC. 2001. STATE HEALTH REFORM PROJECTS.**

9           (a) OBJECTIVES.—The objectives of the waiver pro-  
10          grams approved under this section shall include, but not  
11          be limited to—

12               (1) achieving the goals of increased health cov-  
13               erage and access;

14               (2) containing the annual rate of growth in  
15               public and private health care expenditures;

16               (3) ensuring that patients receive high-quality,  
17               appropriate health care; and

18               (4) testing alternative reforms, such as building  
19               on the private health insurance system or creating  
20               new systems, to achieve the objectives of this Act.

21          (b) STATE HEALTH REFORM APPLICATIONS.—

22               (1) IN GENERAL.—A State may apply for—

23                       (A) an alternative State health program  
24                       waiver under paragraph (2); or

1 (B) a limited State health care waiver  
2 under paragraph (3).

3 (2) ALTERNATIVE STATE HEALTH PROGRAM  
4 WAIVERS.—

5 (A) IN GENERAL.—In accordance with this  
6 paragraph, each State desiring to implement an  
7 alternative State health program may submit  
8 an application for waiver to the Secretary for  
9 approval.

10 (B) WAIVER REQUIREMENTS SPECIFIED.—  
11 A State that desires to receive a program waiv-  
12 er under this paragraph shall prepare and sub-  
13 mit to the Secretary, as part of the application,  
14 a State health care plan that shall—

15 (i) provide and describe the manner in  
16 which the State will ensure that individuals  
17 residing within the State have expanded  
18 access to health care coverage;

19 (ii) describe the number and percent-  
20 age of current uninsured individuals who  
21 will achieve coverage under the alternative  
22 State health program;

23 (iii) describe the benefits package that  
24 will be provided to all classes of bene-

1           ficiaries under the alternative State health  
2           program;

3           (iv) identify Federal, State, or local  
4           programs that currently provide health  
5           care services in the State and describe how  
6           such programs could be incorporated into  
7           or coordinated with the alternative State  
8           health program, to the extent practicable;

9           (v) provide that the State will develop  
10          and implement health care cost contain-  
11          ment procedures;

12          (vi) describe the public and private  
13          sector financing to be provided for the al-  
14          ternative State health program;

15          (vii) estimate the amount of Federal,  
16          State, and local expenditures, as well as,  
17          the costs to business and individuals under  
18          the alternative State health program;

19          (viii) describe how the State plan will  
20          ensure the financial solvency of the alter-  
21          native State health program;

22          (ix) describe any changes in eligibility  
23          for public subsidies;

24          (x) provide assurances that Federal  
25          expenditures under the alternative State

1 health program shall not exceed the Fed-  
2 eral expenditures which would otherwise be  
3 made in the aggregate for the entire pro-  
4 gram period;

5 (xi) provide quality control assurances  
6 and agreements as required by the Sec-  
7 retary;

8 (xii) provide for the development and  
9 implementation of a State health care de-  
10 livery system that provides increased ac-  
11 cess to care in areas of the State where  
12 there is an inadequate supply of health  
13 care providers;

14 (xiii) identify all Federal law waivers  
15 required to implement the alternative State  
16 health program, including such waivers  
17 necessary to achieve the access, cost con-  
18 tainment, and quality goals of this Act and  
19 the alternative State health program; and

20 (xiv) provide that the State will pre-  
21 pare and submit the Secretary such re-  
22 ports as the Secretary may require to carry  
23 out program evaluations.

24 (C) PROJECT WAIVERS.—

1 (i) CRITERIA FOR SELECTION.—In se-  
2 lecting from among the applications for al-  
3 ternative State health program waivers,  
4 the Secretary shall be satisfied that each  
5 approved State alternative State health  
6 program—

7 (I) will not have a negative effect  
8 on quality of care;

9 (II) increase coverage of or ac-  
10 cess for the State’s population; and

11 (III) will—

12 (aa) provide quality of care  
13 and premium comparisons di-  
14 rectly to employers and individ-  
15 uals in an easy-to-use format,

16 (bb) contract with an exter-  
17 nal peer review organization to  
18 monitor the quality of health care  
19 plans, and

20 (cc) establish a mechanism  
21 within the State’s grievance proc-  
22 ess that allows members of a  
23 health plan to disenroll at any  
24 time if it can be shown that such  
25 members were provided erroneous

1 information that biased their  
2 health plan selection.

3 (ii) WAIVER APPROVAL.—The Sec-  
4 retary shall approve applications submitted  
5 by States that meet the access, cost con-  
6 tainment, and quality goals established in  
7 this Act and shall waive to the extent nec-  
8 essary to conduct each alternative State  
9 health program any of the requirements of  
10 this Act, including, but not limited to, eli-  
11 gibility requirements; alternative data col-  
12 lection systems and sampling designs that  
13 focus on measuring health status, patient  
14 treatment outcomes, and patient satisfac-  
15 tion with health plans, rather than on the  
16 collection of 100 percent of patient encoun-  
17 ters; and benefit designs; and any provi-  
18 sions of Federal law contained in the fol-  
19 lowing:

20 (I) Titles V, XVIII, XIX, and  
21 XX of the Social Security Act.

22 (II) The Public Health Service  
23 Act.

24 (III) Any other Federal law au-  
25 thORIZING a Federal health care pro-

1                   gram that the Secretary identifies as  
2                   providing health care services to quali-  
3                   fied recipients.

4                   (3) LIMITED STATE HEALTH CARE WAIVERS.—

5                   Each State which does not receive an approved ap-  
6                   plication under paragraph (2) may apply for a lim-  
7                   ited State health care waiver. The Secretary shall  
8                   award limited State health care waivers to ensure  
9                   State demonstrations of health reforms that could  
10                  address, but are not limited to addressing, the fol-  
11                  lowing issues that are likely to provide guidance for  
12                  the development of additional national health re-  
13                  forms:

14                  (A) Integration of acute and long-term  
15                  care systems, including delivery and financing  
16                  systems.

17                  (B) Establishment of methodologies that  
18                  limit expenditures or establish global budgets,  
19                  including rate setting and provider reimburse-  
20                  ments.

21                  (C) Implementation of a quality manage-  
22                  ment and improvement system.

23                  (D) Strategies to improve the proper spe-  
24                  ciality and geographic distribution of the health  
25                  care work force.

1 (E) Initiatives to improve the population's  
2 health status.

3 (F) Development of uniform health data  
4 sets that emphasize the measurement of patient  
5 satisfaction, treatment outcomes, and health  
6 status.

7 (G) Methods for coordinating or integrat-  
8 ing State-funded programs that provide services  
9 for low-income individuals, including programs  
10 authorized by this Act.

11 (H) Programs to improve public health.

12 (I) Reforms intended to reduce health care  
13 fraud and abuse.

14 (J) Reforms to reduce the incidence of de-  
15 fensive medicine and practitioner liability costs  
16 associated with medical malpractice.

17 (K) Development of a uniform billing sys-  
18 tem.

19 (c) ADDITIONAL RULES REGARDING APPLICA-  
20 TIONS.—

21 (1) TECHNICAL ASSISTANCE.—The Secretary  
22 shall, if requested, provide technical assistance to  
23 States to assist such States in developing waiver ap-  
24 plications under this section.

1           (2) INITIAL REVIEW.—The Secretary shall com-  
2           plete an initial review of each State application for  
3           a waiver under paragraph (2) or (3) of subsection  
4           (b) within 40 days of the receipt of such application,  
5           analyze the scope of the proposal, and determine  
6           whether additional information is needed from the  
7           State. The Secretary shall issue a preliminary opin-  
8           ion concerning the likelihood that the application will  
9           be approved within such 40-day period and shall ad-  
10          vise the State within such period of the need to sub-  
11          mit additional information.

12          (3) FINAL DECISION.—The Secretary shall,  
13          within 90 days of the later of—

14                (A) the receipt of a State application for a  
15                waiver under paragraph (2) or (3) of subsection  
16                (b), or

17                (B) the date on which the Secretary re-  
18                ceives additional information requested from a  
19                State under paragraph (1),  
20          issue a final decision concerning such application.

21          (4) WAIVER PERIOD.—A State waiver may be  
22          approved for a period of 5 years and may be ex-  
23          tended for subsequent 5-year periods upon approval  
24          by the Secretary, except that a shorter period may

1 be requested by a State and granted by the Sec-  
2 retary.

3 (d) QUALIFICATION FOR FEDERAL FUNDS.—For  
4 purposes of this Act, a State with an approved alternative  
5 health care system under subsection (b)(2) shall be consid-  
6 ered a participating State and shall maintain such status  
7 if such State meets the requirements established by the  
8 Secretary in the waiver approval and in this section.

9 (e) EVALUATION, MONITORING, AND COMPLIANCE.—

10 (1) STATE HEALTH REFORM ADVISORY  
11 BOARD.—Within 90 days after the date of the enact-  
12 ment of this Act, the Secretary shall establish a 7-  
13 member State Health Reform Advisory Board (here-  
14 after in this subsection referred to as the “Board”)  
15 that will be responsible for monitoring the status  
16 and progress achieved under waivers granted under  
17 this section and promoting information exchange be-  
18 tween States and the Federal Government. The  
19 Board shall be comprised of members representing  
20 relevant participants in State programs, including  
21 representatives of State government, employers, con-  
22 sumers, providers, and insurers. The Board shall  
23 also be responsible for making recommendations to  
24 the Secretary, using equivalency or minimum stand-  
25 ards, for minimizing the negative effect of State

1       waivers on national employer groups, provider orga-  
2       nizations, and insurers because of differing State re-  
3       quirements under the waivers.

4               (2) ANNUAL REPORTS BY STATES.—Each State  
5       that has received a waiver approval shall submit to  
6       the Secretary an annual report based on the period  
7       representing the respective State’s fiscal year, detail-  
8       ing compliance with the requirements established by  
9       the Secretary in the waiver approval and in this sec-  
10      tion.

11              (3) CORRECTIVE ACTION PLANS.—If a State is  
12      not in compliance, the Secretary shall develop, in  
13      conjunction with all the approved States, a correc-  
14      tive action plan.

15              (4) TERMINATION.—For good cause, the Sec-  
16      retary may revoke any waiver of Federal law granted  
17      under this section, and if necessary, may terminate  
18      any alternative State health program. Such decisions  
19      shall be subject to a petition for reconsideration and  
20      appeal pursuant to regulations established by the  
21      Secretary.

22              (5) EVALUATIONS BY SECRETARY.—The Sec-  
23      retary shall prepare and submit to the Committee on  
24      Finance and the Committee on Labor and Human  
25      Resources of the Senate and the Committee on En-

1 ergy and Commerce and the Committee on Ways  
2 and Means of the House of Representatives annual  
3 reports that shall contain—

4 (A) a description of the effects of the re-  
5 forms undertaken in States receiving waiver ap-  
6 provals under this section;

7 (B) an evaluation of the effectiveness of  
8 such reforms in—

9 (i) expanding health care coverage for  
10 State residents;

11 (ii) providing health care to State  
12 residents with special needs;

13 (iii) reducing or containing health  
14 care costs in the States; and

15 (iv) improving the quality of health  
16 care provided in the States; and

17 (C) recommendations regarding the advis-  
18 ability of increasing Federal financial assistance  
19 for State alternative State health program ini-  
20 tiatives, including the amount and source of  
21 such assistance.

22 (f) FUNDING.—

23 (1) IN GENERAL.—The Secretary may provide a  
24 grant to a State that has an application for a waiver  
25 approved under this section to enable such State to

1 carry out an alternative State health program in the  
2 State.

3 (2) AMOUNT OF GRANT.—The amount of a  
4 grant provided to a State under paragraph (1) shall  
5 be determined pursuant to an allocation formula es-  
6 tablished by the Secretary.

7 (3) PRIORITY.—In awarding grants under para-  
8 graph (1), the Secretary shall give priority to those  
9 State projects that the Secretary determines have  
10 the greatest opportunity to succeed in providing ex-  
11 panded health insurance coverage and in providing  
12 children and youth with access to health care items  
13 and services.

14 (4) MAINTENANCE OF EFFORT.—A State, in  
15 utilizing the proceeds of a grant received under  
16 paragraph (1), shall maintain the expenditures of  
17 the State for health care coverage purposes at a level  
18 equal to not less than the level of such expenditures  
19 maintained by the State for the fiscal year preceding  
20 the fiscal year for which the grant is received. The  
21 requirement of this paragraph shall not apply in the  
22 case of a State that desires to alter health care cov-  
23 erage funding levels within the scope of the State's  
24 alternative health program.

1           (5) REPORT.—At the end of the 5-year period  
2 beginning on the date on which the Secretary  
3 awards the first grant under paragraph (1), the  
4 State Health Reform Advisory Board established  
5 under subsection (e)(1) shall prepare and submit to  
6 the appropriate committees of Congress, a report on  
7 the progress made by States receiving grants under  
8 paragraph (1) in achieving universal health care cov-  
9 erage in such States during the 5-year period of the  
10 grant. Such report shall contain the recommendation  
11 of the Board concerning any future action that Con-  
12 gress should take concerning health care reform, in-  
13 cluding whether or not to extend the program estab-  
14 lished under this subsection.

15           (g) AVAILABILITY OF FUNDS.—With respect to each  
16 of the calendar years 1996 through 2000,  
17 \$10,000,000,000 shall be available for a calendar year to  
18 carry out this section from the Health Care Reform Trust  
19 Fund established under section 9551(a)(2)(A) of the In-  
20 ternal Revenue Code of 1986. Amounts made available in  
21 a calendar year under this paragraph and not expended  
22 may be used in subsequent calendar years to carry out  
23 this section.

24           (h) AMENDMENT TO CRIMINAL PENALTIES FOR  
25 ACTS INVOLVING MEDICARE OR STATE HEALTH CARE

1 PROGRAMS.—Section 1128B(b) of the Social Security Act  
2 (42 U.S.C. 1320a–7b(b)) is amended by adding at the end  
3 the following new paragraph:

4 “(4) Paragraphs (1) and (2) shall not apply to—

5 “(A) any payment to a health insurer or health  
6 maintenance organization for which the premium is  
7 paid in whole or in part by a State health care pro-  
8 gram; and

9 “(B) any payment made by a health insurer or  
10 a health maintenance organization to a sales  
11 representative or a licensed insurance agent as com-  
12 pensation for the services of the representative or  
13 agent in marketing and enrolling an individual in a  
14 health plan for which the premium is paid in whole  
15 or in part by a State health care program.”.

## 16 **Subtitle B—Existing State Laws**

### 17 **SEC. 2101. CONTINUANCE OF EXISTING FEDERAL LAW** 18 **WAIVERS.**

19 Nothing in this Act shall preempt any feature of a  
20 State health care system operating under a waiver granted  
21 before the date of the enactment of this Act under titles  
22 XVIII or XIX of the Social Security Act (42 U.S.C. 1395  
23 et seq. or 1396 et seq.) or the Employee Retirement In-  
24 come Security Act of 1974 (29 U.S.C. 1001 et seq.).

1 **SEC. 2102. HAWAII PREPAID HEALTH CARE ACT.**

2 (a) ERISA WAIVER.—

3 (1) IN GENERAL.—Section 514(b)(5) of the  
4 Employee Retirement Income Security Act of 1974  
5 (29 U.S.C. 1144(b)(5)) is amended to read as fol-  
6 lows:

7 “(5)(A) Except as provided in subparagraphs  
8 (B) and (C), subsection (a) shall not apply to the  
9 Hawaii Prepaid Health Care Act (Haw. Rev. Stat.  
10 §§ 393–1 through 393–51).

11 “(B) Nothing in subparagraph (A) shall be con-  
12 strued to exempt from subsection (a) any State tax  
13 law relating to employee benefits plans.

14 “(C) If the Secretary of Labor notifies the Gov-  
15 ernor of the State of Hawaii that as the result of  
16 an amendment to the Hawaii Prepaid Health Care  
17 Act enacted after the date of the enactment of this  
18 paragraph—

19 “(i) the proportion of the population with  
20 health care coverage under such Act is less than  
21 such proportion on such date, or

22 “(ii) the level of benefit coverage provided  
23 under such Act is less than the actuarial equiv-  
24 alent of such level of coverage on such date,

1 subparagraph (A) shall not apply with respect to the  
2 application of such amendment to such Act after the  
3 date of such notification.”.

4 (2) EFFECTIVE DATE.—The amendment made  
5 by paragraph (1) shall take effect on the date of the  
6 enactment of this Act.

7 (b) HSA WAIVER.—

8 (1) IN GENERAL.—The Secretary shall, at the  
9 request of the Governor of the State of Hawaii and  
10 in accordance with this section, grant a waiver to  
11 the State from the requirements of this Act (other  
12 than the requirements specified in paragraph (3)).

13 (2) SCOPE OF WAIVER.—The waiver granted  
14 under paragraph (1) shall exempt—

15 (A) the State of Hawaii;

16 (B) health plans offered within the State;

17 and

18 (C) health plan participants, including em-  
19 ployers, employees, residents, and health plan  
20 sponsors within the State,

21 from requirements otherwise applicable to the State  
22 and such plans and participants.

23 (3) REQUIRED COMPLIANCE OF OTHER RE-  
24 QUIREMENTS.—The waiver shall initially be granted  
25 under paragraph (1) if the State of Hawaii dem-

1       onstrates to the Secretary that the State main-  
2       tains—

3               (A) a requirement that employers make  
4               premium contributions in accordance with the  
5               requirements of title I;

6               (B) a comprehensive benefit package (in-  
7               cluding cost sharing) that is comparable with  
8               the requirements of title I;

9               (C) a percentage of State population with  
10              health care coverage that is not less than the  
11              national average;

12              (D) a quality control mechanism and data  
13              system; and

14              (E) health care cost containment consist-  
15              ent with the provisions of title I.

16              (4) WAIVER PERIOD.—The waiver initially  
17              granted under paragraph (1) shall extend for the pe-  
18              riod during which the State of Hawaii continues to  
19              comply with the requirements specified in paragraph  
20              (3). The Secretary may require the State, every 5  
21              years, to demonstrate to the Secretary the State's  
22              continued compliance with such requirements.

23              (5) PROCEDURE IN THE EVENT OF NON-COM-  
24              PLIANCE.—

1 (A) NOTICE.—If, at any time after grant-  
2 ing a waiver under paragraph (1), the Secretary  
3 finds that the State of Hawaii is not meeting  
4 the requirements specified in paragraph (3), the  
5 Secretary shall notify the State of the Sec-  
6 retary’s findings.

7 (B) OPPORTUNITY TO CONTEST.—The  
8 State may contest the Secretary’s findings.

9 (C) OPPORTUNITY FOR CORRECTION.—

10 (i) FINDINGS NOT CONTESTED.—If  
11 the State does not contest the Secretary’s  
12 findings within the 30-day period begin-  
13 ning on the date of receipt of a notice of  
14 such findings, the State shall have—

15 (I) a 90-day period beginning on  
16 such date to show a good faith effort  
17 to remedy the non-compliance, and

18 (II) an additional 12-month pe-  
19 riod to take such actions as may be  
20 required to bring the State into com-  
21 pliance with the requirements speci-  
22 fied in paragraph (3).

23 (ii) CONTESTED FINDINGS.—If the  
24 State contests the Secretary’s findings

1           within such 30-day period but such find-  
2           ings are upheld, the State shall have—

3                   (I) a 90-day period beginning on  
4                   the date of final adjudication to show  
5                   a good faith effort to remedy the non-  
6                   compliance, and

7                   (II) an additional 12-month pe-  
8                   riod to take such actions as may be  
9                   required to bring the State into com-  
10                  pliance with the requirements speci-  
11                  fied in paragraph (3).

12           (D) TERMINATION.—If the State fails to  
13           demonstrate a good faith effort under subpara-  
14           graph (C)(i)(I) or (C)(ii)(I) or to take actions  
15           under subparagraph (C)(i)(II) or (C)(ii)(II)  
16           within the time period specified, the Secretary  
17           may revoke the waiver granted in paragraph  
18           (1).

19           (6) COOPERATIVE AGREEMENT WITH THE SEC-  
20           RETARY.—The Secretary shall enter into cooperative  
21           agreements with appropriate officials of the State of  
22           Hawaii—

23                   (A) to develop standards and reporting re-  
24                   quirements necessary for the issuance and

1 maintenance of the State's waiver under para-  
2 graph (1); and

3 (B) otherwise to effectuate the provisions  
4 of this subsection.

5 (7) ELIGIBILITY FOR FEDERAL FUNDS PRO-  
6 VIDED TO PARTICIPATING STATES.—Nothing in this  
7 subsection shall preclude the eligibility of the State  
8 of Hawaii to participate in any public health initia-  
9 tive, grant, or financial aid program under this Act  
10 (including the medicaid program under title XIX of  
11 the Social Security Act), designed to implement the  
12 purpose of this Act. The Secretary shall work with  
13 appropriate officials of the State of Hawaii to de-  
14 velop comparable, alternative standards to govern  
15 the State's entitlement under title XI.

16 **SEC. 2103. ALTERNATIVE STATE PROVIDER PAYMENT SYS-**  
17 **TEMS.**

18 Notwithstanding any other provision of law, if a hos-  
19 pital reimbursement system operated by a State meets the  
20 requirements of section 1814(b) of the Social Security Act  
21 (42 U.S.C. 1395f(b)) and has been approved by the Sec-  
22 retary and in continuous operation since July 1, 1977, the  
23 payment rates and methodologies required under the sys-  
24 tem for services provided in the State shall apply to all  
25 purchasers and payers, including those under employee

1 welfare benefit plans authorized under the Employee Re-  
2 tirement Income Security Act of 1974 (29 U.S.C. 1001  
3 et seq.), workers' compensation programs under State law,  
4 the Federal Employees' Compensation Act under chapter  
5 81 of title 5, United States Code, and Federal employee  
6 health benefit plans under chapter 89 of title 5, United  
7 States Code.

8 **SEC. 2104. ALTERNATIVE STATE HOSPITAL SERVICES PAY-**  
9 **MENT SYSTEMS.**

10 (a) IN GENERAL.—No State shall be prevented from  
11 enforcing—

12 (1) a State system described in subsection (b),  
13 or

14 (2) a State system described in subsection (c),  
15 by any provision of the Employee Retirement Income Se-  
16 curity Act of 1974 (29 U.S.C. 1001 et seq.) or chapter  
17 81 or 89 of title 5, United States Code.

18 (b) REIMBURSEMENT CONTROL SYSTEM.—A State  
19 system is described in this subsection if it is a State reim-  
20 bursement control system in operation before the date of  
21 the enactment of this Act which—

22 (1) applies to substantially all non-Federal  
23 acute care hospitals in the State, and

24 (2) regulates substantially all rates of payment  
25 (including maximum charges) in the State for inpa-

1       tient hospital services, except payments made under  
2       title XVIII of the Social Security Act (42 U.S.C.  
3       1395 et seq.).

4       (c) HEALTH INSURANCE REFORM SYSTEM.—A State  
5       system is described in this subsection if it is a State health  
6       insurance reform system in operation before the date of  
7       the enactment of this Act which requires any insurer (in-  
8       cluding a health maintenance organization) to comply with  
9       requirements governing open enrollment and community  
10      rating, including premium adjustments or other health  
11      care assessments for the purpose of risk adjustment.

12      (d) EFFECTIVE DATES.—

13           (1) SUBSECTION (b).—In the case of a State  
14      system described in subsection (b), the provisions of  
15      this section shall apply before, on, and after the date  
16      of the enactment of this Act.

17           (2) SUBSECTION (c).—In the case of a State  
18      system described in subsection (c), the provisions of  
19      this section shall apply before, on, and after the date  
20      of the enactment of this Act, and before the date of  
21      enactment of this Act.

1 **SEC. 2105. EXEMPTION FROM ERISA PREEMPTION OF CER-**  
2 **TAIN PROVISIONS OF THE LAW OF THE**  
3 **STATE OF OREGON RELATING TO HEALTH**  
4 **PLANS.**

5 (a) IN GENERAL.—Section 514(b) of the Employee  
6 Retirement Income Security Act of 1974 (29 U.S.C.  
7 1144(b)) is amended by adding at the end the following  
8 new paragraph:

9 “(9)(A) Subject to subparagraph (B), subsection (a)  
10 shall not apply to the following provisions of the law of  
11 the State of Oregon as applied to a group health plan:

12 “(i) Chapter 838, Oregon Laws 1989 (relating  
13 to the creation and operation of a high-risk insur-  
14 ance pool).

15 “(ii) Chapter 591, Oregon Laws 1987, chapter  
16 381, Oregon Laws 1989, and chapter 916, Oregon  
17 Laws 1991 (relating to employer-based health plan  
18 coverage reforms).

19 “(iii) Chapter 470, Oregon Laws 1991 (relating  
20 to health care cost containment and technology as-  
21 sessment).

22 “(iv) Chapter 836, Oregon Laws 1989 and  
23 chapter 753, Oregon Laws 1991 (relating to  
24 prioritization and medical assistance reforms).

1           “(v) Chapter 815, Oregon Laws 1993 (relating  
2           to phasing in of employer coverage and other revisions of the Oregon Health Plan).  
3

4           “(vi) Any other provision of the law of the  
5           State of Oregon, to the extent that such provision is  
6           necessary to achieve universal coverage under the  
7           Oregon Health Plan.

8           “(B) Subparagraph (A) shall apply with respect to  
9           any provision of the law of the State of Oregon which provides, directly or indirectly, for taxation of employers or  
10          group health plans only if under such provision the assessment of the tax is under a uniform schedule, applicable  
11          to all employers and group health plans, and does not discriminate on the basis of the extent to which a group  
12          health plan is insured.  
13  
14  
15

16          “(C) For purposes of this paragraph, the term ‘group  
17          health plan’ has the meaning provided in section 607(1).”.

18          (b) APPLICABILITY OF FEDERAL HEALTH REFORM  
19          LEGISLATION.—The State of Oregon shall not be treated  
20          as failing to comply with applicable requirements of any  
21          Federal health reform law, which is enacted on or after  
22          the date of the enactment of this Act and which provides  
23          for coverage of individuals under a comprehensive benefit  
24          package, before the first day of the first calendar year following the calendar year in which all other States have  
25

1 in effect plans under which individuals are eligible for cov-  
2 erage under a comprehensive benefit package in compli-  
3 ance with such law.

4 **SEC. 2106. EXEMPTION FROM ERISA PREEMPTION OF CER-**  
5 **TAIN PROVISIONS OF THE LAW OF THE**  
6 **STATE OF MINNESOTA RELATING TO HEALTH**  
7 **PLANS.**

8 (a) ERISA WAIVER.—

9 (1) IN GENERAL.—Section 514(b)(5) of the  
10 Employee Retirement Income Security Act of 1974  
11 (29 U.S.C. 1144(b)(5)) is amended to read as fol-  
12 lows:

13 “(5)(A)(i) Except as provided in clauses (ii) and (iii),  
14 subsection (a) shall not apply to the following provisions  
15 of the law of the State of Minnesota:

16 “(I) Sections 295.50 through 295.59 Minnesota  
17 Statutes relating to gross revenues, hospitals and  
18 health care surgical centers and pass through of  
19 such tax.

20 “(II) Sections 62J.30 through 62.J.45 Min-  
21 nesota Statutes relating to data to the extent those  
22 provisions authorize or require submission of data by  
23 health care providers, health insurers, health mainte-  
24 nance organizations, or third party administrators.

1       “(ii) Nothing in clause (i) shall be construed to ex-  
2       empt from subsection (a)—

3               “(I) any State tax law relating to employee ben-  
4       efit plans (other than a provision described in clause  
5       (i)), and

6               “(II) any amendment of any provision referred  
7       to in clause (i) enacted on or after May 31, 1994;  
8       to the extent it provides for more than the effective  
9       administration of such provision as in effect on such  
10      date.

11      “(iii) Notwithstanding clause (i), parts 1 and 4 of  
12      this subtitle, and the preceding sections of this part to  
13      the extent they govern matters which are governed by the  
14      provisions of such parts 1 and 4, shall supersede the provi-  
15      sions described in clause (i) (as in effect on or after May  
16      31, 1994), but the Secretary may enter into cooperative  
17      arrangements under this subparagraph and section 506  
18      with officials of the State of Minnesota to assist them in  
19      effectuating the policies of such provisions which are su-  
20      perseded by such parts 1 and 4 and the preceding sections  
21      of this part.”.

1 **SEC. 2107. EXEMPTION FROM ERISA PREEMPTION OF CER-**  
2 **TAIN PROVISIONS OF THE LAW OF THE**  
3 **STATE OF WASHINGTON RELATING TO**  
4 **HEALTH PLANS.**

5 Section 514(b) of the Employee Retirement Income  
6 Security Act of 1974 (29 U.S.C. 1144(b)) is amended by  
7 adding at the end of the following new paragraph:

8 “(9) Subsection (a) of this section shall not apply to  
9 the following provisions of the law of the State of Wash-  
10 ington—

11 “(A) section 212 of Chapter 492, Laws of 1993  
12 (relating to enrollment of certain employees in the  
13 Washington basic health plan);

14 “(B) sections 301 and 304 of Chapter 492,  
15 Laws of 1993 (relating to taxation of premiums and  
16 hospitals);

17 “(C) sections 406(7) and 454 of Chapter 492,  
18 Laws of 1993 (relating to medical risk adjustment  
19 mechanisms);

20 “(D) section 427 of Chapter 492, Laws of 1993  
21 (relating to benefits required to be offered by reg-  
22 istered employer health plans);

23 “(E) section 430 of Chapter 492, Laws of 1993  
24 (relating to requirements applicable to registered  
25 employer health plans); and

1           “(F) section 464 of Chapter 492, Laws of  
2           1993, as amended by section 3 of Chapter 494,  
3           Laws of 1993 (relating to requirements that employ-  
4           ers offer and pay a portion of the costs of employee  
5           health care coverage).”.

6   **SEC. 2108. EXEMPTION FROM ERISA PREEMPTION OF CER-**  
7                           **TAIN PROVISIONS OF THE LAW OF THE**  
8                           **STATE OF CONNECTICUT RELATING TO**  
9                           **HEALTH PLANS.**

10          Section 514(b) of the Employee Retirement Income  
11          Security Act (29 U.S.C. 1144(b)) is amended by adding  
12          at the end of the following new subsection:

13          “(9) Subsection (a) of this section shall not apply to  
14          any State law enacted in the State of Connecticut in ac-  
15          cordance with Public Law 102-234 which taxes or other-  
16          wise assesses short-term acute care hospitals for the pur-  
17          pose of providing funds to be used to pay for the cost of  
18          uncompensated care. This subsection shall take effect Jan-  
19          uary 1, 1992.”.

1 **TITLE III—PUBLIC HEALTH AND**  
 2 **RURAL AND UNDERSERVED**  
 3 **ACCESS IMPROVEMENT**

4 **SEC. 3001. SHORT TITLE.**

5 This title may be cited as the “Public Health and  
 6 Rural and Underserved Access Improvement Act of  
 7 1994”.

8 **SEC. 3002. ESTABLISHMENT OF NEW TITLE XXVII REGARD-**  
 9 **ING PUBLIC HEALTH PROGRAMS.**

10 The Public Health Service Act (42 U.S.C. 201 et  
 11 seq.) is amended by adding at the end the following title:

12 **“TITLE XXVII—PUBLIC HEALTH**  
 13 **PROGRAMS IMPROVEMENT**  
 14 **“Subtitle A—Core Functions of**  
 15 **Public Health Programs**

16 **“PART 1—FORMULA GRANTS TO STATES**

17 **“SEC. 2711. AUTHORIZATIONS OF APPROPRIATIONS FROM**  
 18 **FUND.**

19 “For the purpose of carrying out this subtitle, there  
 20 are authorized to be appropriated from the Health Care  
 21 Reform Trust Fund established under section  
 22 9551(a)(2)(A) of the Internal Revenue Code of 1986  
 23 (hereafter referred to in this title as the “Fund”),  
 24 \$200,000,000 for fiscal year 1996, \$350,000,000 for fis-  
 25 cal year 1997, \$500,000,000 for fiscal year 1998,

1 \$650,000,000 for fiscal year 1999, and \$700,000,000 for  
2 fiscal year 2000.

3 **“SEC. 2712. FORMULA GRANTS TO STATES FOR CORE**  
4 **HEALTH FUNCTIONS.**

5 “(a) IN GENERAL.—In the case of each State that  
6 submits to the Secretary an application in accordance with  
7 section 2715 for a fiscal year, the Secretary of Health and  
8 Human Services, acting through the Director of the Cen-  
9 ters for Disease Control and Prevention, shall make a  
10 grant to the State for carrying out the activities described  
11 in subsection (c). The award shall consist of the allotment  
12 determined under section 2716 for the State.

13 “(b) GENERAL PURPOSE.—The purpose of this sub-  
14 title is to provide for improvements in the health status  
15 of the public through carrying out the activities described  
16 in subsection (b) toward attaining the Healthy People  
17 2000 Objectives (as defined in section 2799). A funding  
18 agreement for a grant under subsection (a) is that—

19 “(1) the grant will be expended for such activi-  
20 ties; and

21 “(2) the activities will be carried out by the  
22 State in collaboration with local public health de-  
23 partments, health education and training centers,  
24 neighborhood health centers, and other community  
25 health providers.

1       “(c) CORE FUNCTIONS OF PUBLIC HEALTH PRO-  
2 GRAMS.—Subject to the purpose described in subsection  
3 (b), the activities referred to in subsection (a) are the fol-  
4 lowing:

5           “(1) Data collection, and analytical activities,  
6 related to population-based status and outcomes  
7 monitoring, including the following:

8           “(A) The regular collection and analysis of  
9 public health data (including the 10 leading  
10 causes of death and their costs to society).

11           “(B) Vital statistics.

12           “(C) Personal health services data.

13           “(D) The supply and distribution of health  
14 professionals.

15           “(2) Activities to reduce environmental risk and  
16 to assure the safety of housing, schools, workplaces,  
17 day-care centers, food and water, including the fol-  
18 lowing activities:

19           “(A) Monitoring the overall public health  
20 status and safety of communities.

21           “(B) Assessing exposure to high lead levels  
22 and other environmental contaminants; and ac-  
23 tivities for abatement of toxicant hazards, in-  
24 cluding lead-related hazards.

1           “(C) Monitoring the quality of community  
2 water supplies used for consumption or for rec-  
3 reational purposes.

4           “(D) Monitoring sewage and solid waste  
5 disposal, radiation exposure, radon exposure,  
6 and noise levels.

7           “(E) Monitoring indoor and ambient air  
8 quality and related risks to vulnerable popu-  
9 lations.

10          “(F) Assuring recreation, worker, and  
11 school safety.

12          “(G) Enforcing public health safety and  
13 sanitary codes.

14          “(H) Monitoring community access to ap-  
15 propriate health services.

16          “(I) Other activities relating to promoting  
17 and protecting the public health of commu-  
18 nities.

19          “(3) Investigation, control, and public-aware-  
20 ness activities regarding adverse health conditions  
21 (such as emergency treatment preparedness, commu-  
22 nity efforts to reduce violence, outbreaks of commu-  
23 nicable diseases within communities, chronic disease  
24 and dysfunction exposure-related conditions, toxic  
25 environmental pollutants, occupational and rec-

1 reational hazards, motor vehicle accidents, and other  
2 threats to the health status of individuals).

3 “(4) Public information and education pro-  
4 grams to reduce risks to health (such as use of to-  
5 bacco;, alcohol and other drugs; unintentional injury  
6 from accidents, including motor vehicle accidents;  
7 sexual activities that increase the risk to HIV trans-  
8 mission and sexually transmitted diseases; poor diet;  
9 physical inactivity; stress-related illness; mental  
10 health problems; genetic disorders; and low child-  
11 hood immunization levels).

12 “(5) Provision of public health laboratory serv-  
13 ices to complement private clinical laboratory serv-  
14 ices and that screen for diseases and conditions  
15 (such as metabolic diseases in newborns, provide as-  
16 sements of blood lead levels and other environ-  
17 mental toxicants, diagnose and contact tracing of  
18 sexually transmitted diseases, tuberculosis and other  
19 diseases requiring partner notification, test for infec-  
20 tious and food-borne diseases, and monitor the safe-  
21 ty of water and food supplies).

22 “(6) Training and education of new and exist-  
23 ing health professionals in the field of public health,  
24 with special emphasis on epidemiology, biostatistics,  
25 health education, public health administration, pub-

1       lic health nursing and dentistry, environmental and  
2       occupational health sciences, public health nutrition,  
3       social and behavioral health sciences, operations re-  
4       search, and laboratory technology.

5               “(7) Leadership, policy development and admin-  
6       istration activities, including assessing needs and the  
7       supply and distribution of health professionals; the  
8       setting of public health standards; the development  
9       of community public health policies; and the develop-  
10      ment of community public health coalitions.

11      “(d) RESTRICTIONS ON USE OF GRANT.—

12               “(1) IN GENERAL.—A funding agreement for a  
13      grant under subsection (a) for a State is that the  
14      grant will not be expended—

15                       “(A) to provide inpatient services;

16                       “(B) to make cash payments to intended  
17      recipients of health services;

18                       “(C) to purchase or improve land, pur-  
19      chase, construct, or permanently improve (other  
20      than minor remodeling) any building or other  
21      facility, or purchase major medical equipment;

22                       “(D) to satisfy any requirement for the ex-  
23      penditure of non-Federal funds as a condition  
24      for the receipt of Federal funds; or

1           “(E) to provide financial assistance to any  
2           entity other than a public or nonprofit private  
3           entity.

4           “(2) LIMITATION ON ADMINISTRATIVE EX-  
5           PENSES.—A funding agreement for a grant under  
6           subsection (a) is that the State involved will not ex-  
7           pend more than 20 percent of the grant for adminis-  
8           trative expenses with respect to the grant.

9           “(e) MAINTENANCE OF EFFORT.—A funding agree-  
10          ment for a grant under subsection (a) is that the State  
11          involved will maintain expenditures of non-Federal  
12          amounts for core health functions at a level that is not  
13          less than the level of such expenditures maintained by the  
14          State for the fiscal year preceding the first fiscal year for  
15          which the State receives such a grant.

16       **“SEC. 2713. NUMBER OF FUNCTIONS; PLANNING.**

17          “(a) NUMBER OF FUNCTIONS.—Subject to sub-  
18          section (b), a funding agreement for a grant under section  
19          2712 is that the State involved will carry out each of the  
20          activities described in subsection (c) of such section.

21          “(b) PLANNING.—In making grants under section  
22          2712, the Secretary shall for each State designate a period  
23          during which the State is to engage in planning to meet  
24          the responsibilities of the State under subsection (a). The  
25          period so designated may not exceed 18 months. With re-

1 spect to such period for a State, a funding agreement for  
2 a grant under section 2712 for any fiscal year containing  
3 any portion of the period is that, during the period, the  
4 State will expend the grant only for such planning.

5 **“SEC. 2714. SUBMISSION OF INFORMATION; REPORTS.**

6 “(a) SUBMISSION OF INFORMATION.—The Secretary  
7 may make a grant under section 2712 only if the State  
8 involved submits to the Secretary the following informa-  
9 tion:

10 “(1) A description of the relationship between  
11 community health providers, public and private  
12 health plans, and the public health system of the  
13 State.

14 “(2) A description of existing deficiencies in the  
15 public health system at the State level and the local  
16 level, using standards under the Healthy People  
17 2000 Objectives.

18 “(3) A description of public health priorities  
19 identified at the State level and local levels, includ-  
20 ing the 10 leading causes of death and their respec-  
21 tive direct and indirect costs to the State and the  
22 Federal Government.

23 “(4) Measurable outcomes and process objec-  
24 tives (using criteria under the Healthy People 2000  
25 Objectives) which indicate improvements in health

1 status as a result of the activities carried out under  
2 section 2712(c).

3 “(5) Information regarding each such activity,  
4 which—

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

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

13 “(6) A description of activities under section  
14 2712(c) to be carried out at the local level, and a  
15 specification for each such activity of—

16 “(A) the communities in which the activity  
17 will be carried out and any collaborating agen-  
18 cies; and

19 “(B) the amount of the grant to be ex-  
20 pended for the activity in each community so  
21 specified.

22 “(7) A description of how such activities have  
23 been coordinated with activities supported under  
24 title V of the Social Security Act (relating to mater-  
25 nal and child health).

1       “(b) REPORTS.—A funding agreement for a grant  
2 under section 2712 is that the States involved will, not  
3 later than the date specified by the Secretary, submit to  
4 the Secretary a report describing—

5           “(1) the purposes for which the grant was ex-  
6 pended;

7           “(2) the health status of the population of the  
8 State, as measured by criteria under the Healthy  
9 People 2000 Objectives; and

10          “(3) the progress achieved and obstacles en-  
11 countered in using uniform data sets under such Ob-  
12 jectives.

13 **“SEC. 2715. APPLICATION FOR GRANT.**

14       “The Secretary may make a grant under section  
15 2712 only if an application for the grant is submitted to  
16 the Secretary, the application contains each agreement de-  
17 scribed in this part, the application contains the informa-  
18 tion required in section 2712(c), and the application is in  
19 such form, is made in such manner, and contains such  
20 agreements, assurances, and information as the Secretary  
21 determines to be necessary to carry out this part.

22 **“SEC. 2716. DETERMINATION OF AMOUNT OF ALLOTMENT.**

23       “For purposes of section 2712, the allotment under  
24 this section for a State for a fiscal year shall be deter-  
25 mined through a formula established by the Secretary on

1 the basis of the population, economic indicators, and  
2 health status of each State. Such allotment shall be the  
3 product of—

4           “(1) a percentage determined under the for-  
5 mula; and

6           “(2) the amount appropriated under section  
7 2711 for the fiscal year, less any amounts reserved  
8 under section 2717.

9 **“SEC. 2717. ALLOCATIONS FOR CERTAIN ACTIVITIES.**

10           “Of the amounts made available under section 2711  
11 for a fiscal year for carrying out this part, the Secretary  
12 may reserve not more than 15 percent for carrying out  
13 the following activities:

14           “(1) Technical assistance with respect to plan-  
15 ning, development, and operation of activities under  
16 section 2712(b), including provision of biostatistical  
17 and epidemiological expertise, provision of laboratory  
18 expertise, and the development of uniform data sets  
19 under the Health People 2000 Objectives.

20           “(2) Development and operation of a national  
21 information network among State and local health  
22 agencies for utilizing such uniform data sets.

23           “(3) Program monitoring and evaluation of ac-  
24 tivities carried out under section 2712(b).

1           “(4) Development of a unified electronic report-  
2           ing mechanism to improve the efficiency of adminis-  
3           trative management requirements regarding the pro-  
4           vision of Federal grants to State public health agen-  
5           cies.

6   **“PART 2—COMPREHENSIVE EVALUATION OF DIS-**  
7           **EASE PREVENTION AND HEALTH PRO-**  
8           **MOTION PROGRAMS**

9   **“SEC. 2718. AUTHORIZATIONS OF APPROPRIATIONS FROM**  
10           **FUND.**

11           “For the purpose of carrying out this part, there are  
12           authorized to be appropriated from the Fund,  
13           \$100,000,000 for fiscal year 1996, and \$150,000,000 for  
14           each of the fiscal years 1997 through 2000.

15   **“SEC. 2719. EVALUATION OF PROGRAMS.**

16           “(a) GRANTS.—The Secretary may make grants to,  
17           or enter into cooperative agreements or contracts with, eli-  
18           gible entities for the purpose of enabling such entities to  
19           carry out evaluations of the type described in subsection  
20           (c). The Secretary shall carry out this section acting  
21           through the Director of the Centers for Disease Control  
22           and Prevention, subject to subsection (g).

23           “(b) REQUIREMENTS.—

1           “(1) ELIGIBLE ENTITIES.—To be eligible to re-  
2           ceive an award of a grant, cooperative agreement, or  
3           contract under subsection (a), an entity must—

4                   “(A) be a public, nonprofit, or private en-  
5                   tity or a university;

6                   “(B) prepare and submit to the Secretary  
7                   an application at such time, in such form, and  
8                   containing such information as the Secretary  
9                   may require, including a plan for the conduct of  
10                  the evaluation under the grant;

11                  “(C) provide assurances that any informa-  
12                  tion collected while conducting evaluations  
13                  under this section will be maintained in a con-  
14                  fidential manner with respect to the identities  
15                  of the individuals from which such information  
16                  is obtained; and

17                  “(D) meet any other requirements that the  
18                  Secretary determines to be appropriate.

19           “(2) TYPES OF ENTITIES.—In making awards  
20           under subsection (a), the Secretary shall consider  
21           applications from entities proposing to conduct eval-  
22           uations using community programs, managed care  
23           programs, State and county health departments,  
24           public education campaigns, school programs, and  
25           other appropriate programs. The Secretary shall en-

1       sure that not less than 25 percent of the amounts  
2       appropriated under section 2718 for a fiscal year are  
3       used for making such awards to entities that will use  
4       the amounts to conduct evaluations in the work-  
5       place.

6       “(c) USE OF FUNDS.—

7               “(1) EVALUATIONS.—An award under sub-  
8       section (a) shall be used to—

9                       “(A) conduct evaluations to determine the  
10                      extent to which clinical preventive services,  
11                      health promotion and unintentional injury pre-  
12                      vention activities, and interpersonal and com-  
13                      munity violence prevention activities, achieve  
14                      short-term and long-term health care cost re-  
15                      ductions and health status improvement with  
16                      respect to the Healthy People 2000 Objectives;  
17                      and

18                      “(B) evaluate other areas determined ap-  
19                      propriate by the Secretary.

20               “(2) INCLUSION OF CERTAIN POPULATION  
21       GROUPS.—In carrying out this section, the Secretary  
22       shall ensure that data concerning women, children,  
23       minorities, older individuals with different income  
24       levels, retirees, and individuals from diverse geo-  
25       graphical backgrounds, are obtained.

1           “(3) MINIMUM SERVICES.—The evaluations  
2 that the Secretary may provide for under this sec-  
3 tion include (but are not limited to) evaluations of  
4 programs that provide one or more of the following  
5 services:

6           “(A) Blood pressure screening and control  
7 (to detect and control hypertension and coro-  
8 nary health disease).

9           “(B) Early cancer screening.

10          “(C) Blood cholesterol screening and con-  
11 trol.

12          “(D) Smoking cessation programs.

13          “(E) Substance abuse programs.

14          “(F) Dietary and nutrition counseling, in-  
15 cluding nutrition.

16          “(G) Physical fitness counseling.

17          “(H) Stress management.

18          “(I) Diabetes education and screening.

19          “(J) Intraocular pressure screening.

20          “(K) Monitoring of prescription drug use.

21          “(L) Violence and injury prevention pro-  
22 grams.

23          “(M) Health education.

24          “(N) Immunization rates.

1           “(4) ENVIRONMENTAL DATA.—Evaluations con-  
2           ducted under this section may consider the health ef-  
3           fects and cost-effectiveness of certain environmental  
4           programs, including fluoridation programs, traffic  
5           safety programs, pollution control programs, acci-  
6           dent prevention programs, and antismoking pro-  
7           grams.

8           “(5) PUBLIC POLICIES.—Evaluations conducted  
9           under this section may consider the effects of pre-  
10          vention-oriented social and economic policies on im-  
11          provement of health status and their long-term cost  
12          effectiveness.

13          “(6) USE OF EXISTING DATA.—In conducting  
14          evaluations under this section, entities shall use ex-  
15          isting data and health promotion and screening pro-  
16          grams where practicable.

17          “(7) COOPERATION.—In providing for an eval-  
18          uation under this section, the Secretary shall encour-  
19          age the recipient of the award and public and pri-  
20          vate entities with relevant expertise (including State  
21          and local agencies) to collaborate for purposes of  
22          conducting the evaluation.

23          “(d) SITES.—Recipients of awards under subsection  
24 (a) shall select evaluation sites under the award that  
25 present the greatest potential for new and relevant knowl-

1 edge. Such recipients, in selecting such sites, shall ensure  
2 that—

3 “(1) the sites provide evidence of pilot testing,  
4 process evaluation, formative evaluation, availability  
5 assessment strategies and results;

6 “(2) the sites provide evidence of a clear defini-  
7 tion of the program and protocols for the implemen-  
8 tation of the evaluation; and

9 “(3) the sites provide evidence of valid, appro-  
10 priate and feasible assessment methods and tools  
11 and a willingness to use common data items and in-  
12 struments across such sites.

13 “(e) REPORTING REQUIREMENTS.—Not later than 1  
14 year after an entity first receives an award under sub-  
15 section (a), and not less than once during each 1-year pe-  
16 riod thereafter for which such an award is made to the  
17 entity, the entity shall prepare and submit to the Sec-  
18 retary a report containing a description of the activities  
19 under this section conducted during the period for which  
20 the report is prepared, and the findings derived as a result  
21 of such activities.

22 “(f) TERM OF EVALUATIONS.—Evaluations con-  
23 ducted under this section shall be for a period of not less  
24 than 3 years and may continue as necessary to permit the

1 grantee to adequately measure the full benefit of the eval-  
2 uations.

3 “(g) DISSEMINATION AND GUIDELINES.—

4 “(1) CONSULTATION.—The Secretary shall  
5 carry out this subsection acting through the Director  
6 of the Centers for Disease Control and Prevention  
7 and the Administrator for Health Care Policy and  
8 Research.

9 “(2) GUIDELINES.—The Secretary shall, where  
10 feasible and practical, develop and issue practice  
11 guidelines that are based on the results of evalua-  
12 tions conducted under this section. The practice  
13 guidelines shall be developed by the Secretary utiliz-  
14 ing expert practitioners to assist in the development  
15 and implementation of these guidelines.

16 “(3) DATA.—

17 “(A) IN GENERAL.—The Secretary shall  
18 collect, store, analyze, and make available data  
19 related to the formulation of the guidelines that  
20 is provided to the Centers for Disease Control  
21 and Prevention by entities conducting evalua-  
22 tions under this section.

23 “(B) USE OF DATA.—The Secretary  
24 shall—

1           “(i) identify activities that prevent  
2           disease, illness, injury and disability, and  
3           promote good health practices; ascertain  
4           their cost-effectiveness; and identify their  
5           potential to overall health status with re-  
6           spect to Healthy People 2000 Objectives;

7           “(ii) disseminate practice guidelines to  
8           State and county health departments,  
9           State insurance departments, insurance  
10          companies, employers, professional medical  
11          organizations, and others determined ap-  
12          propriate by the Secretary; and

13          “(iii) provide information with respect  
14          to recidivism rates of participation in the  
15          evaluations.

16          “(4) DISSEMINATION.—The Secretary may dis-  
17          seminate information collected from evaluations  
18          under this section.

19          “(h) LIMITATION.—Amounts appropriated for carry-  
20          ing out this section shall not be utilized to provide services.

1 **“Subtitle B—Opportunities for**  
2 **Education and Training in Pub-**  
3 **lic Health**

4 **“PART 1—SCHOLARSHIP AND LOAN REPAYMENT**  
5 **PROGRAMS REGARDING SERVICE IN PUBLIC**  
6 **HEALTH POSITIONS**

7 **“SEC. 2721. AUTHORIZATIONS OF APPROPRIATIONS FROM**  
8 **FUND.**

9 “For the purpose of carrying out this part, there are  
10 authorized to be appropriated from the Fund,  
11 \$50,000,000 for each of the fiscal years 1996 through  
12 2000.

13 **“SEC. 2722. SCHOLARSHIP PROGRAM.**

14 “(a) IN GENERAL.—The Secretary, acting through  
15 the Administrator of the Health Resources and Services  
16 Administration and in consultation with the Director of  
17 the Centers for Disease Control and Prevention, shall  
18 carry out a program under which the Secretary awards  
19 scholarships to individuals described in subsection (b) for  
20 the purpose of assisting the individuals with the costs of  
21 attending public and nonprofit private schools of public  
22 health (or other public or nonprofit private institutions  
23 providing graduate or specialized training in public  
24 health).

1       “(b) ELIGIBLE INDIVIDUALS.—An individual re-  
2       ferred to in subsection (a) is any individual meeting the  
3       following conditions:

4               “(1) The individual is enrolled (or accepted for  
5       enrollment) at a school or other institution referred  
6       to in subsection (a) as a full-time or part-time stu-  
7       dent in a program providing training in a health  
8       profession in a field of public health (including the  
9       fields of epidemiology, biostatistics, environmental  
10      health, health administration and planning, behav-  
11      ioral sciences, maternal and child health, occupa-  
12      tional safety, public health nursing, nutrition, and  
13      toxicology).

14              “(2) The individual enters into the contract re-  
15      quired pursuant to subsection (d) as a condition of  
16      receiving the scholarship (relating to an agreement  
17      to provide services in approved public health posi-  
18      tions, as defined in section 2724).

19       “(c) ELIGIBLE SCHOOLS.—For fiscal year 1996 and  
20      subsequent fiscal years, the Secretary may make an award  
21      of a scholarship under subsection (a) only if the Secretary  
22      determines that—

23              “(1) the school or other institution with respect  
24      to which the award is to be provided has coordinated  
25      the activities of the school or institution with rel-

1       evant activities of the Health Resources and Services  
2       Administration and the Centers for Disease Control  
3       and Prevention; and

4             “(2) not fewer than 60 percent of the graduates  
5       of the school or institution are in public health posi-  
6       tions determined by the Secretary to be consistent  
7       with the needs of the United States regarding such  
8       professionals.

9       “(d) APPLICABILITY OF CERTAIN PROVISIONS.—Ex-  
10      cept as inconsistent with this section or section 2724, the  
11      provisions of subpart III of part D of title III (relating  
12      to the Scholarship and Loan Repayment Programs of the  
13      National Health Service Corps) apply to an award of a  
14      scholarship under subsection (a) to the same extent and  
15      in the same manner as such provisions apply to an award  
16      of a scholarship under section 338A.

17      “**SEC. 2723. LOAN REPAYMENT PROGRAM.**

18       “(a) IN GENERAL.—The Secretary, acting through  
19      the Administrator of the Health Resources and Services  
20      Administration and in consultation with the Director of  
21      the Centers for Disease Control and Prevention, shall  
22      carry out a program under which the Federal Government  
23      enters into agreements to repay all or part of the edu-  
24      cational loans of individuals meeting the following condi-  
25      tions:

1           “(1) The individual involved is a graduate of a  
2 school or other institution described in section  
3 2722(a).

4           “(2) The individual meets the applicable legal  
5 requirements to provide services as a public health  
6 professional (including a professional in any of the  
7 fields specified in section 2722(b)(1)).

8           “(3) The individual enters into the contract re-  
9 quired pursuant to subsection (b) as a condition of  
10 the Federal Government repaying such loans (relat-  
11 ing to an agreement to provide services in approved  
12 public health positions, as defined in section 2724).

13           “(b) APPLICABILITY OF CERTAIN PROVISIONS.—Ex-  
14 cept as inconsistent with this section or section 2724, the  
15 provisions of subpart III of part D of title III (relating  
16 to the Scholarship and Loan Repayment Programs of the  
17 National Health Service Corps) apply to an agreement re-  
18 garding repayment under subsection (a) to the same ex-  
19 tent and in the same manner as such provisions apply to  
20 an agreement regarding repayment under section 338B.

21           “(c) AMOUNT OF REPAYMENTS.—For each year for  
22 which an individual contracts to serve in an approved pub-  
23 lic health position pursuant to subsection (b), the Sec-  
24 retary may repay not more than \$20,000 of the principal  
25 and interest of the educational loans of the individual.

1 **“SEC. 2724. APPROVED PUBLIC HEALTH POSITIONS.**

2 “(a) POSITION REGARDING POPULATIONS WITH SIG-  
3 NIFICANT NEED FOR SERVICES.—

4 “(1) IN GENERAL.—With respect to the pro-  
5 grams under this part, the obligated service of a  
6 program participant pursuant to sections 2722(d)  
7 and 2723(b) shall be provided through an assign-  
8 ment, to an entity described in subsection (b), for a  
9 position in which the participant provides services as  
10 a public health professional to a population deter-  
11 mined by the Secretary to have a significant unmet  
12 need for the services of such a professional.

13 “(2) PERIOD OF SERVICE.—For purposes of  
14 sections 2722(d) and 2723(d), the period of obli-  
15 gated service is the following, as applicable to the  
16 program participant involved:

17 “(A) In the case of scholarships under sec-  
18 tion 2722 for full-time students, the greater  
19 of—

20 “(i) 1 year for each year for which  
21 such a scholarship is provided; or

22 “(ii) 2 years.

23 “(B) In the case of scholarships under sec-  
24 tion 2722 for part-time students, a period de-  
25 termined by the Secretary on the basis of the  
26 number of hours of education or training re-

1           ceived under the scholarship, considering the  
2           percentage constituted by the ratio of such  
3           number to the number of hours for a full-time  
4           student in the program involved.

5           “(C) In the case of the loan repayments  
6           under section 2723, such period as the Sec-  
7           retary and the participant may agree, except  
8           that the period may not be less than 2 years.

9           “(b) APPROVAL OF ENTITIES FOR ASSIGNMENT OF  
10          PROGRAM PARTICIPANTS.—The entities referred to in  
11          subsection (a) are public and nonprofit private entities ap-  
12          proved by the Secretary as meeting such requirements for  
13          the assignment of a program participant as the Secretary  
14          may establish. The entities that the Secretary may so ap-  
15          prove include State and local departments of health, public  
16          hospitals, community and neighborhood health clinics, mi-  
17          grant health clinics, community-based health-related orga-  
18          nizations, certified regional poison control centers, pur-  
19          chasing cooperatives regarding health insurance, and any  
20          other public or nonprofit private entity.

21          “(c) DEFINITIONS.—For purposes of this part:

22                 “(1) The term ‘approved public health position’,  
23                 with respect to a program participant, means a posi-  
24                 tion to which the participant is assigned pursuant to  
25                 subsection (a).

1           “(2) The term ‘program participant’ means an  
2           individual who enters into a contract pursuant to  
3           section 2722(b)(2) or 2723(a)(3).

4   **“SEC. 2725. ALLOCATION OF FUNDS; SPECIAL CONSIDER-**  
5                                   **ATIONS.**

6           “(a) ALLOCATIONS REGARDING NEW PARTICIPANTS  
7   IN SCHOLARSHIP PROGRAM.—Of the amounts appro-  
8   priated under section 2721 for a fiscal year, the Secretary  
9   shall obligate not less than 30 percent for the purpose of  
10   providing awards for scholarships under section 2722 to  
11   individuals who have not previously received such scholar-  
12   ships.

13          “(b) SPECIAL CONSIDERATION FOR CERTAIN INDI-  
14   VIDUALS.—In making awards of scholarships under sec-  
15   tion 2722 and making repayments under section 2723, the  
16   Secretary shall give special consideration to individuals  
17   who are in the armed forces of the United States or who  
18   are veterans of the armed forces.

19                   **“PART 2—EDUCATIONAL INSTITUTIONS**  
20                                   **REGARDING PUBLIC HEALTH**

21   **“SEC. 2731. AUTHORIZATIONS OF APPROPRIATIONS FROM**  
22                                   **FUND.**

23          “For the purpose of carrying out this part from the  
24   Fund, there are authorized to be appropriated from the

1 Fund, \$100,000,000 for each of the fiscal years 1996  
2 through 2000.

3 **“SEC. 2732. GRANTS FOR EXPANDING CAPACITY OF INSTI-**  
4 **TUTIONS.**

5 “(a) IN GENERAL.—The Secretary may make grants  
6 to institutions described in subsection (b) for the purpose  
7 of expanding the educational capacities of the institutions  
8 through recruiting and retaining faculty, curriculum devel-  
9 opment, and coordinating the activities of the institutions  
10 regarding education, training, and field placements.

11 “(b) RELEVANT INSTITUTIONS.—The institutions re-  
12 ferred to in subsection (a) are public and nonprofit pri-  
13 vate—

14 “(1) schools of public health;

15 “(2) departments of community and preventive  
16 medicine that—

17 “(A) are within schools of medicine and  
18 schools of osteopathic medicine; and

19 “(B) have established formal arrangements  
20 with schools of public health in order to award  
21 joint degrees in public health and another  
22 health profession; and

23 “(3) schools of nursing or dentistry that have  
24 established formal arrangements with schools of  
25 public health in order to carry out educational pro-

1       grams in public health at the schools of nursing or  
2       dentistry, respectively.

3       “(c) REQUIREMENTS REGARDING CURRICULUM DE-  
4       VELOPMENT.—A funding agreement for a grant under  
5       subsection (a) for an institution is that, to the extent de-  
6       termined to be appropriate by the Secretary, the curricu-  
7       lum of institution will include the following:

8               “(1) Subject to subsection (d)(1), part-time  
9       nondegree programs for public health professionals  
10       who need further training in fields of public health.

11               “(2) With respect to the program of community  
12       health advisors established in part 5 of subtitle E,  
13       a program to train individuals to serve as super-  
14       visors under such part (including training and evalu-  
15       ating the community health advisors), which pro-  
16       gram is carried out in collaboration with local public  
17       health departments and health education and train-  
18       ing centers.

19               “(3) A program under which the institution col-  
20       laborates with health departments and elementary  
21       and secondary schools to develop a health education  
22       curriculum for use in the program established under  
23       subtitle B of the Public Health Improvement Act of  
24       1994.

1       “(d) ADDITIONAL REQUIREMENTS.—Funding agree-  
2 ments for a grant under subsection (a) for an institution  
3 are as follows:

4           “(1) In developing the curriculum under the  
5 grant, the institution will consult with the health de-  
6 partments in the State involved, and will follow the  
7 relevant priorities of such departments.

8           “(2) The institution will, as appropriate in the  
9 determination of the Secretary, coordinate the activi-  
10 ties of the institution under the grant with relevant  
11 activities of the Health Resources and Services Ad-  
12 ministration and the Centers for Disease Control  
13 and Prevention.

14 **“SEC. 2733. COORDINATION OF GRANT ACTIVITIES WITH**  
15 **NATIONAL PRIORITIES.**

16       “The Secretary shall—

17           “(1) determine the needs of the United States  
18 regarding the education and geographic distribution  
19 of public health professionals;

20           “(2) determine priorities among such needs;  
21 and

22           “(3) in making grants under section 2732, en-  
23 sure that the curricula developed under such section,  
24 and the expertise of the faculty recruited and re-

1       tained under such section, are consistent with such  
2       priorities.

3       **“SEC. 2734. CERTAIN REQUIREMENTS FOR GRANTS.**

4       “For fiscal year 1997 and subsequent fiscal years,  
5       the Secretary may make a grant under section 2732 only  
6       if the institution involved is in compliance with the follow-  
7       ing:

8               “(1) The institution has coordinated the activi-  
9       ties of the school or institution with relevant activi-  
10       ties of the Health Resources and Services Adminis-  
11       tration and the Centers for Disease Control and  
12       Prevention.

13               “(2) A significant number of the faculty of the  
14       institution has served as practitioners in public  
15       health.

16               “(3) The institution has consulted with public  
17       health departments and public hospital systems in  
18       the State involved in order to develop a curriculum  
19       that reflects the needs and priorities of the State re-  
20       garding the public health.

21               “(4) The institution has coordinated the activi-  
22       ties of the institution with the activities of the health  
23       departments and of community groups.



1 such a grant is that the purpose of the grant is for  
2 the State involved to assist 1 or more of such  
3 schools in developing and integrating public health  
4 curricula for the schools.

5 “(2) SPECIAL CONSIDERATIONS IN MAKING  
6 GRANTS.—In making grants under paragraph (1),  
7 the Secretary shall give special consideration to  
8 States that agree to consult with 1 or more schools  
9 of public health in carrying out the purpose de-  
10 scribed in such subsection.

11 “(b) STATES WITH NONACCREDITED SCHOOLS.—  
12 The Secretary may make grants to States in which there  
13 are 1 or more nonaccredited schools of public health. A  
14 funding agreement for such a grant is that the purpose  
15 of the grant is for the State involved to assist 1 or more  
16 of such schools in improving the schools.

17 “(c) AMOUNT OF GRANT; LIMITATION REGARDING  
18 INDIVIDUAL EDUCATIONAL ENTITIES.—

19 “(1) AMOUNT.—The amount of a grant under  
20 this section to a State may not exceed \$6,000,000.

21 “(2) LIMITATION.—A funding agreement for a  
22 grant under this section for a State is that, with re-  
23 spect to the school involved, the State will not pro-  
24 vide more than 2 years of assistance to the school  
25 from grants under this section.

1    **“PART 4—AREA HEALTH EDUCATION CENTERS**

2    **“SEC. 2738. AUTHORIZATIONS OF APPROPRIATIONS FROM**  
3                                   **FUND.**

4           “(a) ADDITIONAL FUNDING.—For the purpose of  
5 carrying out programs under section 746, there are au-  
6 thorized to be appropriated from the Fund, \$35,000,000  
7 for each of the fiscal years 1996 through 2000.

8           “(b) RELATION TO OTHER FUNDS.—The authoriza-  
9 tions of appropriations established in subsection (a) are  
10 in addition to any other authorizations of appropriations  
11 that are available for the purpose described in such sub-  
12 section.

13           **“PART 5—HEALTH EDUCATION TRAINING**  
14                                   **CENTER**

15    **“SEC. 2739. AUTHORIZATIONS OF APPROPRIATIONS FROM**  
16                                   **FUND.**

17           “(a) ADDITIONAL FUNDING.—For the purpose of  
18 carrying out Health Education Training Center programs,  
19 there are authorized to be appropriated from the Fund,  
20 \$20,000,000 for each of the fiscal years 1996 through  
21 2000.

22           “(b) RELATION TO OTHER FUNDS.—The authoriza-  
23 tions of appropriations established in subsection (a) are  
24 in addition to any other authorizations of appropriations  
25 that are available for the purpose described in such sub-  
26 section.

1           **“Subtitle C—Regional Poison**  
2                           **Control Centers**

3   **“SEC. 2741. AUTHORIZATIONS OF APPROPRIATIONS FROM**  
4                           **FUND.**

5           “For the purpose of carrying out this subtitle, there  
6 is authorized to be appropriated from the Fund,  
7 \$50,000,000 for each of the fiscal years 1996 through  
8 2000.

9   **“SEC. 2742. GRANTS FOR REGIONAL CENTERS.**

10          “(a) IN GENERAL.—The Secretary may make grants  
11 to public and nonprofit private entities for centers to carry  
12 out activities regarding—

13               “(1) the prevention and treatment of poisoning;  
14           and

15               “(2) such other activities regarding the control  
16 of poisons as the Secretary determines to be appro-  
17 priate.

18          “(b) REGIONAL CONSIDERATIONS.—In making  
19 grants under subsection (a), the Secretary shall determine  
20 the need in each of the principal geographic regions of  
21 the United States for a center under such subsection, and  
22 shall make the grants according to priorities established  
23 by the Secretary on the basis of the extent of such need  
24 in each of the regions. In carrying out the preceding sen-

1 tence, the Secretary shall ensure that no two centers re-  
2 ceive grants for the same geographic service area.

3 “(c) MATCHING FUNDS.—

4 “(1) IN GENERAL.—With respect to the costs of  
5 an entity in providing for centers under subsection  
6 (a), the Secretary may make a grant under such  
7 subsection only if the State in which the center is to  
8 operate, or other public entities in the State, agree  
9 to make available (directly or through donations  
10 from public or private entities) non-Federal con-  
11 tributions toward such costs in an amount deter-  
12 mined by the Secretary.

13 “(2) DETERMINATION OF AMOUNT CONTRIB-  
14 UTED.—Non-Federal contributions required under  
15 paragraph (1) may be in cash or in kind, fairly eval-  
16 uated, including plant, equipment, or services.  
17 Amounts provided by the Federal Government, or  
18 services assisted or subsidized to any significant ex-  
19 tent by the Federal Government, may not be in-  
20 cluded in determining the amount of such non-Fed-  
21 eral contributions.

22 **“SEC. 2743. REQUIREMENTS REGARDING CERTIFICATION.**

23 “(a) IN GENERAL.—Subject to subsection (b), the  
24 Secretary may make a grant under section 2742 only if  
25 the center involved has been certified by a professional or-

1 ganization in the field of poison control, and the Secretary  
2 has approved the organization as having in effect stand-  
3 ards for certification that reasonably provide for the pro-  
4 tection of the public health with respect to poisoning. In  
5 carrying out the preceding sentence, the Secretary shall  
6 consider the standards established by the American Asso-  
7 ciation of Poison Control Centers.

8 “(b) TEMPORARY WAIVER.—The Secretary may  
9 waive the requirement of subsection (a) for a center for  
10 a period not exceeding 1 year.

11 **“SEC. 2744. GENERAL PROVISIONS.**

12 “(a) DURATION OF GRANT.—The period during  
13 which payments are made under a grant under section  
14 2742 may not exceed 3 years. The provision of such pay-  
15 ments is subject to annual approval by the Secretary of  
16 the payments and subject to the availability of appropria-  
17 tions for the fiscal year involved to make the payments.  
18 The preceding sentence may not be construed as establish-  
19 ing a limitation on the number of such grants that may  
20 be made to an entity.

21 “(b) STUDY REGARDING NEED FOR CENTERS.—

22 “(1) IN GENERAL.—The Secretary shall con-  
23 duct a study of each of the centers for which a grant  
24 under section 2742 has been provided. The purpose  
25 of the study shall be to determine the effectiveness

1 of the centers in carrying out the activities described  
2 in such section and the extent to which the activities  
3 have been carried out in a cost-effective manner.

4 “(2) ALTERNATIVES TO CENTERS.—In carrying  
5 out the study under paragraph (1), the Secretary  
6 shall determine the extent to which the activities de-  
7 scribed in section 2742 can be effectively carried out  
8 through means other than centers under such sec-  
9 tion. The alternative means considered by the Sec-  
10 retary under the preceding sentence shall include the  
11 alternative of requiring public and private health  
12 plans to carry out such activities.

13 “(3) DATE CERTAIN FOR COMPLETION.—Not  
14 later than November 1, 1996, the Secretary shall  
15 submit to the Congress a report describing the find-  
16 ings made in the study under paragraph (1).

17 “(4) NOTICE TO CENTERS.—Not later than  
18 February 1, 1997, the Secretary shall notify each  
19 grantee under section 2742 whether the Secretary  
20 considers the continued operation of the center in-  
21 volved to be necessary in meeting the needs of the  
22 geographic region involved for the activities de-  
23 scribed in such section.

1 **“Subtitle D—School-Related Health**  
2 **Services**

3 **“SEC. 2746. AUTHORIZATION OF APPROPRIATIONS FROM**  
4 **FUND.**

5 “(a) FUNDING FOR SCHOOL-RELATED HEALTH  
6 SERVICES.—For the purpose of carrying out this subtitle,  
7 there are authorized to be appropriated from the Fund,  
8 \$100,000,000 for fiscal year 1996, \$200,000,000 for fis-  
9 cal year 1997, \$300,000,000 for fiscal year 1998,  
10 \$400,000,000 for fiscal year 1999, and \$500,000,000 for  
11 fiscal year 2000.

12 “(b) FUNDING FOR PLANNING AND DEVELOPMENT  
13 GRANTS.—Of amounts made available under this section,  
14 not to exceed \$10,000,000 for each of fiscal years 1996  
15 and 1997 may be utilized to carry out section 2749.

16 **“SEC. 2747. ELIGIBILITY FOR GRANTS.**

17 “(a) IN GENERAL.—

18 “(1) PLANNING AND DEVELOPMENT GRANTS.—  
19 Entities eligible to apply for and receive grants  
20 under section 2749 are—

21 “(A) State health agencies that apply on  
22 behalf of local community partnerships; or

23 “(B) local community partnerships in  
24 States in which health agencies have not suc-  
25 cessfully applied.

1           “(2) OPERATIONAL GRANTS.—Entities eligible  
2 to apply for and receive grants under section 2750  
3 are—

4           “(A) a qualified State as designated under  
5 subsection (c) that apply on behalf of local com-  
6 munity partnerships; or

7           “(B) local community partnerships in  
8 States that are not designated under subpara-  
9 graph (A).

10          “(b) LOCAL COMMUNITY PARTNERSHIPS.—

11           “(1) IN GENERAL.—A local community partner-  
12 ship under subsection (a)(1)(B) and (a)(2)(B) is an  
13 entity that, at a minimum includes—

14           “(A) a local health care provider, which  
15 may be a local public health department, with  
16 experience in delivering services to children and  
17 youth or medically underserved populations;

18           “(B) local educational agency on behalf of  
19 one or more public schools; and

20           “(C) one community based organization lo-  
21 cated in the community to be served that has  
22 a history of providing services to at-risk chil-  
23 dren and youth.

24          “(2) RURAL COMMUNITIES.—In rural commu-  
25 nities, local partnerships should seek to include, to

1 the fullest extent practicable, providers and commu-  
2 nity based organizations with experience in serving  
3 the target population.

4 “(3) PARENT AND COMMUNITY PARTICIPA-  
5 TION.—An applicant described in subsection (a)  
6 shall, to the maximum extent feasible, involve broad-  
7 based community participation (including parents of  
8 the youth to be served).

9 “(c) QUALIFIED STATE.—A qualified State under  
10 subsection (a)(2)(A) is a State that, at a minimum—

11 “(1) demonstrates an organizational commit-  
12 ment (including a strategic plan) to providing a  
13 broad range of health, health education and support  
14 services to at-risk youth; and

15 “(2) has a memorandum of understanding or  
16 cooperative agreement jointly entered into by the  
17 State agencies responsible for health and education  
18 regarding the planned delivery of health and support  
19 services in school-based or school-linked centers.

20 **“SEC. 2748. PREFERENCES.**

21 “In making grants under sections 2749 and 2750,  
22 the Secretary shall give priority to applicants whose com-  
23 munities to be served show the most substantial level of  
24 need for health services among children and youth.

1 **“SEC. 2749. PLANNING AND DEVELOPMENT GRANTS.**

2       “(a) IN GENERAL.—The Secretary may make grants  
3 during fiscal years 1996 and 1997 to entities eligible  
4 under section 2747 to develop school-based or school-  
5 linked health service sites.

6       “(b) USE OF FUNDS.—Amounts provided under a  
7 grant under this section may be used for the following:

8           “(1) Planning for the provision of school health  
9 services, including—

10               “(A) an assessment of the need for health  
11 services among youth in the communities to be  
12 served;

13               “(B) the health services to be provided and  
14 how new services will be integrated with exist-  
15 ing services;

16               “(C) assessing and planning for the mod-  
17 ernization and expansion of existing facilities  
18 and equipment to accommodate such services;  
19 and

20               “(D) an affiliation with relevant health  
21 plans.

22           “(2) Recruitment and training of staff for the  
23 administration and delivery of school health services.

24           “(3) The establishment of local community  
25 partnerships as described in section 2747(b).

1           “(4) In the case of States, the development of  
2 memorandums of understanding or cooperative  
3 agreements for the coordinated delivery of health  
4 and support services through school health service  
5 sites.

6           “(5) Other activities necessary to assume oper-  
7 ational status.

8           “(c) APPLICATION FOR GRANTS.—To be eligible to  
9 receive a grant under this section an entity described in  
10 section 2747(a) shall submit an application in a form and  
11 manner prescribed by the Secretary.

12          “(d) NUMBER OF GRANTS.—Not more than one plan-  
13 ning grant may be made to a single applicant. A planning  
14 grant may not exceed 2 years in duration.

15          “(e) AMOUNT AVAILABLE FOR DEVELOPMENT  
16 GRANT.—The Secretary may award not to exceed—

17           “(1) \$150,000 to entities under section  
18 2747(a)(1)(A) and to localities planning for a city-  
19 wide or countywide school health services delivery  
20 system; and

21           “(2) \$50,000 to entities under section  
22 2747(a)(1)(B).

1 **“SEC. 2759. GRANTS FOR OPERATION OF SCHOOL HEALTH**  
2 **SERVICES.**

3 “(a) IN GENERAL.—The Secretary may make grants  
4 to eligible entities described in section 2747(a)(2) that  
5 submit applications consistent with the requirements of  
6 this section, to pay the cost of operating school-based or  
7 school-linked health service sites.

8 “(b) USE OF GRANT.—Amounts provided under a  
9 grant under this section may be used for the following—

10 “(1) health services, including diagnosis and  
11 treatment of simple illnesses and minor injuries;

12 “(2) preventive health services, including health  
13 screenings follow-up health care, mental health, and  
14 preventive health education;

15 “(3) enabling services and other necessary sup-  
16 port services;

17 “(4) training, recruitment, and compensation of  
18 health professionals and other staff necessary for the  
19 administration and delivery of school health services;  
20 and

21 “(5) referral services, including the linkage of  
22 individuals to health plans, and community-based  
23 health and social service providers.

24 “(c) APPLICATION FOR GRANT.—To be eligible to re-  
25 ceive a grant under this section an entity described in sec-  
26 tion 2747(a)(2) shall submit an application in a form and

1 manner prescribed by the Secretary. In order to receive  
2 a grant under this section, an applicant must include in  
3 the application the following information—

4           “(1) a description of the services to be fur-  
5 nished by the applicant;

6           “(2) the amounts and sources of funding that  
7 the applicant will expend, including estimates of the  
8 amount of payments the applicant will receive from  
9 health plans and other sources;

10           “(3) a description of local community partner-  
11 ships, including parent and community participation;

12           “(4) a description of the linkages with other  
13 health and social service providers; and

14           “(5) such other information as the Secretary  
15 determines to be appropriate.

16           “(d) ASSURANCES.—In order to receive a grant  
17 under this section, an applicant must meet the following  
18 conditions—

19           “(1) school health service sites will, directly or  
20 indirectly, provide a broad range of health services,  
21 in accordance with the determinations of the local  
22 community partnership, that may include—

23                   “(A) diagnosis and treatment of simple ill-  
24 nesses and minor injuries;

1           “(B) preventive health services, including  
2           health screenings and follow-up health care,  
3           mental health and preventive health education;

4           “(C) enabling services; and

5           “(D) referrals (including referrals regard-  
6           ing mental health and substance abuse) with  
7           follow-up to ensure that needed services are re-  
8           ceived;

9           “(2) the applicant provides services rec-  
10          ommended by the health provider, in consultation  
11          with the local community partnership, and with the  
12          approval of the local education agency;

13          “(3) the applicant provides the services under  
14          this subsection to adolescents, and other school age  
15          children and their families as deemed appropriate by  
16          the local partnership;

17          “(4) the applicant maintains agreements with  
18          community-based health care providers with a his-  
19          tory of providing services to such populations for the  
20          provision of health care services not otherwise pro-  
21          vided directly or during the hours when school  
22          health services are unavailable;

23          “(5) the applicant establishes an affiliation with  
24          relevant health plans and will establish reimburse-  
25          ment procedures and will make every reasonable ef-

1 fort to collect appropriate reimbursement for serv-  
2 ices provided;

3 “(6) the applicant agrees to supplement and  
4 not supplant the level of State or local funds under  
5 the direct control of the applying State or participat-  
6 ing local education or health authority expended for  
7 school health services as defined by this Act;

8 “(7) services funded under this Act will be co-  
9 ordinated with existing school health services pro-  
10 vided at a participating school; and

11 “(8) for applicants in rural areas, the assur-  
12 ances required under paragraph (4) shall be fulfilled  
13 to the maximum extent possible.

14 “(e) STATE LAWS.—Notwithstanding any other pro-  
15 vision in this subtitle, no school based health clinic may  
16 provide services, to any minor, when to do so is a violation  
17 of State laws or regulations pertaining to informed con-  
18 sent for medical services to minors.

19 “(f) LIMITATION ON ADMINISTRATIVE FUNDS.—In  
20 the case of a State applying on behalf of local educational  
21 partnerships, the applicant may retain not more than 5  
22 percent of grants awarded under this subpart for adminis-  
23 trative costs.

1       “(g) DURATION OF GRANT.—A grant under this sec-  
2 tion shall be for a period determined appropriate by the  
3 Secretary.

4       “(h) AMOUNT OF GRANT.—The annual amount of a  
5 grant awarded under this section shall not be more than  
6 \$200,000 per school-based or school-linked health service  
7 site.

8       “(i) FEDERAL SHARE.—

9               “(1) IN GENERAL.—Subject to paragraph (3), a  
10 grant for services awarded under this section may  
11 not exceed—

12                       “(A) 90 percent of the non-reimbursed cost  
13 of the activities to be funded under the program  
14 for the first 2 fiscal years for which the pro-  
15 gram receives assistance under this section; and

16                       “(B) 75 percent of the non-reimbursed  
17 cost of such activities for subsequent years for  
18 which the program receives assistance under  
19 this section.

20       The remainder of such costs shall be made available  
21 as provided in paragraph (2).

22               “(2) FORM OF NON-FEDERAL SHARE.—The  
23 non-Federal share required by paragraph (1) may be  
24 in cash or in-kind, fairly evaluated, including facili-  
25 ties, equipment, personnel, or services, but may not

1 include amounts provided by the Federal Govern-  
2 ment. In-kind contributions may include space with-  
3 in school facilities, school personnel, program use of  
4 school transportation systems, outposted health per-  
5 sonnel, and extension of health provider medical li-  
6 ability insurance.

7 “(3) WAIVER.—The Secretary may waive the  
8 requirements of paragraph (1) for any year in ac-  
9 cordance with criteria established by regulation.  
10 Such criteria shall include a documented need for  
11 the services provided under this section and an in-  
12 ability of the grantee to meet the requirements of  
13 paragraph (1) despite a good faith effort.

14 “(j) TRAINING AND TECHNICAL ASSISTANCE.—Enti-  
15 ties that receive assistance under this section may use not  
16 to exceed 10 percent of the amount of such assistance to  
17 provide staff training and to secure necessary technical as-  
18 sistance. To the maximum extent feasible, technical assist-  
19 ance should be sought through local community-based en-  
20 tities. The limitation contained in this subsection shall  
21 apply to individuals employed to assist in obtaining funds  
22 under this subtitle. Staff training should include the train-  
23 ing of teachers and other school personnel necessary to  
24 ensure appropriate referral and utilization of services, and

1 appropriate linkages between class-room activities and  
2 services offered.

3       “(k) REPORT AND MONITORING.—The Secretary will  
4 submit to the Committee on Labor and Human Resources  
5 in the Senate and the Committee on Energy and Com-  
6 merce in the House of Representatives a biennial report  
7 on the activities funded under this Act, consistent with  
8 the ongoing monitoring activities of the Department. Such  
9 reports are intended to advise the relevant Committees of  
10 the availability and utilization of services, and other rel-  
11 evant information about program activities.

12 **“Subtitle E—Expansion of Rural**  
13 **and Underserved Areas Access**  
14 **to Health Services**

15 **“PART 1—COMMUNITY AND MIGRANT HEALTH**  
16 **CENTERS**

17 **“SEC. 2756. AUTHORIZATIONS OF APPROPRIATIONS FROM**  
18 **FUND.**

19       “(a) IN GENERAL.—For the purpose of carrying out  
20 this part, there is authorized to be appropriated from the  
21 Fund, \$100,000,000 for each of the fiscal years 1996  
22 through 2000.

23       “(b) RELATION TO OTHER FUNDS.—The authoriza-  
24 tions of appropriations established in subsection (a) for  
25 the purpose described in such subsection are in addition

1 to any other authorizations of appropriations that are  
2 available for such purpose.

3 **“SEC. 2757. GRANTS TO COMMUNITY AND MIGRANT**  
4 **HEALTH CENTERS.**

5 “(a) IN GENERAL.—The Secretary shall make grants  
6 in accordance with this section to migrant health centers  
7 and community health centers.

8 “(b) USE OF FUNDS.—

9 “(1) DEVELOPMENT, OPERATION, AND OTHER  
10 PURPOSES REGARDING CENTERS.—Subject to para-  
11 graph (2), grants under subsection (a) to migrant  
12 health centers and community health centers may be  
13 made only in accordance with the conditions upon  
14 which grants are made under sections 329 and 330,  
15 respectively.

16 “(2) REQUIRED FINANCIAL RESERVES.—The  
17 Secretary may authorize migrant health centers and  
18 community health centers to expend a grant under  
19 subsection (a) to establish and maintain financial re-  
20 serves required for purposes of health plans.

21 “(c) DEFINITIONS.—For purposes of this subtitle,  
22 the terms ‘migrant health center’ and ‘community health  
23 center’ have the meanings given such terms in sections  
24 329(a)(1) and 330(a), respectively.

1     **“PART 2—NATIONAL HEALTH SERVICE CORPS**

2     **“SEC. 2781. AUTHORIZATIONS OF APPROPRIATIONS FROM**  
3                     **FUND.**

4             “(a) ADDITIONAL FUNDING; GENERAL CORPS PRO-  
5     GRAM; ALLOCATIONS REGARDING NURSES.—For the pur-  
6     pose of carrying out subpart II of part D of title III, and  
7     for the purpose of carrying out subsection (c), there are  
8     authorized to be appropriated from the Fund,  
9     \$100,000,000 for each of the fiscal years 1996 through  
10    2000.

11            “(b) RELATION TO OTHER FUNDS.—The authoriza-  
12    tions of appropriations established in subsection (a) are  
13    in addition to any other authorizations of appropriations  
14    that are available for the purpose described in such sub-  
15    section.

16            “(c) ALLOCATION FOR PARTICIPATION OF NURSES  
17    IN SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS.—  
18    Of the amounts appropriated under subsection (a), the  
19    Secretary shall reserve such amounts as may be necessary  
20    to ensure that, of the aggregate number of individuals who  
21    are participants in the Scholarship Program under section  
22    338A, or in the Loan Repayment Program under section  
23    338B, the total number who are being educated as nurses  
24    or are serving as nurses, respectively, is increased to 30  
25    percent.

1       “(d) AVAILABILITY OF FUNDS.—An appropriation  
 2 under this section for any fiscal year may be made at any  
 3 time before that fiscal year and may be included in an  
 4 Act making an appropriation under an authorization  
 5 under subsection (a) for another fiscal year; but no funds  
 6 may be made available from any appropriation under this  
 7 section for obligation under sections 331 through 335, sec-  
 8 tion 336A, and section 337 before the fiscal year involved.

9       **“PART 3—SATELLITE CLINICS REGARDING**

10                   **PRIMARY HEALTH CARE**

11       **“SEC. 2783. AUTHORIZATION OF APPROPRIATIONS FROM**  
 12                   **FUND.**

13       “For the purpose of carrying out this part, there is  
 14 authorized to be appropriated from the Fund,  
 15 \$50,000,000 for each of the fiscal years 1996 through  
 16 2000.

17       **“SEC. 2783A. GRANTS TO STATES FOR DEVELOPMENT AND**  
 18                   **OPERATION OF SATELLITE CLINICS.**

19       “(a) IN GENERAL.—With respect to outpatient  
 20 health centers that are providers of comprehensive health  
 21 services, the Secretary may make grants to States for the  
 22 purpose of assisting such centers in developing or operat-  
 23 ing facilities that—

24                   “(1) provide clinical preventive services, treat-  
 25                   ment of minor illnesses and injuries, family planning

1 services, and referrals for health services, mental  
2 health services, and health-related social services;  
3 and

4 “(2) are located at a distance from the center  
5 sufficient to increase the extent to which individuals  
6 in the geographic area involved have access to the  
7 services specified in paragraph (1).

8 “(b) CERTAIN REQUIREMENTS.—The Secretary may  
9 make a grant under subsection (a) only if the State agrees  
10 that the health facility for which the grant is made, once  
11 in operation, will meet the following conditions:

12 “(1) The clinical preventive services provided by  
13 the facility will include routine preventive services,  
14 including family planning services, for pregnant and  
15 postpartum women and for children, including  
16 health screenings and immunizations.

17 “(2) The principal providers of health services  
18 at the facility, and the principal managers of the fa-  
19 cility, will be nurse practitioners, physician assist-  
20 ants, or nurse clinicians, subject to applicable law.

21 “(3) The outpatient health center operating the  
22 facility will serve as a referral center for physician  
23 services and will provide for the ongoing monitoring  
24 of the activities of the facility.



1 **“SEC. 2785. FORMULA GRANTS REGARDING COMMUNITY**  
2 **HEALTH ADVISOR PROGRAMS.**

3 “(a) FORMULA GRANTS.—

4 “(1) IN GENERAL.—In the case of each State  
5 (or entity designated by a State under subsection  
6 (b)) that submits to the Secretary an application in  
7 accordance with section 2788 for a fiscal year, the  
8 Secretary of Health and Human Services, acting  
9 through the Director of the Centers for Disease  
10 Control and Prevention and in coordination with the  
11 heads of the agencies specified in paragraph (2),  
12 shall make an award of financial assistance to the  
13 State or entity for the development and operation of  
14 community health advisor programs under section  
15 2786(b). The award shall consist of the allotment  
16 determined under section 2789 with respect to the  
17 State, subject to section 2794.

18 “(2) COORDINATION WITH OTHER AGENCIES.—  
19 The agencies referred to in paragraph (1) regarding  
20 coordination are the Health Resources and Services  
21 Administration, the National Institutes of Health,  
22 the Substance Abuse and Mental Health Services  
23 Administration, and the Health Education and  
24 Training Center.

1       “(b) DESIGNATED ENTITIES.—With respect to the  
2 State involved, an entity other than the State may receive  
3 an award under subsection (a) only if the entity—

4           “(1) is a public or nonprofit private academic  
5 organization (or other public or nonprofit private en-  
6 tity); and

7           “(2) has been designated by the State to carry  
8 out the purpose described in such subsection in the  
9 State and to receive amounts under such subsection  
10 in lieu of the State.

11       “(c) ROLE OF STATE AGENCY FOR PUBLIC  
12 HEALTH.—A funding agreement for an award under sub-  
13 section (a) is that—

14           “(1) if the applicant is a State, the award will  
15 be administered by the State agency with the prin-  
16 cipal responsibility for carrying out public health  
17 programs; and

18           “(2) if the applicant is an entity designated  
19 under subsection (b), the award will be administered  
20 in consultation with such State agency.

21       “(d) STATEWIDE RESPONSIBILITIES; LIMITATION ON  
22 EXPENDITURES.—

23           “(1) STATEWIDE RESPONSIBILITIES.—A fund-  
24 ing agreement for an award under subsection (a) is  
25 that the applicant involved will—

1           “(A) operate a clearinghouse to maintain  
2           and disseminate information on community  
3           health advisor programs (and similar programs)  
4           in the State, including information on develop-  
5           ing and operating such programs, on training  
6           individuals to participate in the programs, and  
7           on evaluation of the programs;

8           “(B) collaborate with schools of public  
9           health to provide to community health advisor  
10          programs in the State technical assistance in  
11          training and supervising community health ad-  
12          visors under section 2787(g)(1); and

13          “(C) coordinate the activities carried out in  
14          the State under the award, including coordina-  
15          tion between the various community health ad-  
16          visor programs and coordination between such  
17          programs and related activities of the State and  
18          of other public or private entities.

19          “(2) LIMITATION.—A funding agreement for an  
20          award under subsection (a) is that the applicant in-  
21          volved will not expend more than 15 percent of the  
22          award in the aggregate for carrying out paragraph  
23          (1) and for the expenses of administering the award  
24          with respect to the State involved, including the  
25          process of receiving payments from the Secretary

1 under the award, allocating the payments among the  
2 entities that are to develop and operate the commu-  
3 nity health advisor programs involved, and monitor-  
4 ing compliance with the funding agreements made  
5 under this subtitle by the applicant.

6 **“SEC. 2786. REQUIREMENTS REGARDING COMMUNITY**  
7 **HEALTH ADVISOR PROGRAMS.**

8 “(a) PURPOSE OF AWARD; HEALTHY PEOPLE 2000  
9 OBJECTIVES.—

10 “(1) IN GENERAL.—Subject to paragraph (2), a  
11 funding agreement for an award under section 2785  
12 for an applicant is that the purpose of the award is,  
13 through community health advisor programs under  
14 subsection (b), to assist the State involved in attain-  
15 ing the Healthy People 2000 Objectives.

16 “(2) AUTHORITY REGARDING SELECTION OF  
17 PRIORITY OBJECTIVES.—With respect to compliance  
18 with the agreement made under paragraph (1), an  
19 applicant receiving an award under section 2785  
20 may, from among the various Healthy People 2000  
21 Objectives, select one or more Objectives to be given  
22 priority in the operation of a community health advi-  
23 sor program of the applicant, subject to the appli-  
24 cant selecting such priorities in consultation with the

1 entity that is to carry out the program and the local  
2 health department involved.

3 “(b) REQUIREMENTS FOR PROGRAMS.—

4 “(1) IN GENERAL.—A funding agreement for  
5 an award under section 2785 for an applicant is  
6 that, in expending the award, the purpose described  
7 in subsection (a)(1) will be carried out in accordance  
8 with the following:

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

13 “(B) The program will be carried out in a  
14 community only if the applicant has, under sec-  
15 tion 2787(a), identified the community as hav-  
16 ing a significant need for the program.

17 “(C) The program will be operated by a  
18 public or nonprofit private entity with experi-  
19 ence in providing health or health-related social  
20 services to individuals who are underserved with  
21 respect to such services.

22 “(D) The services of the program, as spec-  
23 ified in paragraph (2), will be provided prin-  
24 cipally by community health advisors (as de-  
25 fined in subsection (d)).

1           “(2) AUTHORIZED PROGRAM SERVICES.—For  
2 purposes of paragraph (1)(D), the services specified  
3 in this paragraph for a program are as follows:

4           “(A) The program will collaborate with  
5 health care providers and related entities in  
6 order to facilitate the provision of health serv-  
7 ices and health-related social services (including  
8 collaborating with local health departments,  
9 community health centers, public hospital sys-  
10 tems, migrant health centers, rural health clin-  
11 ics, hospitals, physicians and nurses, providers  
12 of health education, pre-school facilities for chil-  
13 dren, elementary and secondary schools, and  
14 providers of social services).

15           “(B) The program will provide public edu-  
16 cation on health promotion and on the preven-  
17 tion of diseases, illnesses, injuries, and disabil-  
18 ities, and will facilitate the appropriate use of  
19 available health services and health-related so-  
20 cial services.

21           “(C) The program will provide health-re-  
22 lated counseling.

23           “(D) The program will provide referrals  
24 for available health services and health-related  
25 social services.

1           “(E) For the purpose of increasing the ca-  
2           capacity of individuals to utilize health services  
3           and health-related social services under Federal,  
4           State, and local programs, the following condi-  
5           tions will be met:

6                   “(i) The program will assist individ-  
7                   uals in establishing eligibility under the  
8                   programs and in receiving the services or  
9                   other benefits of the programs.

10                   “(ii) The program will provide such  
11                   other services as the Secretary determines  
12                   to be appropriate, which services may in-  
13                   clude (but are not limited to) transpor-  
14                   tation and translation services.

15                   “(F) The program will provide outreach  
16                   services to inform the community of the avail-  
17                   ability of the services of the program.

18           “(c) PRIORITY FOR MEDICALLY UNDERSERVED COM-  
19           MUNITIES.—A funding agreement for an award under sec-  
20           tion 2785 is that the applicant involved will give priority  
21           to developing and operating community health advisor  
22           programs for medically underserved communities.

23           “(d) DEFINITION OF COMMUNITY HEALTH ADVI-  
24           SOR.—For purposes of this part, the term ‘community  
25           health advisor’ means an individual—

1           “(1) who has demonstrated the capacity to  
2 carry out one or more of the authorized program  
3 services;

4           “(2) who, for not less than 1 year, has been a  
5 resident of the community in which the community  
6 health advisor program involved is to be operated;  
7 and

8           “(3) is a member of a socioeconomic group to  
9 be served by the program.

10 **“SEC. 2787. ADDITIONAL AGREEMENTS.**

11           “(a) IDENTIFICATION OF COMMUNITY NEEDS.—A  
12 funding agreement for an award under section 2785 is  
13 that the applicant involved will—

14           “(1) identify the needs of the community in-  
15 volved for the authorized program services, including  
16 the identifying the resources of the community that  
17 are available for carrying out the program;

18           “(2) in identifying such needs, consult with  
19 members of the community, with individuals and  
20 programs that provide health services in the commu-  
21 nity, and with individuals and programs that provide  
22 health-related social services in the community; and

23           “(3) consider such needs in carrying out a com-  
24 munity health advisor program for the community.

25           “(b) MATCHING FUNDS.—

1           “(1) IN GENERAL.—With respect to the cost of  
2 carrying out a community health advisor program, a  
3 funding agreement for an award under section 2785  
4 is that the applicant involved will make available (di-  
5 rectly or through donations from public or private  
6 entities) non-Federal contributions toward such cost  
7 in an amount that is not less than 25 percent of  
8 such cost.

9           “(2) DETERMINATION OF AMOUNT CONTRIB-  
10 UTED.—

11           “(A) Non-Federal contributions required in  
12 paragraph (1) may be in cash or in kind, fairly  
13 evaluated, including plant, equipment, or serv-  
14 ices. Amounts provided by the Federal Govern-  
15 ment, or services assisted or subsidized to any  
16 significant extent by the Federal Government,  
17 may not be included in determining the amount  
18 of such non-Federal contributions.

19           “(B) With respect to the State in which  
20 the community health advisor program involved  
21 is to be carried out, amounts provided by the  
22 State in compliance with subsection (c) shall be  
23 included in determining the amount of non-Fed-  
24 eral contributions under paragraph (1).

1       “(c) MAINTENANCE OF EFFORT.—With respect to  
2 the purposes for which an award under section 2785 is  
3 authorized in this subtitle to be expended, the Secretary  
4 may make such an award only if the State involved agrees  
5 to maintain expenditures of non-Federal amounts for such  
6 purposes at a level that is not less than the level of such  
7 expenditures maintained by the State for the fiscal year  
8 preceding the first fiscal year for which such an award  
9 is made with respect to the State.

10       “(d) CULTURAL CONTEXT OF SERVICES.—A funding  
11 agreement for an award under section 2785 for an appli-  
12 cant is that the services of the community health advisor  
13 program involved will be provided in the language and cul-  
14 tural context most appropriate for the individuals served  
15 by the program, and that for such purpose the community  
16 health advisors of the program will include an appropriate  
17 number of advisors who are fluent in both English and  
18 not less than one of the other relevant languages.

19       “(e) NUMBER OF PROGRAMS PER AWARD; PRO-  
20 GRAMS FOR URBAN AND RURAL AREAS.—A funding  
21 agreement for an award under section 2785 for an appli-  
22 cant is that the number of community health advisor pro-  
23 grams operated in the State with the award will be deter-  
24 mined by the Secretary, except that (subject to section  
25 2786(b)(1)(B)) such a program will be carried out in not

1 less than one urban area of the State, and in not less than  
2 one rural area of the State.

3 “(f) ONGOING SUPERVISION OF ADVISORS.—A fund-  
4 ing agreement for an award under section 2785 is that  
5 the applicant involved will ensure that each community  
6 health advisor program operated with the award provides  
7 for the ongoing supervision of the community health advi-  
8 sors of the program, and that the individuals serving as  
9 supervisors in the program will include 1 or more public  
10 health nurses with field experience and managerial experi-  
11 ence.

12 “(g) CERTAIN EXPENDITURES.—

13 “(1) TRAINING; CONTINUING EDUCATION.—  
14 Funding agreements for an award under section  
15 2785 include the following:

16 “(A) The applicant involved will ensure  
17 that, for each community health advisor pro-  
18 gram operated with the award, a program is  
19 carried out to train community health advisors  
20 to provide the authorized program services, in-  
21 cluding practical experiences in providing serv-  
22 ices for health promotion and disease preven-  
23 tion.

1           “(B) The program of training will provide  
2           for the continuing education of the community  
3           health advisors.

4           “(C) Not more than 15 percent of the  
5           award will be expended for the program of  
6           training.

7           “(2) COMPENSATION.—With respect to compli-  
8           ance with the agreements made under this subtitle,  
9           the purposes for which an award under section 2785  
10          may be expended include providing compensation for  
11          the services of community health advisors.

12          “(h) REPORTS TO SECRETARY; ASSESSMENT OF EF-  
13          FECTIVENESS.—Funding agreements for an award under  
14          section 2785 for an applicant include the following:

15                 “(1) The applicant will ensure that, for each  
16                 fiscal year for which a community health advisor  
17                 program receives amounts from the award, the pro-  
18                 gram will prepare a report describing the activities  
19                 of the program for such year, including—

20                         “(A) a specification of the number of indi-  
21                         viduals served by the program;

22                         “(B) a specification of the entities with  
23                         which the program has collaborated in carrying  
24                         out the purpose described in section 2786(a)(1);  
25                         and

1           “(C) an assessment of the extent of the ef-  
2           fectiveness of the program in carrying out such  
3           purpose.

4           “(2) Such reports will include such additional  
5           information regarding the applicant and the pro-  
6           grams as the Secretary may require.

7           “(3) The applicant will prepare the reports as  
8           a single document and will submit the document to  
9           the Secretary not later than February 1 of the fiscal  
10          year following the fiscal year for which the reports  
11          were prepared.

12 **“SEC. 2788. APPLICATION FOR ASSISTANCE; STATE PLAN.**

13          “For purposes of section 2785, an application is in  
14          accordance with this section if—

15                 “(1) the application is submitted not later than  
16                 the date specified by the Secretary;

17                 “(2) the application contains each funding  
18                 agreement described in this subtitle;

19                 “(3) the application contains a State plan de-  
20                 scribing the purposes for which the award is to be  
21                 expended in the State, including a description of the  
22                 manner in which the applicant will comply with each  
23                 such funding agreement; and

24                 “(4) the application is in such form, is made in  
25                 such manner, and contains such agreements, assur-

1           ances, and information as the Secretary determines  
2           to be necessary to carry out this subtitle.

3   **“SEC. 2789. DETERMINATION OF AMOUNT OF ALLOTMENT.**

4           “(a) IN GENERAL.—For purposes of section 2785,  
5 the allotment under this section with respect to a State  
6 for a fiscal year is the sum of the respective amounts de-  
7 termined for the State under subsection (b) and sub-  
8 section (c).

9           “(b) AMOUNT RELATING TO POPULATION.—For pur-  
10 poses of subsection (a), the amount determined under this  
11 subsection is the product of—

12                   “(1) an amount equal to 50 percent of the  
13 amount appropriated under section 2784 for the fis-  
14 cal year and available for awards under section  
15 2785; and

16                   “(2) the percentage constituted by the ratio  
17 of—

18                           “(A) the number of individuals residing in  
19 the State involved; to

20                           “(B) the sum of the respective amounts  
21 determined for each State under subparagraph  
22 (A).

23           “(c) AMOUNT RELATING TO POVERTY LEVEL.—For  
24 purposes of subsection (a), the amount determined under  
25 this subsection is the product of—

1           “(1) the amount determined under subsection  
2           (b)(1); and

3           “(2) the percentage constituted by the ratio  
4           of—

5                   “(A) the number of individuals residing in  
6                   the State whose income is at or below an  
7                   amount equal to 200 percent of the official pov-  
8                   erty line; to

9                   “(B) the sum of the respective amounts  
10                  determined for each State under subparagraph  
11                  (A).

12 **“SEC. 2790. QUALITY ASSURANCE; COST-EFFECTIVENESS.**

13           “The Secretary shall establish guidelines for assuring  
14 the quality of community health advisor programs (includ-  
15 ing quality in the training of community health advisors)  
16 and for assuring the cost-effectiveness of the programs.  
17 A funding agreement for an award under section 2785 is  
18 that the applicant involved will carry out such programs  
19 in accordance with the guidelines.

20 **“SEC. 2791. EVALUATIONS; TECHNICAL ASSISTANCE.**

21           “(a) EVALUATIONS.—The Secretary shall conduct  
22 evaluations of community health advisor programs and  
23 disseminate information developed as result of the evalua-  
24 tions to the States. In conducting such evaluations, the  
25 Secretary shall determine whether the programs are in

1 compliance with the guidelines established under section  
2 2790.

3 “(b) TECHNICAL ASSISTANCE.—The Secretary may  
4 provide technical assistance to recipients of awards under  
5 section 2785 with respect to the planning, development,  
6 and operation of community health advisor programs.

7 “(c) GRANTS AND CONTRACTS.—The Secretary may  
8 carry out this section directly or through grants, coopera-  
9 tive agreements, or contracts.

10 “(d) LIMITATION ON EXPENDITURES.—Of the  
11 amounts appropriated under section 2784 for a fiscal year,  
12 the Secretary may reserve not more than 10 percent for  
13 carrying out this section.

14 **“SEC. 2792. RULE OF CONSTRUCTION REGARDING PRO-**  
15 **GRAMS OF INDIAN HEALTH SERVICE.**

16 “This subtitle may not be construed as requiring the  
17 Secretary to modify or terminate the program carried out  
18 by the Director of the Indian Health Service and des-  
19 igned by such Director as the Community Health Rep-  
20 resentative Program. The Secretary shall ensure that sup-  
21 port for such Program is not supplanted by awards under  
22 section 2785. In communities in which both such Program  
23 and a community health advisor program are being carried  
24 out, the Secretary shall ensure that the community health  
25 advisor program works in cooperation with, and as a com-

1 plement to, the Community Health Representative Pro-  
2 gram.

3 **“SEC. 2793. DEFINITIONS.**

4 “For purposes of this subtitle:

5 “(1) The term ‘authorized program services’,  
6 with respect to a community health advisor program,  
7 means the services specified in section 2786(b)(2).

8 “(2) The term ‘community health advisor’ has  
9 the meaning given such term in section 2786(d).

10 “(3) The term ‘community health advisor pro-  
11 gram’ means a program carried out under section  
12 2786(b).

13 “(4) The term ‘financial assistance’, with re-  
14 spect to an award under section 2785, means a  
15 grant, cooperative agreement, or a contract.

16 “(5) The term ‘funding agreement’ means an  
17 agreement required as a condition of receiving an  
18 award under section 2785.

19 “(6) The term ‘official poverty line’ means the  
20 official poverty line established by the Director of  
21 the Office of Management and Budget and revised  
22 by the Secretary in accordance with section 673(2)  
23 of the Omnibus Budget Reconciliation Act of 1981,  
24 which poverty line is applicable the size of the family  
25 involved.

1           “(7) The term ‘State involved’, with respect to  
2           an applicant for an award under section 2785,  
3           means the State in which the applicant is to carry  
4           out a community health advisor program.

5   **“SEC. 2794. EFFECT OF INSUFFICIENT APPROPRIATIONS**  
6                           **FOR MINIMUM ALLOTMENTS.**

7           “(a) IN GENERAL.—If the amounts made available  
8           under section 2784 for a fiscal year are insufficient for  
9           providing each State (or entity designated by the State  
10          pursuant to section 2785, as the case may be) with an  
11          award under section 2785 in an amount equal to or great-  
12          er than the amount specified in section 2789(a)(2), the  
13          Secretary shall, from such amounts as are made available  
14          under subsection (a), make such awards on a discretionary  
15          basis.

16          “(b) RULE OF CONSTRUCTION.—For purposes of  
17          subsection (a), awards under section 2785 are made on  
18          a discretionary basis if the Secretary determines which  
19          States (or entities designated by States pursuant to such  
20          section, as the case may be) are to receive such awards,  
21          subject to meeting the requirements of this subtitle for  
22          such an award, and the Secretary determines the amount  
23          of such awards.

1       **“Subtitle F—General Provisions**

2       **“SEC. 2798. REQUIREMENT REGARDING ACCREDITATION**  
3                   **OF SCHOOLS, DEPARTMENTS, AND PRO-**  
4                   **GRAMS.**

5       “Except as indicated otherwise in this title:

6           “(1) A reference in this title to a school of pub-  
7       lic health, a school of nursing, or any other entity  
8       providing education or training in a health profes-  
9       sion (whether a school, department, program, or  
10      other entity) is a reference to the entity as defined  
11      under section 799 or 853.

12          “(2) If an entity is not defined in either of such  
13      sections, the reference in this title to the entity has  
14      the meaning provided by the Secretary, except that  
15      the Secretary shall require for purposes of this title  
16      that the entity be accredited for the provision of the  
17      education or training involved.

18      **“SEC. 2799. RELATION TO OTHER FUNDS.**

19      “Notwithstanding any other provision of law, the au-  
20      thorizations of appropriations established in this title are  
21      in addition to any other authorizations of appropriations  
22      that are available for the purposes described with respect  
23      to such appropriations in this title.

24      **“SEC. 2799A. DEFINITIONS.**

25      “(a) IN GENERAL.—For purposes of this title:

1           “(1) The term ‘Healthy People 2000 Objectives’  
2 means the objectives established by the Secretary to-  
3 ward the goals of increasing the span of healthy life,  
4 reducing health disparities among various popu-  
5 lations, and providing access to preventive services,  
6 which objectives apply to the health status of the  
7 population of the United States for the year 2000.

8           “(2) The term ‘medically underserved commu-  
9 nity’ means—

10                   “(A) a community that has a substantial  
11 number of individuals who are members of a  
12 medically underserved population, as defined in  
13 section 330; or

14                   “(B) a community a significant portion of  
15 which is a health professional shortage area  
16 designated under section 332.”.

## 17 **TITLE IV—MEDICAL RESEARCH**

### 18 **SEC. 4001. FINDINGS.**

19           The Congress finds the following:

20                   (1) Nearly 4 of 5 peer reviewed research  
21 projects deemed worthy of funding by the National  
22 Institutes of Health are not funded.

23                   (2) Less than 2 percent of the nearly one tril-  
24 lion dollars our Nation spends on health care is de-

1 voted to health research, while the defense industry  
2 spends 15 percent of its budget on research.

3 (3) Public opinion surveys have shown that  
4 Americans want more Federal resources put into  
5 health research and support by having a portion of  
6 their health insurance premiums set aside for this  
7 purpose.

8 (4) Ample evidence exists to demonstrate that  
9 health research has improved the quality of health  
10 care in the United States. Advances such as the de-  
11 velopment of vaccines, the cure of many childhood  
12 cancers, drugs that effectively treat a host of dis-  
13 eases and disorders, a process to protect our Na-  
14 tion's blood supply from the HIV virus, progress  
15 against cardiovascular disease including heart attack  
16 and stroke, and new strategies for the early detec-  
17 tion and treatment of diseases such as colon, breast,  
18 and prostate cancer clearly demonstrates the bene-  
19 fits of health research.

20 (5) Among the most effective methods to con-  
21 trol health care costs are prevention and cure of dis-  
22 ease and disability, thus, health research which holds  
23 the promise of cure and prevention of disease and  
24 disability is a critical component of any comprehen-  
25 sive health care reform plan.

1           (6) The state of our Nation’s research facilities  
2           at the National Institutes of Health and at univer-  
3           sities is deteriorating significantly. Renovation and  
4           repair of these facilities are badly needed to main-  
5           tain and improve the quality of research.

6           (7) Because the Omnibus Budget Reconciliation  
7           Act of 1993 freezes discretionary spending for the  
8           next 5 years, the Nation’s investment in health re-  
9           search through the National Institutes of Health is  
10          likely to decline in real terms unless corrective legis-  
11          lative action is taken.

12          (8) A health research fund is needed to main-  
13          tain our Nation’s commitment to health research  
14          and to increase the percentage of approved projects  
15          which receive funding at the National Institutes of  
16          Health to at least 33 percent.

17 **SEC. 4002. NATIONAL FUND FOR HEALTH RESEARCH.**

18          (a) ESTABLISHMENT.—There is established in the  
19 Treasury of the United States an account, to be known  
20 as the “National Fund for Health Research” (hereafter  
21 referred to in this section as the “Fund”), consisting of  
22 such amounts as are transferred to the Fund under sub-  
23 section (b) and any interest earned on investment of  
24 amounts in the Fund.

25          (b) TRANSFERS TO FUND.—

1           (1) IN GENERAL.—With respect to each of the  
2           5 full calendar years beginning after the date of en-  
3           actment of this Act, the Secretary of the Treasury  
4           shall transfer to the Fund an amount equal to the  
5           applicable amount under paragraph (2).

6           (2) APPLICABLE AMOUNT.—The applicable  
7           amount under this paragraph is—

8                   (A) with respect to amounts in the Health  
9                   Care Reform Trust Fund established under sec-  
10                  tion 9551(a)(2)(A) of the Internal Revenue  
11                  Code of 1986, \$1,200,000,000 for each cal-  
12                  endar year described in paragraph (1); and

13                   (B) with respect to amounts received in  
14                   the Treasury under section 6097 of the Internal  
15                   Revenue Code of 1986, 100 percent of the  
16                   amounts received under such section in each  
17                   calendar year described in paragraph (1).

18           (3) DESIGNATION OF OVERPAYMENTS AND CON-  
19           TRIBUTIONS.—

20                   (A) IN GENERAL.—Subchapter A of chap-  
21                   ter 61 of the Internal Revenue Code of 1986  
22                   (relating to returns and records) is amended by  
23                   adding at the end the following new part:

1 **“PART IX—DESIGNATION OF OVERPAYMENTS**  
2 **AND CONTRIBUTIONS FOR THE NATIONAL**  
3 **FUND FOR HEALTH RESEARCH**

“Sec. 6097. Amounts for the National Fund for Health Research.

4 **“SEC. 6097. AMOUNTS FOR THE NATIONAL FUND FOR**  
5 **HEALTH RESEARCH.**

6 “(a) IN GENERAL.—Every individual (other than a  
7 nonresident alien) may designate that—

8 “(1) a portion (not less than \$1) of any over-  
9 payment of the tax imposed by chapter 1 for the  
10 taxable year, and

11 “(2) a cash contribution (not less than \$1),  
12 be paid over to the National Fund for Health Research  
13 established under section 4002 of the Health Innovation  
14 Partnership Act of 1994. In the case of a joint return of  
15 a husband and wife, each spouse may designate one-half  
16 of any such overpayment of tax (not less than \$2).

17 “(b) MANNER AND TIME OF DESIGNATION.—Any  
18 designation under subsection (a) may be made with re-  
19 spect to any taxable year only at the time of filing the  
20 original return of the tax imposed by chapter 1 for such  
21 taxable year. Such designation shall be made either on the  
22 1st page of the return or on the page bearing the tax-  
23 payer’s signature.

24 “(c) OVERPAYMENTS TREATED AS REFUNDED.—For  
25 purposes of this section, any overpayment of tax des-

1 ignated under subsection (a) shall be treated as being re-  
 2 funded to the taxpayer as of the last day prescribed for  
 3 filing the return of tax imposed by chapter 1 (determined  
 4 with regard to extensions) or, if later, the date the return  
 5 is filed.

6 “(d) DESIGNATED AMOUNTS NOT DEDUCTIBLE.—  
 7 No amount designated pursuant to subsection (a) shall be  
 8 allowed as a deduction under section 170 or any other sec-  
 9 tion for any taxable year.

10 “(e) TERMINATION.—This section shall not apply to  
 11 taxable years beginning in a calendar year after a deter-  
 12 mination by the Secretary that the sum of all designations  
 13 under subsection (a) for taxable years beginning in the  
 14 second and third calendar years preceding the calendar  
 15 year is less than \$5,000,000.”.

16 (B) CLERICAL AMENDMENT.—The table of  
 17 parts for subchapter A of chapter 61 of such  
 18 Code is amended by adding at the end the fol-  
 19 lowing new item:

“Part IX. Designation of overpayments and contributions for the  
 National Fund for Health Research.”.

20 (C) EFFECTIVE DATE.—The amendments  
 21 made by this paragraph shall apply to taxable  
 22 years beginning after December 31, 1994.

23 (c) EXPENDITURES FROM FUND.—



1           “(1) 2 percent of such amounts during any fis-  
2 cal year to the Office of the Director of the National  
3 Institutes of Health to be allocated at the Director’s  
4 discretion for the following activities:

5           “(A) for carrying out the responsibilities of  
6 the Office of the Director, National Institutes  
7 of Health, including the Office of Research on  
8 Women’s Health and the Office of Research on  
9 Minority Health, the Office of the Alternative  
10 Medicine and the Office of Rare Diseases Re-  
11 search; and

12           “(B) for construction and acquisition of  
13 equipment for or facilities of or used by the Na-  
14 tional Institutes of Health;

15           “(2) 2 percent of such amounts for transfer to  
16 the National Center for Research Resources to carry  
17 out section 1502 of the National Institutes of  
18 Health Revitalization Act of 1993 concerning Bio-  
19 medical and Behavioral Research Facilities;

20           “(3) 1 percent of such amounts during any fis-  
21 cal year for carrying out section 301 and part D of  
22 title IV with respect to health information commu-  
23 nications; and

24           “(4) the remainder of such amounts during any  
25 fiscal year to member institutes of the National In-

1       stitutes of Health and centers in the same propor-  
2       tion to the total amount received under this section,  
3       as the amount of annual appropriations under ap-  
4       propriations Acts for each member institute and cen-  
5       ter for the fiscal year bears to the total amount of  
6       appropriations under appropriations Acts for all  
7       member institutes and centers of the National Insti-  
8       tutes of Health for the fiscal year.

9       “(b) PLANS OF ALLOCATION.—The amounts trans-  
10      ferred under subsection (a) shall be allocated by the Direc-  
11      tor of NIH or the various directors of the institutes and  
12      centers, as the case may be, pursuant to allocation plans  
13      developed by the various advisory councils to such direc-  
14      tors, after consultation with such directors.”.

15           (3) ADMINISTRATIVE EXPENSES.—Amounts in  
16      the National Fund for Health Research shall be  
17      available to pay the administrative expenses of the  
18      Department of the Treasury directly allocable to—

19           (A) modifying the individual income tax re-  
20           turn forms to carry out section 6097 of the In-  
21           ternal Revenue Code of 1986;

22           (B) carrying out this section with respect  
23           to such Fund; and

1 (C) processing amounts received under this  
2 section and transferring such amounts to such  
3 Fund.

4 (4) TRIGGER AND RELEASE OF FUND MON-  
5 IES.—No expenditures shall be made pursuant to  
6 section 4002(c) during any fiscal year in which the  
7 annual amount appropriated for the National Insti-  
8 tutes of Health is less than the amount so appro-  
9 priated for the prior fiscal year.

10 (d) BUDGET ENFORCEMENT.—Amounts contained in  
11 the National Fund for Health Research shall be excluded  
12 from, and shall not be taken into account for purposes  
13 of, any budget enforcement procedures under the Congres-  
14 sional Budget Act of 1974 or the Balanced Budget Emer-  
15 gency Deficit Control Act of 1985.

## 16 **TITLE V—REVENUE PROVISIONS**

### 17 **SEC. 5000. AMENDMENT OF 1986 CODE.**

18 Except as otherwise expressly provided, whenever in  
19 this title an amendment or repeal is expressed in terms  
20 of an amendment to, or repeal of, a section or other provi-  
21 sion, the reference shall be considered to be made to a  
22 section or other provision of the Internal Revenue Code  
23 of 1986.

## 1 **Subtitle A—Financing Provisions**

### 2 **PART I—INCREASE IN TAX ON TOBACCO**

#### 3 **PRODUCTS**

#### 4 **SEC. 5001. INCREASE IN EXCISE TAXES ON TOBACCO** 5 **PRODUCTS.**

6 (a) CIGARETTES.—Subsection (b) of section 5701 is  
7 amended—

8 (1) by striking “\$12 per thousand (\$10 per  
9 thousand on cigarettes removed during 1991 or  
10 1992)” in paragraph (1) and inserting “\$62 per  
11 thousand”, and

12 (2) by striking “\$25.20 per thousand (\$21 per  
13 thousand on cigarettes removed during 1991 or  
14 1992)” in paragraph (2) and inserting “\$130.20 per  
15 thousand”.

16 (b) CIGARS.—Subsection (a) of section 5701 is  
17 amended—

18 (1) by striking “\$1.125 cents per thousand  
19 (93.75 cents per thousand on cigars removed during  
20 1991 or 1992)” in paragraph (1) and inserting  
21 “\$51.13 per thousand”, and

22 (2) by striking “equal to” and all that follows  
23 in paragraph (2) and inserting “equal to 66 percent  
24 of the price for which sold but not more than \$155  
25 per thousand.”

1 (c) CIGARETTE PAPERS.—Subsection (c) of section  
2 5701 is amended by striking “0.75 cent (0.625 cent on  
3 cigarette papers removed during 1991 or 1992)” and in-  
4 serting “3.88 cents”.

5 (d) CIGARETTE TUBES.—Subsection (d) of section  
6 5701 is amended by striking “1.5 cents (1.25 cents on  
7 cigarette tubes removed during 1991 or 1992)” and in-  
8 serting “7.76 cents”.

9 (e) SMOKELESS TOBACCO.—Subsection (e) of section  
10 5701 is amended—

11 (1) by striking “36 cents (30 cents on snuff re-  
12 moved during 1991 or 1992)” in paragraph (1) and  
13 inserting “\$13.69”, and

14 (2) by striking “12 cents (10 cents on chewing  
15 tobacco removed during 1991 or 1992)” in para-  
16 graph (2) and inserting “\$5.45”.

17 (f) PIPE TOBACCO.—Subsection (f) of section 5701  
18 is amended by striking “67.5 cents (56.25 cents on pipe  
19 tobacco removed during 1991 or 1992)” and inserting  
20 “\$17.35”.

21 (g) APPLICATION OF TAX INCREASE TO PUERTO  
22 RICO.—Section 5701 is amended by adding at the end the  
23 following new subsection:

1       “(h) APPLICATION TO TAXES TO PUERTO RICO.—  
2 Notwithstanding subsections (b) and (c) of section 7653  
3 and any other provision of law—

4           “(1) IN GENERAL.—On tobacco products and  
5 cigarette papers and tubes, manufactured or im-  
6 ported into the Commonwealth of Puerto Rico, there  
7 is hereby imposed a tax at the rate equal to the ex-  
8 cess of—

9           “(A) the rate of tax applicable under this  
10 section to like articles manufactured in the  
11 United States, over

12           “(B) the rate referred to in subparagraph  
13 (A) as in effect on the day before the date of  
14 the enactment of the Health Innovation Part-  
15 nership Act of 1994.

16           “(2) SHIPMENTS TO PUERTO RICO FROM THE  
17 UNITED STATES.—Only the rates of tax in effect on  
18 the day before the date of the enactment of this sub-  
19 section shall be taken into account in determining  
20 the amount of any exemption from, or credit or  
21 drawback of, any tax imposed by this section on any  
22 article shipped to the Commonwealth of Puerto Rico  
23 from the United States.

24           “(3) SHIPMENTS FROM PUERTO RICO TO THE  
25 UNITED STATES.—The rates of tax taken into ac-

1 count under section 7652(a) with respect to tobacco  
2 products and cigarette papers and tubes coming into  
3 the United States from the Commonwealth of Puer-  
4 to Rico shall be the rates of tax in effect on the day  
5 before the date of the enactment of the Health Inno-  
6 vation Partnership Act of 1994.

7 “(4) DISPOSITION OF REVENUES.—The provi-  
8 sions of section 7652(a)(3) shall not apply to any  
9 tax imposed by reason of this subsection.”

10 (h) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to articles removed (as defined in  
12 section 5702(k) of the Internal Revenue Code of 1986,  
13 as amended by this Act) after December 31, 1994.

14 (i) FLOOR STOCKS TAXES.—

15 (1) IMPOSITION OF TAX.—On tobacco products  
16 and cigarette papers and tubes manufactured in or  
17 imported into the United States or the Common-  
18 wealth of Puerto Rico which are removed before any  
19 tax-increase date, and held on such date for sale by  
20 any person, there is hereby imposed a tax in an  
21 amount equal to the excess of—

22 (A) the tax which would be imposed under  
23 section 5701 of the Internal Revenue Code of  
24 1986 on the article if the article had been re-  
25 moved on such date, over

1 (B) the prior tax (if any) imposed under  
2 section 5701 or 7652 of such Code on such ar-  
3 ticle.

4 (2) AUTHORITY TO EXEMPT CIGARETTES HELD  
5 IN VENDING MACHINES.—To the extent provided in  
6 regulations prescribed by the Secretary, no tax shall  
7 be imposed by paragraph (1) on cigarettes held for  
8 retail sale on any tax-increase date, by any person  
9 in any vending machine. If the Secretary provides  
10 such a benefit with respect to any person, the Sec-  
11 retary may reduce the \$500 amount in paragraph  
12 (3) with respect to such person.

13 (3) CREDIT AGAINST TAX.—Each person shall  
14 be allowed as a credit against the taxes imposed by  
15 paragraph (1) an amount equal to \$500. Such credit  
16 shall not exceed the amount of taxes imposed by  
17 paragraph (1) on each tax-increase date for which  
18 such person is liable.

19 (4) LIABILITY FOR TAX AND METHOD OF PAY-  
20 MENT.—

21 (A) LIABILITY FOR TAX.—A person hold-  
22 ing cigarettes on any tax-increase date, to  
23 which any tax imposed by paragraph (1) applies  
24 shall be liable for such tax.

1           (B) METHOD OF PAYMENT.—The tax im-  
2 posed by paragraph (1) shall be paid in such  
3 manner as the Secretary shall prescribe by reg-  
4 ulations.

5           (C) TIME FOR PAYMENT.—The tax im-  
6 posed by paragraph (1) shall be paid on or be-  
7 fore the date which is 3 months after the tax-  
8 increase date.

9           (5) ARTICLES IN FOREIGN TRADE ZONES.—  
10 Notwithstanding the Act of June 18, 1934 (48 Stat.  
11 998, 19 U.S.C. 81a) and any other provision of law,  
12 any article which is located in a foreign trade zone  
13 on any tax-increase date shall be subject to the tax  
14 imposed by paragraph (1) if—

15           (A) internal revenue taxes have been deter-  
16 mined, or customs duties liquidated, with re-  
17 spect to such article before such date pursuant  
18 to a request made under the 1st proviso of sec-  
19 tion 3(a) of such Act, or

20           (B) such article is held on such date under  
21 the supervision of a customs officer pursuant to  
22 the 2d proviso of such section 3(a).

23           (6) DEFINITIONS.—For purposes of this sub-  
24 section—

1 (A) IN GENERAL.—Terms used in this sub-  
2 section which are also used in section 5702 of  
3 the Internal Revenue Code of 1986 shall have  
4 the respective meanings such terms have in  
5 such section, as amended by this Act.

6 (B) SECRETARY.—The term “Secretary”  
7 means the Secretary of the Treasury or his del-  
8 egate.

9 (C) TAX-INCREASE DATE.—The term “tax-  
10 increase date” means January 1, 1995, and  
11 July 1, 1996.

12 (7) CONTROLLED GROUPS.—Rules similar to  
13 the rules of section 5061(e)(3) of such Code shall  
14 apply for purposes of this subsection.

15 (8) OTHER LAWS APPLICABLE.—All provisions  
16 of law, including penalties, applicable with respect to  
17 the taxes imposed by section 5701 of such Code  
18 shall, insofar as applicable and not inconsistent with  
19 the provisions of this subsection, apply to the floor  
20 stocks taxes imposed by paragraph (1), to the same  
21 extent as if such taxes were imposed by such section  
22 5701. The Secretary may treat any person who bore  
23 the ultimate burden of the tax imposed by para-  
24 graph (1) as the person to whom a credit or refund  
25 under such provisions may be allowed or made.

1 **SEC. 5002. MODIFICATIONS OF CERTAIN TOBACCO TAX**  
2 **PROVISIONS.**

3 (a) EXEMPTION FOR EXPORTED TOBACCO PROD-  
4 UCTS AND CIGARETTE PAPERS AND TUBES TO APPLY  
5 ONLY TO ARTICLES MARKED FOR EXPORT.—

6 (1) Subsection (b) of section 5704 is amended  
7 by adding at the end the following new sentence:  
8 “Tobacco products and cigarette papers and tubes  
9 may not be transferred or removed under this sub-  
10 section unless such products or papers and tubes  
11 bear such marks, labels, or notices as the Secretary  
12 shall by regulations prescribe.”

13 (2) Section 5761 is amended by redesignating  
14 subsections (c) and (d) as subsections (d) and (e),  
15 respectively, and by inserting after subsection (b)  
16 the following new subsection:

17 “(c) SALE OF TOBACCO PRODUCTS AND CIGARETTE  
18 PAPERS AND TUBES FOR EXPORT.—Except as provided  
19 in subsections (b) and (d) of section 5704—

20 “(1) every person who sells, relands, or receives  
21 within the jurisdiction of the United States any to-  
22 bacco products or cigarette papers or tubes which  
23 have been labeled or shipped for exportation under  
24 this chapter,

1           “(2) every person who sells or receives such  
2           relanded tobacco products or cigarette papers or  
3           tubes, and

4           “(3) every person who aids or abets in such  
5           selling, relanding, or receiving,

6 shall, in addition to the tax and any other penalty provided  
7 in this title, be liable for a penalty equal to the greater  
8 of \$1,000 or 5 times the amount of the tax imposed by  
9 this chapter. All tobacco products and cigarette papers  
10 and tubes relanded within the jurisdiction of the United  
11 States, and all vessels, vehicles, and aircraft used in such  
12 relanding or in removing such products, papers, and tubes  
13 from the place where relanded, shall be forfeited to the  
14 United States.”.

15           (3) Subsection (a) of section 5761 is amended  
16           by striking “subsection (b)” and inserting “sub-  
17           section (b) or (c)”.

18           (4) Subsection (d) of section 5761, as redesign-  
19           nated by paragraph (2), is amended by striking  
20           “The penalty imposed by subsection (b)” and insert-  
21           ing “The penalties imposed by subsections (b) and  
22           (c)”.

23           (5)(A) Subpart F of chapter 52 is amended by  
24           adding at the end the following new section:

1 **“SEC. 5754. RESTRICTION ON IMPORTATION OF PRE-**  
2 **VIOUSLY EXPORTED TOBACCO PRODUCTS.**

3 “(a) IN GENERAL.—Tobacco products and cigarette  
4 papers and tubes previously exported from the United  
5 States may be imported or brought into the United States  
6 only as provided in section 5704(d). For purposes of this  
7 section, section 5704(d), section 5761, and such other pro-  
8 visions as the Secretary may specify by regulations, ref-  
9 erences to exportation shall be treated as including a ref-  
10 erence to shipment to the Commonwealth of Puerto Rico.

11 “(b) CROSS REFERENCE.—

**“For penalty for the sale of tobacco products and  
cigarette papers and tubes in the United States  
which are labeled for export, see section 5761(c).”.**

12 (B) The table of sections for subpart F of chap-  
13 ter 52 is amended by adding at the end the following  
14 new item:

“Sec. 5754. Restriction on importation of previously exported to-  
bacco products.”.

15 (b) IMPORTERS REQUIRED TO BE QUALIFIED.—

16 (1) Sections 5712, 5713(a), 5721, 5722,  
17 5762(a)(1), and 5763(b) and (c) are each amended  
18 by inserting “or importer” after “manufacturer”.

19 (2) The heading of subsection (b) of section  
20 5763 is amended by inserting “QUALIFIED IMPORT-  
21 ERS,” after “MANUFACTURERS,”.

1           (3) The heading for subchapter B of chapter 52  
2 is amended by inserting “**and Importers**” after  
3 “**Manufacturers**”.

4           (4) The item relating to subchapter B in the  
5 table of subchapters for chapter 52 is amended by  
6 inserting “and importers” after “manufacturers”.

7           (c) REPEAL OF TAX-EXEMPT SALES TO EMPLOYEES  
8 OF CIGARETTE MANUFACTURERS.—

9           (1) Subsection (a) of section 5704 is amend-  
10 ed—

11           (A) by striking “EMPLOYEE USE OR” in  
12 the heading, and

13           (B) by striking “for use or consumption by  
14 employees or” in the text.

15           (2) Subsection (e) of section 5723 is amended  
16 by striking “for use or consumption by their employ-  
17 ees, or for experimental purposes” and inserting  
18 “for experimental purposes”.

19           (d) REPEAL OF TAX-EXEMPT SALES TO UNITED  
20 STATES.—Subsection (b) of section 5704 is amended by  
21 striking “and manufacturers may similarly remove such  
22 articles for use of the United States;”.

23           (e) BOOKS OF 25 OR FEWER CIGARETTE PAPERS  
24 SUBJECT TO TAX.—Subsection (c) of section 5701 is  
25 amended by striking “On each book or set of cigarette

1 papers containing more than 25 papers,” and inserting  
2 “On cigarette papers,”.

3 (f) STORAGE OF TOBACCO PRODUCTS.—Subsection  
4 (k) of section 5702 is amended by inserting “under section  
5 5704” after “internal revenue bond”.

6 (g) AUTHORITY TO PRESCRIBE MINIMUM MANUFAC-  
7 TURING ACTIVITY REQUIREMENTS.—Section 5712 is  
8 amended by striking “or” at the end of paragraph (1),  
9 by redesignating paragraph (2) as paragraph (3), and by  
10 inserting after paragraph (1) the following new paragraph:

11 “(2) the activity proposed to be carried out at  
12 such premises does not meet such minimum capacity  
13 or activity requirements as the Secretary may pre-  
14 scribe, or”.

15 (h) SPECIAL RULES RELATING TO PUERTO RICO  
16 AND THE VIRGIN ISLANDS.—Section 7652 is amended by  
17 adding at the end the following new subsection:

18 “(h) LIMITATION ON COVER OVER OF TAX ON TO-  
19 BACCO PRODUCTS.—For purposes of this section, with re-  
20 spect to taxes imposed under section 5701 or this section  
21 on any tobacco product or cigarette paper or tube, the  
22 amount covered into the treasuries of Puerto Rico and the  
23 Virgin Islands shall not exceed the rate of tax under sec-  
24 tion 5701 in effect on the article on the day before the

1 date of the enactment of the Health Innovation Partner-  
2 ship Act of 1994.”.

3 (i) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to articles removed (as defined in  
5 section 5702(k) of the Internal Revenue Code of 1986,  
6 as amended by this Act) after December 31, 1994.

7 **SEC. 5003. IMPOSITION OF EXCISE TAX ON MANUFACTURE**  
8 **OR IMPORTATION OF ROLL-YOUR-OWN TO-**  
9 **BACCO.**

10 (a) IN GENERAL.—Section 5701 (relating to rate of  
11 tax), as amended by section 701, is amended by redesignig-  
12 nating subsections (g) and (h) as subsections (h) and (i)  
13 and by inserting after subsection (f) the following new  
14 subsection:

15 “(g) ROLL-YOUR-OWN TOBACCO.—On roll-your-own  
16 tobacco, manufactured in or imported into the United  
17 States, there shall be imposed a tax of \$17.35 per pound  
18 (and a proportionate tax at the like rate on all fractional  
19 parts of a pound).”.

20 (b) ROLL-YOUR-OWN TOBACCO.—Section 5702 (re-  
21 lating to definitions) is amended by adding at the end the  
22 following new subsection:

23 “(p) ROLL-YOUR-OWN TOBACCO.—The term ‘roll-  
24 your-own tobacco’ means any tobacco which, because of  
25 its appearance, type, packaging, or labeling, is suitable for

1 use and likely to be offered to, or purchased by, consumers  
2 as tobacco for making cigarettes.”.

3 (c) TECHNICAL AMENDMENTS.—

4 (1) Subsection (c) of section 5702 is amended  
5 by striking “and pipe tobacco” and inserting “pipe  
6 tobacco, and roll-your-own tobacco”.

7 (2) Subsection (d) of section 5702 is amend-  
8 ed—

9 (A) in the material preceding paragraph  
10 (1), by striking “or pipe tobacco” and inserting  
11 “pipe tobacco, or roll-your-own tobacco”, and

12 (B) by striking paragraph (1) and insert-  
13 ing the following new paragraph:

14 “(1) a person who produces cigars, cigarettes,  
15 smokeless tobacco, pipe tobacco, or roll-your-own to-  
16 bacco solely for the person’s own personal consump-  
17 tion or use, and”.

18 (3) The chapter heading for chapter 52 is  
19 amended to read as follows:

20 **“CHAPTER 52—TOBACCO PRODUCTS AND**  
21 **CIGARETTE PAPERS AND TUBES”.**

22 (4) The table of chapters for subtitle E is  
23 amended by striking the item relating to chapter 52  
24 and inserting the following new item:

“CHAPTER 52. Tobacco products and cigarette papers and  
tubes.”.

1 (d) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by  
3 this section shall apply to roll-your-own tobacco re-  
4 moved (as defined in section 5702(k) of the Internal  
5 Revenue Code of 1986, as amended by this Act)  
6 after December 31, 1994.

7 (2) TRANSITIONAL RULE.—Any person who—

8 (A) on the date of the enactment of this  
9 Act is engaged in business as a manufacturer of  
10 roll-your-own tobacco or as an importer of to-  
11 bacco products or cigarette papers and tubes,  
12 and

13 (B) before January 1, 1995, submits an  
14 application under subchapter B of chapter 52  
15 of such Code to engage in such business,  
16 may, notwithstanding such subchapter B, continue  
17 to engage in such business pending final action on  
18 such application. Pending such final action, all pro-  
19 visions of such chapter 52 shall apply to such appli-  
20 cant in the same manner and to the same extent as  
21 if such applicant were a holder of a permit under  
22 such chapter 52 to engage in such business.

1       **Subtitle B—Health Care Reform**  
2                                   **Trust Fund**

3       **SEC. 5101. ESTABLISHMENT OF GRADUATE MEDICAL EDU-**  
4                                   **CATION AND ACADEMIC HEALTH CENTERS**  
5                                   **TRUST FUND.**

6           (a) IN GENERAL.—Subchapter A of chapter 98 (re-  
7 relating to establishment of trust funds) is amended by add-  
8 ing at the end the following new part:

9                                   **“PART II—HEALTH CARE TRUST FUNDS**

                                  “Sec. 9551. Health Care Reform Trust Fund

10       **“SEC. 9551. HEALTH CARE REFORM TRUST FUND.**

11           “(a) CREATION OF TRUST FUND.—There is estab-  
12 lished in the Treasury of the United States a trust fund  
13 to be known as the ‘Health Care Reform Trust Fund’,  
14 consisting of such amounts as may be appropriated or  
15 credited to the Health Care Reform Trust Fund as pro-  
16 vided in this section.

17           “(b) TRANSFERS TO THE TRUST FUND.—There are  
18 hereby appropriated to the Health Care Reform Trust  
19 Fund amounts received in the Treasury under section  
20 5701 (relating to taxes on tobacco products) to the extent  
21 attributable to the increases in such taxes as the result  
22 of the enactment of section 5001 of the Health Innovation  
23 Partnership Act of 1994.

1       “(c) EXPENDITURES.—Amounts in the Health Care  
2 Reform Trust Fund are appropriated as provided for in  
3 sections 1001 and 4002 of the Health Innovation Partner-  
4 ship Act of 1994, and title XXVII of the Public Health  
5 Service Act, and to the extent any such amount is not  
6 expended during any fiscal year, such amount shall be  
7 available for such purpose for subsequent fiscal years.

8       “(d) OTHER RULES.—

9           “(1) INSUFFICIENT FUNDS.—If, for any fiscal  
10 year, the sum of the amounts required to be allo-  
11 cated under subsection (c) exceeds the amounts re-  
12 ceived in the Health Care Reform Trust Fund, then  
13 each of such amounts required to be so allocated  
14 shall be reduced to an amount which bears the same  
15 ratio to such amount as the amounts received in the  
16 trust fund bear to the amounts required to be so al-  
17 located (without regard to this paragraph).

18           “(2) ALLOCATION OF EXCESS FUNDS AND IN-  
19 TEREST.—Amounts received in the Health Care Re-  
20 form Trust Fund in excess of the amounts required  
21 to be allocated under subsection (c), for any fiscal  
22 year shall be allocated ratably on the basis of the  
23 amounts allocated for the fiscal year (without regard  
24 to this paragraph).”.

1 (b) CONFORMING AMENDMENT.—Subchapter A of  
2 chapter 98 is amended by inserting after the subchapter  
3 heading the following new items:

“Part I. General trust funds.

“Part II. Health care trust fund.

4 **“PART I—GENERAL TRUST FUNDS”.**



S 2452 IS—2

S 2452 IS—3

S 2452 IS—4

S 2452 IS—5

S 2452 IS—6

S 2452 IS—7

S 2452 IS—8

S 2452 IS—9

S 2452 IS—10