

106TH CONGRESS
2D SESSION

H. R. 4677

To promote access to health care services in rural areas.

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 2000

Mr. FOLEY (for himself, Mr. LUCAS of Oklahoma, Mr. TANNER, Mr. NUSSLE, Mr. STENHOLM, Mr. MCINTYRE, Mr. POMEROY, Mr. BERRY, and Mr. DICKEY) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To promote access to health care services in rural areas.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Health Care Access and Rural Equality Act of 2000”.

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

Sec. 1. Short title; table of contents.

TITLE I—INCREASE IN MARKET BASKET PERCENTAGE
ADJUSTMENT FOR RURAL HOSPITALS

Sec. 101. Increase in market basket percentage adjustment for rural hospitals.

TITLE II—CAPITAL RELIEF FOR RURAL HEALTH CARE
INFRASTRUCTURE

Sec. 201. Capital infrastructure revolving loan program.

TITLE III—REFINEMENT OF THE MEDICARE DEPENDENT, SMALL
RURAL HOSPITAL PROGRAM

Sec. 301. Making the medicare dependent, small rural hospital program permanent.

Sec. 302. Option to base eligibility on discharges during any of the 3 most recent audited cost reporting periods.

TITLE IV—EXEMPTION FOR MEDICARE SWING BED HOSPITALS

Sec. 401. Exemption of medicare swing bed hospitals from the prospective payment system for skilled nursing facilities.

TITLE V—TREATMENT OF PHYSICIAN PATHOLOGY SERVICES

Sec. 501. Treatment of certain physician pathology services under medicare.

TITLE VI—MEDICAID PAYMENT CORRECTION FOR CERTAIN
RURAL HEALTH CLINICS

Sec. 601. Limit on certain medicaid recoupments and disallowances.

TITLE VII—TECHNICAL CORRECTIONS TO THE BALANCED
BUDGET REFINEMENT ACT

Sec. 701. Payments to critical access hospitals for clinical diagnostic laboratory tests.

Sec. 702. All-inclusive payment option for outpatient critical access hospital services.

Sec. 703. Extension of option to use rebased target amounts to all sole community hospitals.

Sec. 704. Grants for upgrading data systems.

1 **TITLE I—INCREASE IN MARKET**
2 **BASKET PERCENTAGE AD-**
3 **JUSTMENT FOR RURAL HOS-**
4 **PITALS**

5 **SEC. 101. INCREASE IN MARKET BASKET PERCENTAGE AD-**
6 **JUSTMENT FOR RURAL HOSPITALS.**

7 Section 1886(b)(3)(B)(i) of the Social Security Act
8 (42 U.S.C. 1395ww(b)(3)(B)(i)) (as amended by section

1 406 of the Medicare, Medicaid, and SCHIP Balanced
2 Budget Refinement Act of 1999 (113 Stat. 1501A–373),
3 as enacted into law by section 1000(a)(6) of Public Law
4 106–113) is amended—

5 (1) in subclause (XVI)—

6 (A) by striking “(other than sole commu-
7 nity hospitals)” and inserting “(other than any
8 hospital that is located in a rural area and that
9 has less than 100 beds, is classified under sub-
10 section (d)(5)(C), or is a sole community hos-
11 pital (as defined in subsection (d)(5)(D)(iii)))”;
12 and

13 (B) by striking “increase for sole commu-
14 nity hospitals” and inserting “increase for any
15 hospital that is located in a rural area and that
16 has less than 100 beds, is classified under sub-
17 section (d)(5)(C), or is a sole community hos-
18 pital (as defined in subsection (d)(5)(D)(iii)))”;
19 and

20 (2) in subclause (XVII)—

21 (A) by inserting “(other than any hospital
22 that is located in a rural area and that has less
23 than 100 beds, is classified under subsection
24 (d)(5)(C), or is a sole community hospital (as

1 defined in subsection (d)(5)(D)(iii))” after “for
2 hospitals”; and

3 (B) by inserting “, and the market basket
4 percentage increase for any hospital that is lo-
5 cated in a rural area and that has less than
6 100 beds, is classified under subsection
7 (d)(5)(C), or is a sole community hospital (as
8 defined in subsection (d)(5)(D)(iii))” after “in
9 all areas”.

10 **TITLE II—CAPITAL RELIEF FOR**
11 **RURAL HEALTH CARE INFRA-**
12 **STRUCTURE**

13 **SEC. 201. CAPITAL INFRASTRUCTURE REVOLVING LOAN**
14 **PROGRAM.**

15 (a) IN GENERAL.—Part A of title XVI of the Public
16 Health Service Act (42 U.S.C. 300q et seq.) is amended
17 by adding at the end the following new section:

18 “CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM
19 “SEC. 1603. (a) AUTHORITY TO MAKE AND GUAR-
20 ANTEE LOANS.—

21 “(1) AUTHORITY TO MAKE LOANS.—The Sec-
22 retary may make loans from the fund established
23 under section 1602(d) to any rural entity for
24 projects for capital improvements, including—

1 “(A) the acquisition of land necessary for
2 the capital improvements;

3 “(B) the construction, renovation, or mod-
4 ernization of any building;

5 “(C) the acquisition or repair of fixed or
6 major movable equipment; and

7 “(D) such other project expenses as the
8 Secretary determines appropriate.

9 “(2) AUTHORITY TO GUARANTEE LOANS.—

10 “(A) IN GENERAL.—The Secretary may
11 guarantee the payment of principal and interest
12 for loans to rural entities for projects for cap-
13 ital improvements described in paragraph (1) to
14 non-Federal lenders.

15 “(B) INTEREST SUBSIDIES.—In the case
16 of a guarantee of any loan to a rural entity
17 under subparagraph (A), the Secretary may pay
18 to the holder of such loan and for and on behalf
19 of the project for which the loan was made,
20 amounts sufficient to reduce by not more than
21 3 percent of the net effective interest rate oth-
22 erwise payable on such loan.

23 “(b) AMOUNT OF LOAN.—The principal amount of
24 a loan directly made or guaranteed under subsection (a)

1 for a project for capital improvement may not exceed
2 \$5,000,000.

3 “(c) FUNDING LIMITATIONS.—

4 “(1) GOVERNMENT CREDIT SUBSIDY EXPO-
5 SURE.—The total of the Government credit subsidy
6 exposure under the Credit Reform Act of 1990 scor-
7 ing protocol with respect to the loans outstanding at
8 any time with respect to which guarantees have been
9 issued, or which have been directly made, under sub-
10 section (a) may not exceed \$50,000,000 per year.

11 “(2) TOTAL AMOUNTS.—Subject to paragraph
12 (1), the total of the principal amount of all loans di-
13 rectly made or guaranteed under subsection (a) may
14 not exceed \$250,000,000 per year.

15 “(d) ADDITIONAL ASSISTANCE.—

16 “(1) NONREPAYABLE GRANTS.—Subject to
17 paragraph (2), the Secretary may make a grant to
18 a rural entity, in an amount not to exceed \$50,000,
19 for purposes of capital assessment and business
20 planning.

21 “(2) LIMITATION.—The cumulative total of
22 grants awarded under this subsection may not ex-
23 ceed \$2,500,000 per year.

24 “(e) TERMINATION OF AUTHORITY.—The Secretary
25 may not directly make or guarantee any loan under sub-

1 section (a) or make a grant under subsection (d) after
2 September 30, 2005.”.

3 (b) RURAL ENTITY DEFINED.—Section 1624 of the
4 Public Health Service Act (42 U.S.C. 300s–3) is amended
5 by adding at the end the following new paragraph:

6 “(15)(A) The term ‘rural entity’ includes—

7 “(i) a rural health clinic, as defined in sec-
8 tion 1861(aa)(2) of the Social Security Act;

9 “(ii) any medical facility with at least 1,
10 but less than 50 beds that is located in—

11 “(I) a county that is not part of a
12 metropolitan statistical area; or

13 “(II) a rural census tract of a metro-
14 politan statistical area (as determined
15 under the most recent modification of the
16 Goldsmith Modification, originally pub-
17 lished in the Federal Register on February
18 27, 1992 (57 Fed. Reg. 6725));

19 “(iii) a hospital that is classified as a
20 rural, regional, or national referral center under
21 section 1886(d)(5)(C) of the Social Security
22 Act; and

23 “(iv) a hospital that is a sole community
24 hospital (as defined in section
25 1886(d)(5)(D)(iii) of the Social Security Act).

1 “(B) For purposes of subparagraph (A), the
 2 fact that a clinic, facility, or hospital has been geo-
 3 graphically reclassified under the medicare program
 4 under title XVIII of the Social Security Act shall not
 5 preclude a hospital from being considered a rural en-
 6 tity under clause (i) or (ii) of subparagraph (A).”.

7 (c) CONFORMING AMENDMENTS.—Section 1602 of
 8 the Public Health Service Act (42 U.S.C. 300q–2) is
 9 amended—

10 (1) in subsection (b)(2)(D), by inserting “or
 11 1603(a)(2)(B)” after “1601(a)(2)(B)”; and

12 (2) in subsection (d)—

13 (A) in paragraph (1)(C), by striking “sec-
 14 tion 1601(a)(2)(B)” and inserting “sections
 15 1601(a)(2)(B) and 1603(a)(2)(B)”; and

16 (B) in paragraph (2)(A), by inserting “or
 17 1603(a)(2)(B)” after “1601(a)(2)(B)”.

18 **TITLE III—REFINEMENT OF THE**
 19 **MEDICARE DEPENDENT,**
 20 **SMALL RURAL HOSPITAL**
 21 **PROGRAM**

22 **SEC. 301. MAKING THE MEDICARE DEPENDENT, SMALL**
 23 **RURAL HOSPITAL PROGRAM PERMANENT.**

24 (a) PAYMENT METHODOLOGY.—Section
 25 1886(d)(5)(G) of the Social Security Act (42 U.S.C.

1 1395ww(d)(5)(G)) (as amended by section 404(a) of the
2 Medicare, Medicaid, and SCHIP Balanced Budget Refine-
3 ment Act of 1999 (113 Stat. 1501A–372), as enacted into
4 law by section 1000(a)(6) of Public Law 106–113) is
5 amended—

6 (1) in clause (i), by striking “and before Octo-
7 ber 1, 2006,”; and

8 (2) in clause (ii)(II), by striking “and before
9 October 1, 2006,”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) TARGET AMOUNT.—Section 1886(b)(3)(D)
12 of the Social Security Act (42 U.S.C.
13 1395ww(b)(3)(D)) (as amended by section 404(b)(1)
14 of the Medicare, Medicaid, and SCHIP Balanced
15 Budget Refinement Act of 1999 (113 Stat. 1501A–
16 372), as enacted into law by section 1000(a)(6) of
17 Public Law 106–113) is amended—

18 (A) in the matter preceding clause (i), by
19 striking “and before October 1, 2006,”; and

20 (B) in clause (iv), by striking “through fis-
21 cal year 2005,” and inserting “or any subse-
22 quent fiscal year,”.

23 (2) PERMITTING HOSPITALS TO DECLINE RE-
24 CLASSIFICATION.—Section 13501(e)(2) of the Omni-
25 bus Budget Reconciliation Act of 1993 (42 U.S.C.

1 1395ww note) (as amended by section 404(b)(2) of
2 the Medicare, Medicaid, and SCHIP Balanced
3 Budget Refinement Act of 1999 (113 Stat. 1501A–
4 372), as enacted into law by section 1000(a)(6) of
5 Public Law 106–113) is amended by striking “or
6 fiscal year 2000 through fiscal year 2005” and in-
7 serting “fiscal year 2000, or any subsequent fiscal
8 year,”.

9 **SEC. 302. OPTION TO BASE ELIGIBILITY ON DISCHARGES**
10 **DURING ANY OF THE 3 MOST RECENT AU-**
11 **DITED COST REPORTING PERIODS.**

12 (a) OPTION TO BASE ELIGIBILITY ON DISCHARGES
13 DURING ANY OF THE 3 MOST RECENT AUDITED COST
14 REPORTING PERIODS.—Section 1886(d)(5)(G)(iv)(IV) of
15 the Social Security Act (42 U.S.C.
16 1395ww(d)(5)(G)(iv)(IV)) is amended by inserting “, or
17 any of the 3 most recent audited cost reporting periods,”
18 after “1987”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply with respect to cost reporting peri-
21 ods beginning on or after the date of enactment of this
22 Act.

1 **TITLE IV—EXEMPTION FOR**
2 **MEDICARE SWING BED HOS-**
3 **PITALS**

4 **SEC. 401. EXEMPTION OF MEDICARE SWING BED HOS-**
5 **PITALS FROM THE PROSPECTIVE PAYMENT**
6 **SYSTEM FOR SKILLED NURSING FACILITIES.**

7 (a) EXEMPTION FOR MEDICARE SWING BED HOS-
8 PITALS.—

9 (1) IN GENERAL.—Section 1888(e)(7) of the
10 Social Security Act (42 U.S.C. 1395yy(e)(7)(A)) is
11 amended—

12 (A) in the heading, by striking “TRANSI-
13 TION” and inserting “EXEMPTION”;

14 (B) by striking subparagraph (A) and in-
15 serting the following new subparagraph:

16 “(A) IN GENERAL.—The prospective pay-
17 ment system under this subsection shall not
18 apply to items and services provided by a facil-
19 ity described in subparagraph (B).”; and

20 (C) in subparagraph (B), by striking “, for
21 which payment” and all that follows before the
22 period.

23 (2) EFFECTIVE DATE.—The amendments made
24 by paragraph (1) shall take effect as if included in
25 the enactment of section 4432 of the Balanced

1 Budget Act of 1997 (Public Law 105–133; 111
2 Stat. 414).

3 (b) REPEAL OF BBRA AMENDMENTS.—

4 (1) IN GENERAL.—Section 408 of the Medicare,
5 Medicaid, and SCHIP Balanced Budget Refinement
6 Act of 1999 (113 Stat. 1501A–375), as enacted into
7 law by section 1000(a)(6) of Public Law 106–113,
8 and the amendments made by such section are re-
9 pealed.

10 (2) EFFECTIVE DATE.—The Secretary shall
11 apply and administer the Social Security Act as if
12 section 408 of the Medicare, Medicaid, and SCHIP
13 Balanced Budget Refinement Act of 1999 (113 Stat.
14 1501A–375), as enacted into law by section
15 1000(a)(6) of Public Law 106–113, and the amend-
16 ments made by such section had never been enacted
17 into law.

18 **TITLE V—TREATMENT OF PHYSI-** 19 **CIAN PATHOLOGY SERVICES**

20 **SEC. 501. TREATMENT OF CERTAIN PHYSICIAN PATHOLOGY** 21 **SERVICES UNDER MEDICARE.**

22 (a) IN GENERAL.—Notwithstanding any other provi-
23 sion of law, when an independent laboratory, under a
24 grandfathered arrangement with a hospital, furnishes the
25 technical component of a physician pathology service with

1 respect to a fee-for-service medicare beneficiary who is an
2 inpatient of the hospital, such component shall be treated
3 as a service for which payment shall be made to the lab-
4 oratory under section 1848 of the Social Security Act (42
5 U.S.C. 1395w-4) and not as an inpatient hospital service
6 for which payment is made to the hospital under section
7 1886(d) of such Act (42 U.S.C. 1395ww(d)).

8 (b) DEFINITIONS.—For purposes of this section—

9 (1) the term “grandfathered arrangement”
10 means an arrangement between an independent lab-
11 oratory and a hospital—

12 (A) that was in effect as of July 22, 1999,
13 even if such arrangement is subsequently re-
14 newed; and

15 (B) under which the laboratory furnishes
16 the technical component of physician pathology
17 services with respect to hospital inpatients and
18 submits a claim for payment for such compo-
19 nent to a medicare carrier (and not to the hos-
20 pital);

21 (2) the term “fee-for-service medicare bene-
22 ficiary” means an individual who—

23 (A) is entitled to benefits under part A of
24 title XVIII of the Social Security Act (42
25 U.S.C. 1395e et seq.); and

1 (B) is not enrolled in a Medicare+Choice
 2 plan under part C of such Act (42 U.S.C.
 3 1395w-21 et seq.), a plan offered by an eligible
 4 organization under section 1876 of such Act
 5 (42 U.S.C. 1395mm), or a medicare managed
 6 care demonstration project; and

7 (3) the term “medicare carrier” means an orga-
 8 nization with a contract under section 1842 of such
 9 Act (42 U.S.C. 1395u).

10 (c) EFFECTIVE DATE.—This section shall apply to
 11 services furnished on or after July 22, 1999.

12 **TITLE VI—MEDICAID PAYMENT**
 13 **CORRECTION FOR CERTAIN**
 14 **RURAL HEALTH CLINICS**

15 **SEC. 601. LIMIT ON CERTAIN MEDICAID RECOUPMENTS**
 16 **AND DISALLOWANCES.**

17 (a) IN GENERAL.—Notwithstanding any other provi-
 18 sion of law—

19 (1) a State plan approved under title XIX of
 20 the Social Security Act may not recoup or deny pay-
 21 ments under such plan that—

22 (A) are for rural health clinic services (as
 23 defined in section 1905(l)(1) of such title) fur-
 24 nished on or after January 1, 1998, and before
 25 October 1, 2000; and

1 (B) are alleged overpayments due to a de-
2 termination that the amendment made by sec-
3 tion 4205(a)(1)(A) of the Balanced Budget Act
4 of 1997 (relating to per visit limits for provider-
5 based clinics under medicare) applies to rural
6 health clinic services furnished under such title
7 XIX; and

8 (2) the Secretary of Health and Human Serv-
9 ices (in this section referred to as the “Secretary”)
10 may not withhold, suspend, disallow, or deny Fed-
11 eral financial participation under section 1903 of the
12 Social Security Act (42 U.S.C. 1396b) with respect
13 to alleged overpayments described in paragraph (1).

14 (b) PAYMENT OF AMOUNTS RECOUPED, DENIED, OR
15 DISALLOWED.—If, before the date of the enactment of
16 this section—

17 (1) a State plan has recouped or denied pay-
18 ments described in subsection (a)(1), or

19 (2) the Secretary has withheld, suspended, dis-
20 allowed, or denied Federal financial participation
21 under title XIX of the Social Security Act with re-
22 spect to such payments,

23 the State plan or the Secretary, as the case may be, shall
24 pay the amounts recouped, denied, withheld, suspended,

1 or disallowed, to the rural health clinic or the State, as
2 the case may be.

3 **TITLE VII—TECHNICAL CORREC-**
4 **TIONS TO THE BALANCED**
5 **BUDGET REFINEMENT ACT**

6 **SEC. 701. PAYMENTS TO CRITICAL ACCESS HOSPITALS FOR**
7 **CLINICAL DIAGNOSTIC LABORATORY TESTS.**

8 (a) PAYMENT ON COST BASIS WITHOUT BENE-
9 FICIARY COST-SHARING.—

10 (1) IN GENERAL.—Section 1833(a)(6) of the
11 Social Security Act (42 U.S.C. 1395l(a)(6)) is
12 amended by inserting “(including clinical diagnostic
13 laboratory services furnished by a critical access hos-
14 pital)” after “outpatient critical access hospital serv-
15 ices”.

16 (2) NO BENEFICIARY COST-SHARING.—

17 (A) IN GENERAL.—Section 1834(g) of the
18 Social Security Act (42 U.S.C. 1395m(g)) is
19 amended by inserting “(except that in the case
20 of clinical diagnostic laboratory services fur-
21 nished by a critical access hospital the amount
22 of payment shall be equal to 100 percent of the
23 reasonable costs of the critical access hospital
24 in providing such services)” before the period at
25 the end.

1 (B) BBRA AMENDMENT.—Section 1834(g)
2 of the Social Security Act (42 U.S.C.
3 1395m(g)) (as amended by section 403(d) of
4 the Medicare, Medicaid, and SCHIP Balanced
5 Budget Refinement Act of 1999 (113 Stat.
6 1501A–371), as enacted into law by section
7 1000(a)(6) of Public Law 106–113) is
8 amended—

9 (i) in paragraph (1), by inserting
10 “(except that in the case of clinical diag-
11 nostic laboratory services furnished by a
12 critical access hospital the amount of pay-
13 ment shall be equal to 100 percent of the
14 reasonable costs of the critical access hos-
15 pital in providing such services)” after
16 “such services,”; and

17 (ii) in paragraph (2)(A), by inserting
18 “(except that in the case of clinical diag-
19 nostic laboratory services furnished by a
20 critical access hospital the amount of pay-
21 ment shall be equal to 100 percent of the
22 reasonable costs of the critical access hos-
23 pital in providing such services)” before
24 the period at the end.

1 (b) CONFORMING AMENDMENTS.—Paragraphs
2 (1)(D)(i) and (2)(D)(i) of section 1833(a) of the Social
3 Security Act (42 U.S.C. 1395l(a)(1)(D)(i);
4 1395l(a)(2)(D)(i)) (as amended by section 403(e) of the
5 Medicare, Medicaid, and SCHIP Balanced Budget Refine-
6 ment Act of 1999 (113 Stat. 1501A–371), as enacted into
7 law by section 1000(a)(6) of Public Law 106–113) are
8 each amended by striking “or which are furnished on an
9 outpatient basis by a critical access hospital”.

10 (c) TECHNICAL AMENDMENT.—Section 403(d)(2) of
11 the Medicare, Medicaid, and SCHIP Balanced Budget Re-
12 finement Act of 1999 (113 Stat. 1501A–371), as enacted
13 into law by section 1000(a)(6) of Public Law 106–113,
14 is amended by striking “subsection (a)” and inserting
15 “paragraph (1)”.

16 (d) EFFECTIVE DATES.—

17 (1) IN GENERAL.—Except as provided in para-
18 graph (2), the amendments made by this section
19 shall apply to services furnished on or after Novem-
20 ber 29, 1999.

21 (2) BBRA AND TECHNICAL AMENDMENTS.—

22 The amendments made by subsections (a)(2)(B) and
23 (c) shall take effect as if included in the enactment
24 of section 403(d) of the Medicare, Medicaid, and
25 SCHIP Balanced Budget Refinement Act of 1999

1 (113 Stat. 1501A–371), as enacted into law by sec-
2 tion 1000(a)(6) of Public Law 106–113.

3 **SEC. 702. ALL-INCLUSIVE PAYMENT OPTION FOR OUT-**
4 **PATIENT CRITICAL ACCESS HOSPITAL SERV-**
5 **ICES.**

6 (a) ALL-INCLUSIVE PAYMENT OPTION FOR OUT-
7 PATIENT CRITICAL ACCESS HOSPITAL SERVICES.—Sec-
8 tion 1834(g) (42 U.S.C. 1395m(g)) (as amended by sec-
9 tion 601 of this Act and section 403(d) of the Medicare,
10 Medicaid, and SCHIP Balanced Budget Refinement Act
11 of 1999 (113 Stat. 1501A–371), as enacted into law by
12 section 1000(a)(6) of Public Law 106–113) is amended—

13 (1) by striking paragraph (1) and inserting the
14 following new paragraph:

15 “(1) ELECTION OF CAH.—At the election of a
16 critical access hospital, the amount of payment for
17 outpatient critical access hospital services under this
18 part shall be determined under paragraph (2) or (3),
19 such amount determined under either paragraph
20 without regard to the amount of the customary or
21 other charge.”; and

22 (2) by striking paragraph (3) and inserting the
23 following new paragraph:

24 “(3) ALL-INCLUSIVE RATE.—If a critical access
25 hospital elects this paragraph to apply, with respect

1 to both facility services and professional services,
2 there shall be paid amounts equal to the reasonable
3 costs of the critical access hospital in providing such
4 services (except that in the case of clinical diagnostic
5 laboratory services furnished by a critical access hos-
6 pital the amount of payment shall be equal to 100
7 percent of the reasonable costs of the critical access
8 hospital in providing such services), less the amount
9 that such hospital may charge as described in sec-
10 tion 1866(a)(2)(A).”.

11 (b) **EFFECTIVE DATE.**—The amendments made by
12 subparagraph (a) shall take effect as if included in the
13 enactment of section 403(d) of the Medicare, Medicaid,
14 and SCHIP Balanced Budget Refinement Act of 1999
15 (113 Stat. 1501A–371), as enacted into law by section
16 1000(a)(6) of Public Law 106–113.

17 **SEC. 703. EXTENSION OF OPTION TO USE REBASED TARGET**
18 **AMOUNTS TO ALL SOLE COMMUNITY HOS-**
19 **PITALS.**

20 (a) **IN GENERAL.**—Section 1886(b)(3)(I)(i) of the
21 Social Security Act (42 U.S.C. 1395ww(b)(3)(I)(i)) (as
22 added by section 405 of the Medicare, Medicaid, and
23 SCHIP Balanced Budget Refinement Act of 1999 (113
24 Stat. 1501A–372), as enacted into law by section
25 1000(a)(6) of Public Law 106–113) is amended—

1 (1) in the matter preceding subclause (I)—

2 (A) by striking “for its cost reporting pe-
3 riod beginning during 1999 is paid on the basis
4 of the target amount applicable to the hospital
5 under subparagraph (C) and that”; and

6 (B) by striking “such target amount” and
7 inserting “the amount otherwise determined
8 under subsection (d)(5)(D)(i)”;

9 (2) in subclause (I), by striking “target amount
10 otherwise applicable” and all that follows through
11 “target amount’”)” and inserting “the amount other-
12 wise applicable to the hospital under subsection
13 (d)(5)(D)(i) (referred to in this clause as the ‘sub-
14 section (d)(5)(D)(i) amount’)”;

15 (3) in each of subclauses (II) and (III), by
16 striking “subparagraph (C) target amount” and in-
17 serting “subsection (d)(5)(D)(i) amount”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall take effect as if included in the enact-
20 ment of the Medicare, Medicaid, and SCHIP Balanced
21 Budget Refinement Act of 1999, as enacted into law by
22 section 1000(a)(6) of Public Law 106–113.

1 **SEC. 704. GRANTS FOR UPGRADING DATA SYSTEMS.**

2 (a) IN GENERAL.—Part B of title XVI of the Public
3 Health Service Act (42 U.S.C. 300r et seq.) is amended
4 by adding at the end the following new section:

5 “GRANTS FOR UPGRADING DATA SYSTEMS

6 “SEC. 1611. (a) GRANTS TO HOSPITALS.—The Sec-
7 retary may make grants to hospitals that have submitted
8 applications in accordance with subsection (c) to assist eli-
9 gible small rural hospitals in meeting the costs of estab-
10 lishing data systems required to meet requirements estab-
11 lished under the medicare program pursuant to amend-
12 ments made by the Balanced Budget Act of 1997 and the
13 Health Insurance Portability and Accountability Act of
14 1996.

15 “(b) ELIGIBLE SMALL RURAL HOSPITAL DE-
16 FINED.—For purposes of this section, the term ‘eligible
17 small rural hospital’ means a non-Federal, short-term gen-
18 eral acute care hospital that—

19 “(1) is located in a rural area, as defined for
20 purposes of section 1886(d) of the Social Security
21 Act; and

22 “(2) has less than 50 beds.

23 “(c) APPLICATION.—A hospital seeking a grant
24 under this section shall submit an application to the Sec-
25 retary on or before such date and in such form and man-
26 ner as the Secretary specifies.

1 “(d) AMOUNT OF GRANT.—A grant to a hospital
2 under this section may not exceed \$50,000.

3 “(e) USE OF FUNDS.—A hospital receiving a grant
4 under this section may use the funds for the purchase of
5 computer software and hardware, the education and train-
6 ing of hospital staff on computer information systems, the
7 expenses related to the administrative simplification re-
8 quirements under part C of title XI of the Social Security
9 Act, and to offset costs related to the implementation of
10 prospective payment systems under title XVIII of such
11 Act.

12 “(f) REPORTS.—

13 “(1) INFORMATION.—A hospital receiving a
14 grant under this section shall furnish the Secretary
15 with such information as the Secretary may require
16 to evaluate the project for which the grant is made
17 and to ensure that the grant is expended for the
18 purposes for which it is made.

19 “(2) TIMING OF SUBMISSION.—

20 “(A) INTERIM REPORTS.—The Secretary
21 shall report to the Committee on Commerce of
22 the House of Representatives and the Com-
23 mittee on Health, Education, Labor, and Pen-
24 sions of the Senate at least annually on the
25 grant program established under this section,

1 including in such report information on the
2 number of grants made, the nature of the
3 projects involved, the geographic distribution of
4 grant recipients, and such other matters as the
5 Secretary deems appropriate.

6 “(B) FINAL REPORT.—The Secretary shall
7 submit a final report to such committees not
8 later than 180 days after the completion of all
9 of the projects for which a grant is made under
10 this section.

11 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
12 are authorized to be appropriated such sums as may be
13 necessary for grants under this section.”.

14 (b) CONFORMING AMENDMENT.—Section 1820(g)(3)
15 of the Social Security Act (42 U.S.C. 1395i–4(g)(3)) (as
16 added by section 409 of the Medicare, Medicaid, and
17 SCHIP Balanced Budget Refinement Act of 1999 (113
18 Stat. 1501A–375), as enacted into law by section
19 1000(a)(6) of Public Law 106–113) is repealed.

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