By the Committee on Health Care; and Senator Peaden

587-1983-06

1 A bill to be entitled
2 An act relating to rural health care; amending
3 s. 381.0405, F.S.; revising the purpose and
4 functions of the Office of Rural Health in the
5 Department of Health; requiring the Secretary
6 of Health and the Secretary of Health Care
7 Administration to appoint an advisory council
8 to advise the Office of Rural Health; providing
9 for terms of office of the members of the
10 advisory council; authorizing per diem and
11 travel reimbursement for members of the
12 advisory council; requiring the Office of Rural
13 Health to submit an annual report to the
14 Governor and the Legislature; amending s.
15 381.0406, F.S.; revising legislative findings
16 and intent with respect to rural health
17 networks; redefining the term "rural health
18 network"; establishing requirements for
19 membership in rural health networks; adding
20 functions for the rural health networks;
21 revising requirements for the governance and
22 organization of rural health networks; revising
23 the services to be provided by provider members
24 of rural health networks; requiring
25 coordination among rural health networks and
26 area health education centers, health planning
27 councils, and regional education consortia;
28 establishing requirements for funding rural
29 health networks; establishing performance
30 standards for rural health networks; creating a
31 rural health infrastructure development grant

1 program; defining projects that may be funded
2 through the grant program; requiring the Office
3 of Rural Health to monitor rural health
4 networks; authorizing the Department of Health
5 to establish rules governing rural health
6 network grant programs and performance
7 standards; amending s. 395.602, F.S.; defining
8 the term "critical access hospital"; deleting
9 the definitions of "emergency care hospital,"
10 and "essential access community hospital";
11 revising the definition of "rural primary care
12 hospital"; amending s. 395.603, F.S.; deleting
13 a requirement that the Agency for Health Care
14 Administration adopt a rule relating to
15 deactivation of rural hospital beds under
16 certain circumstances; requiring that critical
17 access hospitals and rural primary care
18 hospitals maintain a certain number of actively
19 licensed beds; amending s. 395.604, F.S.;
20 removing emergency care hospitals and essential
21 access community hospitals from certain
22 licensure requirements; specifying certain
23 special conditions for rural primary care
24 hospitals; amending s. 395.6061, F.S.;
25 specifying the purposes of rural hospital
26 capital improvement grants; modifying the
27 conditions for receiving a grant; deleting a
28 requirement for a minimum grant for every rural
29 hospital; amending s. 409.908, F.S.; requiring
30 the Agency for Health Care Administration to
31 pay certain physicians a bonus for Medicaid

1 physician services provided within a rural
2 county; amending ss. 408.07, 409.9116, and
3 1009.65, F.S.; conforming cross-references;
4 requiring the Office of Program Policy Analysis
5 and Government Accountability to contract for a
6 study of the financing options for replacing or
7 changing the use of certain rural hospitals;
8 requiring a report to the Legislature by a
9 specified date; repealing s. 395.605, F.S.,
10 relating to the licensure of emergency care
11 hospitals; providing an effective date.
12
13 Be It Enacted by the Legislature of the State of Florida:
14
15 Section 1. Section 381.0405, Florida Statutes, is
16 amended to read:
17 381.0405 Office of Rural Health.--
18 (1) ESTABLISHMENT.--The Department of Health shall
19 establish an Office of Rural Health, which shall assist rural
20 health care providers in improving the health status and
21 health care of rural residents of this state and help rural
22 health care providers to integrate their efforts and prepare
23 for prepaid and at-risk reimbursement. The Office of Rural
24 Health shall coordinate its activities with rural health
25 networks established under s. 381.0406, local health councils
26 established under s. 408.033, the area health education center
27 network established under ~~pursuant to~~ s. 381.0402, and ~~with~~
28 any appropriate research and policy development centers within
29 universities that have state-approved medical schools. The
30 Office of Rural Health may enter into a formal relationship
31

1 with any center that designates the office as an affiliate of
2 the center.
3 (2) PURPOSE.--The Office of Rural Health shall
4 actively foster the development of service-delivery systems
5 and cooperative agreements to enhance the provision of
6 high-quality health care services in rural areas and serve as
7 a catalyst for improved health services to residents ~~citizens~~
8 in rural areas of the state.
9 (3) GENERAL FUNCTIONS.--The office shall:
10 (a) Integrate policies related to physician workforce,
11 hospitals, public health, and state regulatory functions.
12 (b) Work with rural stakeholders in order to foster
13 the development of strategic planning that addresses ~~Propose~~
14 ~~solutions to~~ problems affecting health care delivery in rural
15 areas.
16 (c) Develop, in coordination with the rural health
17 networks, standards, guidelines, and performance objectives
18 for rural health networks.
19 (d) Foster the expansion of rural health network
20 service areas to include rural counties that are not covered
21 by a rural health network.
22 (e)~~(c)~~ Seek grant funds from foundations and the
23 Federal Government.
24 (f) Administer state grant programs for rural
25 hospitals and rural health networks.
26 (4) COORDINATION.--The office shall:
27 (a) Identify federal and state rural health programs
28 and provide information and technical assistance to rural
29 providers regarding participation in such programs.
30 (b) Act as a clearinghouse for collecting and
31 disseminating information on rural health care issues,

research findings on rural health care, and innovative approaches to the delivery of health care in rural areas.

(c) Foster the creation of regional health care systems that promote cooperation through cooperative agreements, rather than competition.

(d) Coordinate the department's rural health care activities, programs, and policies.

(e) Design initiatives and promote cooperative agreements in order to improve access to primary care, prehospital emergency care, inpatient acute care, and emergency medical services and promote the coordination of such services in rural areas.

(f) Assume responsibility for state coordination of ~~the Rural Hospital Transition Grant Program, the Essential Access Community Hospital Program, and other~~ federal rural hospital and rural health care grant programs.

(5) TECHNICAL ASSISTANCE.--The office shall:

(a) Assist ~~Help~~ rural health care providers in recruiting ~~obtain~~ health care practitioners by promoting the location and relocation of health care practitioners in rural areas and promoting policies that create incentives for practitioners to serve in rural areas.

(b) Provide technical assistance to hospitals, community and migrant health centers, and other health care providers that serve residents of rural areas.

(c) Assist with the design of strategies to improve health care workforce recruitment and placement programs.

(d) Provide technical assistance to rural health networks in the development of their long-range development plans.

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1 (e) Provide links to best practices and other
2 technical-assistance resources on its website.
3 (6) RESEARCH ~~PUBLICATIONS~~ AND SPECIAL STUDIES.--The
4 office shall:
5 (a) Conduct policy and research studies.
6 (b) Conduct health status studies of rural residents.
7 (c) Collect relevant data on rural health care issues
8 for use in program planning and ~~department~~ policy development.
9 (d) Conduct research on best practices in the delivery
10 of health care services in rural areas.
11 (7) ADVISORY COUNCIL.--The Secretary of Health and the
12 Secretary of Health Care Administration shall each appoint no
13 more than five members having relevant management and practice
14 experience in health care operations to an advisory council to
15 advise the office regarding its responsibilities under this
16 section and ss. 381.0406 and 395.6061. Members must be
17 appointed for 4-year staggered terms and may be reappointed to
18 a second term of office. Members shall serve without
19 compensation, but are entitled to reimbursement for per diem
20 and travel expenses as provided in s. 112.061.
21 (8) REPORTS.--Beginning January 1, 2007, and annually
22 thereafter, the Office of Rural Health shall submit a report
23 to the Governor, the President of the Senate, and the Speaker
24 of the House of Representatives summarizing the activities of
25 the office, including the grants obtained or administered by
26 the office and the status of rural health networks and rural
27 hospitals in the state. The report must also include
28 recommendations for improvements in health care delivery in
29 rural areas of the state.
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1 (9)~~(7)~~ APPROPRIATION.--The Legislature shall
2 appropriate such sums as are necessary to support the Office
3 of Rural Health.
4 Section 2. Section 381.0406, Florida Statutes, is
5 amended to read:
6 381.0406 Rural health networks.--
7 (1) LEGISLATIVE FINDINGS AND INTENT.--
8 (a) The Legislature finds that, in rural areas, access
9 to health care is limited and the quality of health care is
10 negatively affected by inadequate financing, difficulty in
11 recruiting and retaining skilled health professionals, and
12 because of a migration of patients to urban areas for general
13 acute care and specialty services.
14 (b) The Legislature further finds that the efficient
15 and effective delivery of health care services in rural areas
16 requires<u>:</u>
17 <u>1.</u> The integration of public and private resources<u>;</u>
18 <u>2. The introduction of innovative outreach methods;</u>
19 <u>3. The adoption of quality improvement and</u>
20 <u>cost-effectiveness measures;</u>
21 <u>4. The organization of health care providers into</u>
22 <u>joint contracting entities;</u>
23 <u>5. An agreement on clinical pathways and establishing</u>
24 <u>referral linkages;</u>
25 <u>6. The analysis of costs and services in order to</u>
26 <u>prepare health care providers for prepaid and at-risk</u>
27 <u>financing;</u> and
28 <u>7.</u> The coordination of health care providers.
29 (c) The Legislature further finds that the
30 availability of a continuum of quality health care services,
31 including preventive, primary, secondary, tertiary, and

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1 long-term care, is essential to the economic and social
2 vitality of rural communities.
3 (d) The Legislature further finds that health care
4 providers in rural areas are not prepared for market changes
5 such as the move to managed care and capitation-reimbursement
6 methodologies.
7 (e)(d) The Legislature further finds that the creation
8 of rural health networks can help to alleviate these problems.
9 Rural health networks shall act in the broad public interest
10 and, to the extent possible, seek to improve the
11 accessibility, quality, and cost-effectiveness of rural health
12 care by planning, developing, and coordinating be structured
13 to provide a continuum of quality health care services for
14 rural residents through the cooperative efforts of rural
15 health network members and other health care providers.
16 (f)(e) The Legislature further finds that rural health
17 networks shall have the goal of increasing the financial
18 stability of statutory rural hospitals by linking rural
19 hospital services to other services in a continuum of health
20 care services and by increasing the utilization of statutory
21 rural hospitals whenever for appropriate health care services
22 whenever feasible, which shall help to ensure their survival
23 and thereby support the economy and protect the health and
24 safety of rural residents.
25 (g)(f) Finally, the Legislature finds that rural
26 health networks may serve as "laboratories" to determine the
27 best way of organizing rural health services and linking to
28 out-of-area services that are not available locally in order,
29 to move the state closer to ensuring that everyone has access
30 to health care, and to promote cost containment efforts. The
31 ultimate goal of rural health networks shall be to ensure that

quality health care is available and efficiently delivered to all persons in rural areas.

(2) DEFINITIONS.--

(a) "Rural" means an area having ~~with~~ a population density of fewer ~~less~~ than 100 individuals per square mile or an area defined by the most recent United States Census as rural.

(b) "Health care provider" means any individual, group, or entity, public or private, which ~~that~~ provides health care, including~~:~~ preventive health care, primary health care, secondary and tertiary health care, hospital ~~in hospital~~ health care, public health care, and health promotion and education.

(c) "Rural health network" or "network" means a nonprofit legal entity whose principal place of business is in a rural county, whose members consist ~~consisting~~ of rural and urban health care providers and others, and which ~~that~~ is established ~~organized~~ to plan, develop, and organize the delivery of ~~and deliver~~ health care services on a cooperative basis in a rural area~~, except for some secondary and tertiary care services~~.

(3) NETWORK MEMBERSHIP.--

(a) Because each rural area is unique, with a different health care provider mix, health care provider membership may vary, but all networks shall include members that provide health promotion and disease-prevention services, public health services, comprehensive primary care, emergency medical care, and acute inpatient care.

(b) Each county health department shall be a member of the rural health network whose service area includes the county in which the county health department is located.

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1 Federally qualified health centers and emergency medical
2 services providers are encouraged to become members of the
3 rural health networks in the areas in which their patients
4 reside or receive services.
5 (c)(4) Network membership shall be available to all
6 health care providers in the network service area if, provided
7 that they render care to all patients referred to them from
8 other network members;, comply with network quality assurance,
9 quality improvement, and utilization-management and risk
10 management requirements; and, abide by the terms and
11 conditions of network provider agreements in paragraph
12 (11)(c), and provide services at a rate or price equal to the
13 rate or price negotiated by the network.
14 (4)(5) NETWORK SERVICE AREAS.--Network service areas
15 do not need to conform to local political boundaries or state
16 administrative district boundaries. The geographic area of
17 one rural health network, however, may not overlap the
18 territory of any other rural health network.
19 (5)(6) NETWORK FUNCTIONS.-- Networks shall:
20 (a) Seek to develop linkages with provisions for
21 referral to tertiary inpatient care, specialty physician care,
22 and to other services that are not available in rural service
23 areas.
24 (b)(7) Seek to Networks shall make accessible to all
25 residents available health promotion, disease prevention, and
26 primary care services, in order to improve the health status
27 of rural residents and to contain health care costs.
28 (8) Networks may have multiple points of entry, such
29 as through private physicians, community health centers,
30 county health departments, certified rural health clinics,
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1 ~~hospitals, or other providers; or they may have a single point~~
2 ~~of entry.~~
3 (c)~~(9)~~ Encourage members through training and
4 educational programs to adopt standards of care, promote
5 evidence-based practice of medicine ~~Networks shall establish~~
6 ~~standard protocols, coordinate and share patient records~~, and
7 develop patient information exchange systems in order to
8 improve quality and access to services.
9 (d) Develop continuous quality-improvement programs
10 and train network members and other health care providers in
11 the use of such programs.
12 (e) Develop disease-management systems and train
13 network members and other health care providers in the use of
14 such systems.
15 (f) Promote outreach to targeted areas of high service
16 need.
17 (g) Seek to develop community care alternatives for
18 elders who would otherwise be placed in nursing homes.
19 (h) Emphasize community care alternatives for persons
20 with mental health and substance abuse disorders who are at
21 risk of being admitted to an institution.
22 (i) Collect data and conduct analyses and studies to
23 measure area residents' health status and the adequacy of the
24 health care delivery system in the network service area,
25 including the needs of medically indigent persons. Whenever
26 feasible, the network shall use data collected by state and
27 federal agencies to avoid duplication of data reporting by
28 health care providers.
29 (j) Design and implement a long-range development plan
30 for an integrated system of care that provides for adequate
31 financing and reimbursement, including strategies and

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1 priorities for implementation, and that is responsive to the
2 unique local health needs and the area health services market.
3 Each rural health network development plan must address
4 strategies to improve access to specialty care, provide for
5 training health care providers to use standards of care for
6 chronic illness, provide for developing disease-management
7 capacity, and provide for developing regional
8 quality-improvement initiatives. The initial long-range
9 development plan must be submitted to the Office of Rural
10 Health for review and approval no later than July 1, 2007, and
11 thereafter the plans must be updated and submitted to the
12 Office of Rural Health every 3 years.
13 ~~(10) Networks shall develop risk management and~~
14 ~~quality assurance programs for network providers.~~
15 (6)~~(11)~~ NETWORK GOVERNANCE AND ORGANIZATION.--
16 (a) Networks shall be incorporated as not-for-profit
17 corporations under chapter 617, with articles of incorporation
18 that set forth purposes consistent with this section ~~the laws~~
19 ~~of the state~~.
20 (b) Networks shall have an independent ~~a~~ board of
21 directors that derives membership from local government,
22 health care providers, businesses, consumers, advocacy groups,
23 and others. Boards of other community health care entities may
24 not serve in whole as the board of a rural health network;
25 however, some overlap of board membership with other community
26 organizations is encouraged. Network staff must provide an
27 annual orientation and strategic planning activity for board
28 members.
29 (c) Network boards of directors shall have the
30 responsibility of determining the content of health care
31 provider agreements that link network members. The written

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agreements between the network and its health care provider members must specify participation in the essential functions of the network, which include disease-management initiatives, systems for exchanging patient information, specialty-referral agreements, and quality-assurance and quality-improvement programs. ~~shall specify:~~

~~1. Who provides what services.~~

~~2. The extent to which the health care provider provides care to persons who lack health insurance or are otherwise unable to pay for care.~~

~~3. The procedures for transfer of medical records.~~

~~4. The method used for the transportation of patients between providers.~~

~~5. Referral and patient flow including appointments and scheduling.~~

~~6. Payment arrangements for the transfer or referral of patients.~~

(d) There shall be no liability on the part of, and no cause of action of any nature shall arise against, any member of a network board of directors, or its employees or agents, for any lawful action taken by them in the performance of their administrative powers and duties under this subsection.

(7)~~(12)~~ NETWORK PROVIDER MEMBER SERVICES.--

(a) Networks, to the extent feasible, shall seek to develop services that provide for a continuum of care for all residents ~~patients~~ served by the network. Each network shall recruit members providing ~~include~~ the following core services: disease prevention, health promotion, comprehensive primary care, emergency medical care, and acute inpatient care. Each network shall seek to ensure the availability of comprehensive maternity care, including prenatal, delivery, and postpartum

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1 care for uncomplicated pregnancies~~, either directly, by~~
2 ~~contract, or through referral agreements~~. Networks shall, to
3 the extent feasible, develop local services and linkages among
4 health care providers to ~~also~~ ensure the availability of the
5 following services: ~~within the specified timeframes, either~~
6 ~~directly, by contract, or through referral agreements:~~
7 ~~1. Services available in the home.~~
8 1.~~a.~~ Home health care.
9 2.~~b.~~ Hospice care.
10 ~~2. Services accessible within 30 minutes travel time~~
11 ~~or less.~~
12 3.~~a.~~ Emergency medical services, including advanced
13 life support, ambulance, and basic emergency room services.
14 4.~~b.~~ Primary care, including~~.~~
15 ~~c.~~ prenatal and postpartum care for uncomplicated
16 pregnancies.
17 5.~~d.~~ Community-based services for elders, such as
18 adult day care and assistance with activities of daily living.
19 6.~~e.~~ Public health services, including communicable
20 disease control, disease prevention, health education, and
21 health promotion.
22 7.~~f.~~ Outpatient mental health ~~psychiatric~~ and
23 substance abuse services.
24 ~~3. Services accessible within 45 minutes travel time~~
25 ~~or less.~~
26 8.~~a.~~ Hospital acute inpatient care for persons whose
27 illnesses or medical problems are not severe.
28 9.~~b.~~ ~~Level I obstetrical care, which is~~ Labor and
29 delivery for low-risk patients.
30 10.~~c.~~ Skilled nursing services and~~,~~ long-term care,
31 including nursing home care.

1 (b) Networks shall seek to foster linkages with
2 out-of-area services to the extent feasible to ensure the
3 availability of:
4 d. Dialysis.
5 e. Osteopathic and chiropractic manipulative therapy.
6 4. Services accessible within 2 hours travel time or
7 less.
8 1.a. Specialist physician care.
9 2.b. Hospital acute inpatient care for severe
10 illnesses and medical problems.
11 3.c. Level II and III obstetrical care, which is Labor
12 and delivery care for high-risk patients and neonatal
13 intensive care.
14 4.d. Comprehensive medical rehabilitation.
15 5.e. Inpatient mental health psychiatric and substance
16 abuse services.
17 6.f. Magnetic resonance imaging, lithotripter
18 treatment, oncology, advanced radiology, and other
19 technologically advanced services.
20 g. Subacute care.
21 (8) COORDINATION WITH OTHER ENTITIES.--
22 (a) Area health education centers, health planning
23 councils, and regional education consortia shall participate
24 in the rural health networks' preparation of rural
25 infrastructure development plans. The Department of Health may
26 require written memoranda of agreement between a network and
27 an area health education center or health planning council.
28 (b) Rural health networks shall initiate activities,
29 in coordination with area health education centers, to carry
30 out the objectives of the adopted development plan, including
31 continuing education for health care practitioners performing

1 <u>functions such as disease management, continuous quality</u>
2 <u>improvement, telehealth, long-distance learning, and the</u>
3 <u>treatment of chronic illness using standards of care.</u>
4 <u>(c) Health planning councils shall support the</u>
5 <u>preparation of network rural infrastructure development plans</u>
6 <u>through data collection and analysis in order to assess the</u>
7 <u>health status of area residents and the capacity of local</u>
8 <u>health services.</u>
9 <u>(d) Regional education consortia that have technology</u>
10 <u>available to assist rural health networks in establishing</u>
11 <u>systems for exchange of patient information and for</u>
12 <u>long-distance learning shall provide technical assistance upon</u>
13 <u>the request of a rural health network.</u>
14 ~~(b) Networks shall actively participate with area~~
15 ~~health education center programs, whenever feasible, in~~
16 ~~developing and implementing recruitment, training, and~~
17 ~~retention programs directed at positively influencing the~~
18 ~~supply and distribution of health care professionals serving~~
19 ~~in, or receiving training in, network areas.~~
20 ~~(c) As funds become available, networks shall~~
21 ~~emphasize community care alternatives for elders who would~~
22 ~~otherwise be placed in nursing homes.~~
23 ~~(d) To promote the most efficient use of resources,~~
24 ~~networks shall emphasize disease prevention, early diagnosis~~
25 ~~and treatment of medical problems, and community care~~
26 ~~alternatives for persons with mental health and substance~~
27 ~~abuse disorders who are at risk to be institutionalized.~~
28 <u>(e)</u>~~(13)~~ ~~TRAUMA SERVICES.~~--In those network areas
29 <u>having</u> ~~which have~~ an established trauma agency approved by the
30 Department of Health, <u>the network shall seek the participation</u>
31 <u>of</u> that trauma agency ~~must be a participant in the network~~.

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1 Trauma services provided within the network area must comply
2 with s. 395.405.
3 (9)~~(14)~~ NETWORK FINANCING.--
4 (a) Networks may use all sources of public and private
5 funds to support network activities. ~~Nothing in this section~~
6 ~~prohibits networks from becoming managed care providers.~~
7 (b) The Department of Health shall provide funding to
8 support the administrative costs of operating rural health
9 networks. Rural health networks may apply for funding for
10 network operations and for rural health infrastructure
11 development.
12 (10) NETWORK PERFORMANCE STANDARDS.--The Department of
13 Health shall develop and enforce performance standards for
14 rural health network operations grants and rural health
15 infrastructure development grants.
16 (a) Operations grant performance standards must
17 include, but are not limited to, standards that require the
18 rural health network to:
19 1. Have a qualified board of directors that meets at
20 least quarterly.
21 2. Have sufficient staff who have the qualifications
22 and experience to perform the requirements of this section, as
23 assessed by the Office of Rural Health, or a written plan to
24 obtain such staff.
25 3. Comply with the department's grant-management
26 standards in a timely and responsive manner.
27 4. Comply with the department's standards for the
28 administration of federal grant funding, including assistance
29 to rural hospitals.
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1 5. Demonstrate a commitment to network activities from
2 area health care providers and other stakeholders, as
3 described in letters of support.
4 (b) Rural health infrastructure development grant
5 performance standards must include, but are not limited to,
6 standards that require the rural health network to:
7 1. During the 2006-2007 fiscal year develop a
8 long-range development plan and, after July 1, 2007, have a
9 long-range development plan that has been reviewed and
10 approved by the Office of Rural Health.
11 2. Have two or more successful network-development
12 activities, such as:
13 a. Management of a network-development or outreach
14 grant from the federal Office of Rural Health Policy;
15 b. Implementation of outreach programs to address
16 chronic disease, infant mortality, or assistance with
17 prescription medication;
18 c. Development of partnerships with community and
19 faith-based organizations to address area health problems;
20 d. Provision of direct services, such as clinics or
21 mobile units;
22 e. Operation of credentialing services for health care
23 providers or quality-assurance and quality-improvement
24 initiatives that, whenever possible, are consistent with state
25 or federal quality initiatives;
26 f. Support for the development of community health
27 centers, local community health councils, federal designation
28 as a rural critical access hospital, or comprehensive
29 community health planning initiatives; and
30 g. Development of the capacity to obtain federal,
31 state, and foundation grants.

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1 (11)~~(15)~~ NETWORK IMPLEMENTATION.--As funds become
2 available, networks shall be developed and implemented in two
3 phases.
4 (a) Phase I shall consist of a network planning and
5 development grant program. Planning grants shall be used to
6 organize networks, incorporate network boards, and develop
7 formal provider agreements as provided for in this section.
8 The Department of Health shall develop a request-for-proposal
9 process to solicit grant applications.
10 (b) Phase II shall consist of network operations. As
11 funds become available, certified networks that meet
12 performance standards shall be eligible to receive grant
13 funds, including rural health infrastructure development
14 grants under subsection (12), to be used to help defray the
15 costs of network infrastructure development, patient care, and
16 network administration. Infrastructure development includes,
17 but is not limited to: recruitment and retention of primary
18 care practitioners; enhancements of primary care services
19 through the use of mobile clinics; development of preventive
20 health care programs; linkage of urban and rural health care
21 systems; design and implementation of automated patient
22 records, outcome measurement, quality assurance, quality
23 improvement, and utilization-management ~~and risk management~~
24 systems; establishment of one-stop service delivery sites;
25 upgrading of medical technology available to network
26 providers; enhancement of emergency medical systems;
27 enhancement of medical transportation; and development of
28 telecommunication capabilities. A Phase II award may occur in
29 the same fiscal year as a Phase I award.
30 (12) RURAL HEALTH INFRASTRUCTURE DEVELOPMENT
31 GRANTS.--There is established a rural health infrastructure

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1 development grant program. The Department of Health shall make
2 available, subject to legislative appropriations, grants to
3 rural health networks that meet performance standards. Each
4 rural health network that applies for grant funding under this
5 subsection must develop detailed plans to build clinical and
6 administrative infrastructures in its service area which meet
7 or exceed standards for Medicaid contracting.
8 (a) For purposes of this grant program, building
9 clinical infrastructure means establishing:
10 1. Specialty networks, such as linking rural
11 physicians, hospitals, specialty physicians, and regional
12 tertiary hospitals, which are supported by broadband
13 telecommunication networks, including wireless services, to
14 enable patient care referrals, sharing of patient health
15 information, consultation among providers, and followup on
16 patient care.
17 2. Regional continuous quality-management systems
18 consistent with state and federal quality initiatives.
19 3. Comprehensive disease-management programs that
20 address the characteristics of the local area and meet
21 Medicaid standards.
22 (b) For purposes of this grant program, building
23 administrative infrastructure means:
24 1. Developing telecommunications infrastructure that
25 provides broadband communication, including wireless service,
26 between rural and urban health care providers for the purpose
27 of sharing health information. Developing telecommunications
28 infrastructure includes participating in regional health
29 information network grant programs and regional health
30 information organizations and obtaining funding from federal
31 funding sources.

1 2. Developing telehealth and long-distance learning
2 systems that use a telecommunications infrastructure to
3 support links with specialists and regional hospitals and the
4 training of medical students and other health care
5 professionals.
6 3. Forming entities to encourage joint contracting by
7 rural physicians and hospitals enabling them to negotiate and
8 contract with health plans.
9 4. Forming, or joining, entities that would enable
10 rural health care providers to take advantage of economies of
11 scale in purchasing supplies and equipment, billing services,
12 and personnel services.
13 (13)~~(16)~~ CERTIFICATION.--For the purpose of certifying
14 networks that are eligible for Phase II funding, the
15 Department of Health shall certify networks that meet the
16 criteria delineated in this section and the rules governing
17 rural health networks. The Office of Rural Health in the
18 Department of Health shall monitor rural health networks in
19 order to ensure continued compliance with established
20 certification and performance standards.
21 (14)~~(17)~~ RULES.--The Department of Health shall
22 establish rules that govern the creation and certification of
23 networks, the provision of grant funds under Phase I and Phase
24 II, and the establishment of performance standards ~~including~~
25 ~~establishing outcome measures~~ for networks.
26 Section 3. Subsection (2) of section 395.602, Florida
27 Statutes, is amended to read:
28 395.602 Rural hospitals.--
29 (2) DEFINITIONS.--As used in this part:
30 (a) "Critical access hospital" means a hospital that
31 meets the definition of rural hospital in paragraph (d) and

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meets the requirements for reimbursement by Medicare and Medicaid under 42 C.F.R. ss. 485.601-485.647.~~"Emergency care hospital" means a medical facility which provides:~~

~~1. Emergency medical treatment; and~~

~~2. Inpatient care to ill or injured persons prior to their transportation to another hospital or provides inpatient medical care to persons needing care for a period of up to 96 hours. The 96-hour limitation on inpatient care does not apply to respite, skilled nursing, hospice, or other nonacute care patients.~~

~~(b) "Essential access community hospital" means any facility which:~~

~~1. Has at least 100 beds;~~

~~2. Is located more than 35 miles from any other essential access community hospital, rural referral center, or urban hospital meeting criteria for classification as a regional referral center;~~

~~3. Is part of a network that includes rural primary care hospitals;~~

~~4. Provides emergency and medical backup services to rural primary care hospitals in its rural health network;~~

~~5. Extends staff privileges to rural primary care hospital physicians in its network; and~~

~~6. Accepts patients transferred from rural primary care hospitals in its network.~~

(b)~~(c)~~ "Inactive rural hospital bed" means a licensed acute care hospital bed, as defined in s. 395.002(14), that is inactive in that it cannot be occupied by acute care inpatients.

(c)~~(d)~~ "Rural area health education center" means an area health education center (AHEC), as authorized by Pub. L.

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1 No. 94-484, which provides services in a county with a
2 population density of no greater than 100 persons per square
3 mile.
4 (d)~~(c)~~ "Rural hospital" means an acute care hospital
5 licensed under this chapter, having 100 or fewer licensed beds
6 and an emergency room, which is:
7 1. The sole provider within a county with a population
8 density of no greater than 100 persons per square mile;
9 2. An acute care hospital, in a county with a
10 population density of no greater than 100 persons per square
11 mile, which is at least 30 minutes of travel time, on normally
12 traveled roads under normal traffic conditions, from any other
13 acute care hospital within the same county;
14 3. A hospital supported by a tax district or
15 subdistrict whose boundaries encompass a population of 100
16 persons or fewer per square mile;
17 4. A hospital in a constitutional charter county with
18 a population of over 1 million persons that has imposed a
19 local option health service tax pursuant to law and in an area
20 that was directly impacted by a catastrophic event on August
21 24, 1992, for which the Governor of Florida declared a state
22 of emergency pursuant to chapter 125, and has 120 beds or less
23 that serves an agricultural community with an emergency room
24 utilization of no less than 20,000 visits and a Medicaid
25 inpatient utilization rate greater than 15 percent;
26 5. A hospital with a service area that has a
27 population of 100 persons or fewer per square mile. As used in
28 this subparagraph, the term "service area" means the fewest
29 number of zip codes that account for 75 percent of the
30 hospital's discharges for the most recent 5-year period, based
31 on information available from the hospital inpatient discharge

database in the State Center for Health Statistics at the Agency for Health Care Administration; or

6. A hospital designated as a critical access hospital, as defined in s. 408.07(15).

Population densities used in this paragraph must be based upon the most recently completed United States census. A hospital that received funds under s. 409.9116 for a quarter beginning no later than July 1, 2002, is deemed to have been and shall continue to be a rural hospital from that date through June 30, 2012, if the hospital continues to have 100 or fewer licensed beds and an emergency room, or meets the criteria of subparagraph 4. An acute care hospital that has not previously been designated as a rural hospital and that meets the criteria of this paragraph shall be granted such designation upon application, including supporting documentation to the Agency for Health Care Administration.

(e)~~(f)~~ "Rural primary care hospital" means any facility that ~~meeting the criteria in paragraph (e) or s. 395.605 which~~ provides:

1. Twenty-four-hour emergency medical care;

2. Temporary inpatient care for periods of 96 ~~72~~ hours or less to patients requiring stabilization before discharge or transfer to another hospital. The 96-hour ~~72 hour~~ limitation does not apply to respite, skilled nursing, hospice, or other nonacute care patients; and

3. Has at least ~~no more than~~ six licensed acute care inpatient beds.

(f)~~(g)~~ "Swing-bed" means a bed which can be used interchangeably as either a hospital, skilled nursing facility

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1 (SNF), or intermediate care facility (ICF) bed pursuant to 42
2 C.F.R. parts 405, 435, 440, 442, and 447.
3 Section 4. Subsection (1) of section 395.603, Florida
4 Statutes, is amended to read:
5 395.603 Deactivation of general hospital beds; rural
6 hospital impact statement.--
7 (1) ~~The agency shall establish, by rule, a process by~~
8 ~~which~~ A rural hospital, as defined in s. 395.602, which ~~that~~
9 seeks licensure as a rural primary care hospital or ~~as an~~
10 ~~emergency care hospital, or~~ becomes a certified rural health
11 clinic as defined in Pub. L. No. 95-210, or becomes a primary
12 care program such as a county health department, community
13 health center, or other similar outpatient program that
14 provides preventive and curative services, may deactivate
15 general hospital beds. A critical access hospital or a rural
16 primary care hospital ~~hospitals and emergency care hospitals~~
17 shall maintain the number of actively licensed general
18 hospital beds necessary for the facility to be certified for
19 Medicare reimbursement. Hospitals that discontinue inpatient
20 care to become rural health care clinics or primary care
21 programs shall deactivate all licensed general hospital beds.
22 All hospitals, clinics, and programs with inactive beds shall
23 provide 24-hour emergency medical care by staffing an
24 emergency room. Providers with inactive beds shall be subject
25 to the criteria in s. 395.1041. The agency shall specify in
26 rule requirements for making 24-hour emergency care available.
27 Inactive general hospital beds shall be included in the acute
28 care bed inventory, maintained by the agency for
29 certificate-of-need purposes, for 10 years from the date of
30 deactivation of the beds. After 10 years have elapsed,
31 inactive beds shall be excluded from the inventory. The agency

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1 shall, at the request of the licensee, reactivate the inactive
2 general beds upon a showing by the licensee that licensure
3 requirements for the inactive general beds are met.
4 Section 5. Section 395.604, Florida Statutes, is
5 amended to read:
6 395.604 ~~Other~~ Rural <u>primary care hospitals</u> ~~hospital~~
7 ~~programs~~.--
8 (1) The agency may license rural primary care
9 hospitals subject to federal approval for participation in the
10 Medicare and Medicaid programs. Rural primary care hospitals
11 shall be treated in the same manner as ~~emergency care~~
12 ~~hospitals and~~ rural hospitals with respect to ss.
13 ~~395.605(2)-(8)(a),~~ 408.033(2)(b)3.~~,~~ and 408.038.
14 (2) ~~The agency may designate essential access~~
15 ~~community hospitals.~~
16 ~~(3)~~ The agency may adopt licensure rules for rural
17 primary care hospitals ~~and essential access community~~
18 ~~hospitals~~. Such rules must conform to s. 395.1055.
19 <u>(3) For the purpose of Medicaid swing-bed</u>
20 <u>reimbursement pursuant to the Medicaid program, the agency</u>
21 <u>shall treat rural primary care hospitals in the same manner as</u>
22 <u>rural hospitals.</u>
23 <u>(4) For the purpose of participation in the Medical</u>
24 <u>Education Reimbursement and Loan Repayment Program as defined</u>
25 <u>in s. 1009.65 or other loan repayment or incentive programs</u>
26 <u>designed to relieve medical workforce shortages, the</u>
27 <u>department shall treat rural primary care hospitals in the</u>
28 <u>same manner as rural hospitals.</u>
29 <u>(5) For the purpose of coordinating primary care</u>
30 <u>services described in s. 154.011(1)(c)10., the department</u>
31

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1 shall treat rural primary care hospitals in the same manner as
2 rural hospitals.
3 (6) Rural hospitals that make application under the
4 certificate-of-need program to be licensed as rural primary
5 care hospitals shall receive expedited review as defined in s.
6 408.032. Rural primary care hospitals seeking relicensure as
7 acute care general hospitals shall also receive expedited
8 review.
9 (7) Rural primary care hospitals are exempt from
10 certificate-of-need requirements for home health and hospice
11 services and for swing beds in a number that does not exceed
12 one-half of the facility's licensed beds.
13 (8) Rural primary care hospitals shall have agreements
14 with other hospitals, skilled nursing facilities, home health
15 agencies, and with providers of diagnostic-imaging and
16 laboratory services that are not provided on site but are
17 needed by patients.
18 ~~(4) The department may seek federal recognition of~~
19 ~~emergency care hospitals authorized by s. 395.605 under the~~
20 ~~essential access community hospital program authorized by the~~
21 ~~Omnibus Budget Reconciliation Act of 1989.~~
22 Section 6. Section 395.6061, Florida Statutes, is
23 amended to read:
24 395.6061 Rural hospital capital improvement.--There is
25 established a rural hospital capital improvement grant
26 program.
27 (1) A rural hospital as defined in s. 395.602 may
28 apply to the department for a grant to acquire, repair,
29 improve, or upgrade systems, facilities, or equipment. The
30 grant application must provide information that includes:
31

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(a) A statement indicating the problem the rural hospital proposes to solve with the grant funds;

(b) The strategy proposed to resolve the problem;

(c) The organizational structure, financial system, and facilities that are essential to the proposed solution;

(d) The projected longevity of the proposed solution after the grant funds are expended;

(e) Evidence of participation in a rural health network as defined in s. 381.0406 and evidence that, after July 1, 2007, the application is consistent with the rural health network long-range development plan;

(f) Evidence that the rural hospital has difficulty in obtaining funding or that funds available for the proposed solution are inadequate;

(g) Evidence that the grant funds will assist in maintaining or returning the hospital to an economically stable condition or that any plan for closure of the hospital or realignment of services will involve development of innovative alternatives for the provision of needed ~~discontinued~~ services;

(h) Evidence of a satisfactory record-keeping system to account for grant fund expenditures within the rural county; and

(i) ~~A rural health network plan that includes a description of how the plan was developed, the goals of the plan, the links with existing health care providers under the plan,~~ Indicators quantifying the hospital's financial status ~~well being~~, measurable outcome targets, and the current physical and operational condition of the hospital.

(2) ~~Each rural hospital as defined in s. 395.602 shall receive a minimum of $100,000 annually, subject to legislative~~

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1 ~~appropriation, upon application to the Department of Health,~~
2 ~~for projects to acquire, repair, improve, or upgrade systems,~~
3 ~~facilities, or equipment.~~
4 ~~(3) Any remaining funds shall annually be disbursed to~~
5 ~~rural hospitals in accordance with this section.~~ The
6 Department of Health shall establish, by rule, criteria for
7 awarding grants ~~for any remaining funds~~, which must be used
8 exclusively for the support and assistance of rural hospitals
9 as defined in s. 395.602, including criteria relating to the
10 level of <u>charity</u> ~~uncompensated~~ care rendered by the hospital,
11 <u>indicators quantifying the hospital's financial status,</u>
12 <u>measurable outcome objectives,</u> the participation in a rural
13 health network as defined in s. 381.0406, and the proposed use
14 of the grant by the rural hospital to resolve a specific
15 problem. The department must consider any information
16 submitted in an application for the grants in accordance with
17 subsection (1) in determining eligibility for and the amount
18 of the grant~~, and none of the individual items of information~~
19 ~~by itself may be used to deny grant eligibility~~.
20 <u>(3)</u>~~(4)~~ The department shall ensure that the funds are
21 used solely for the purposes specified in this section. The
22 total grants awarded pursuant to this section shall not exceed
23 the amount appropriated for this program.
24 Section 7. Subsection (12) of section 409.908, Florida
25 Statutes, is amended to read:
26 409.908 Reimbursement of Medicaid providers.--Subject
27 to specific appropriations, the agency shall reimburse
28 Medicaid providers, in accordance with state and federal law,
29 according to methodologies set forth in the rules of the
30 agency and in policy manuals and handbooks incorporated by
31 reference therein. These methodologies may include fee

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1 schedules, reimbursement methods based on cost reporting,
2 negotiated fees, competitive bidding pursuant to s. 287.057,
3 and other mechanisms the agency considers efficient and
4 effective for purchasing services or goods on behalf of
5 recipients. If a provider is reimbursed based on cost
6 reporting and submits a cost report late and that cost report
7 would have been used to set a lower reimbursement rate for a
8 rate semester, then the provider's rate for that semester
9 shall be retroactively calculated using the new cost report,
10 and full payment at the recalculated rate shall be effected
11 retroactively. Medicare-granted extensions for filing cost
12 reports, if applicable, shall also apply to Medicaid cost
13 reports. Payment for Medicaid compensable services made on
14 behalf of Medicaid eligible persons is subject to the
15 availability of moneys and any limitations or directions
16 provided for in the General Appropriations Act or chapter 216.
17 Further, nothing in this section shall be construed to prevent
18 or limit the agency from adjusting fees, reimbursement rates,
19 lengths of stay, number of visits, or number of services, or
20 making any other adjustments necessary to comply with the
21 availability of moneys and any limitations or directions
22 provided for in the General Appropriations Act, provided the
23 adjustment is consistent with legislative intent.
24 (12)(a) A physician shall be reimbursed the lesser of
25 the amount billed by the provider or the Medicaid maximum
26 allowable fee established by the agency.
27 (b) The agency shall adopt a fee schedule, subject to
28 any limitations or directions provided for in the General
29 Appropriations Act, based on a resource-based relative value
30 scale for pricing Medicaid physician services. Under this fee
31 schedule, physicians shall be paid a dollar amount for each

1 service based on the average resources required to provide the
2 service, including, but not limited to, estimates of average
3 physician time and effort, practice expense, and the costs of
4 professional liability insurance. The fee schedule shall
5 provide increased reimbursement for preventive and primary
6 care services and lowered reimbursement for specialty services
7 by using at least two conversion factors, one for cognitive
8 services and another for procedural services. The fee schedule
9 shall not increase total Medicaid physician expenditures
10 unless moneys are available~~, and shall be phased in over a~~
11 ~~2-year period beginning on July 1, 1994~~. The Agency for Health
12 Care Administration shall seek the advice of a 16-member
13 advisory panel in formulating and adopting the fee schedule.
14 The panel shall consist of Medicaid physicians licensed under
15 chapters 458 and 459 and shall be composed of 50 percent
16 primary care physicians and 50 percent specialty care
17 physicians.
18 (c) Notwithstanding paragraph (b), reimbursement fees
19 to physicians for providing total obstetrical services to
20 Medicaid recipients, which include prenatal, delivery, and
21 postpartum care, shall be at least $1,500 per delivery for a
22 pregnant woman with low medical risk and at least $2,000 per
23 delivery for a pregnant woman with high medical risk. However,
24 reimbursement to physicians working in Regional Perinatal
25 Intensive Care Centers designated pursuant to chapter 383, for
26 services to certain pregnant Medicaid recipients with a high
27 medical risk, may be made according to obstetrical care and
28 neonatal care groupings and rates established by the agency.
29 Nurse midwives licensed under part I of chapter 464 or
30 midwives licensed under chapter 467 shall be reimbursed at no
31 less than 80 percent of the low medical risk fee. The agency

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1 shall by rule determine, for the purpose of this paragraph,
2 what constitutes a high or low medical risk pregnant woman and
3 shall not pay more based solely on the fact that a caesarean
4 section was performed, rather than a vaginal delivery. The
5 agency shall by rule determine a prorated payment for
6 obstetrical services in cases where only part of the total
7 prenatal, delivery, or postpartum care was performed. The
8 Department of Health shall adopt rules for appropriate
9 insurance coverage for midwives licensed under chapter 467.
10 Prior to the issuance and renewal of an active license, or
11 reactivation of an inactive license for midwives licensed
12 under chapter 467, such licensees shall submit proof of
13 coverage with each application.
14 <u>(d) Notwithstanding other provisions of this</u>
15 <u>subsection, physicians licensed under chapter 458 or chapter</u>
16 <u>459 who have a provider agreement with a rural health network</u>
17 <u>as established in s. 381.0406 shall be paid a 10-percent bonus</u>
18 <u>over the Medicaid physician fee schedule for any physician</u>
19 <u>service provided within the geographic boundary of a rural</u>
20 <u>county as defined by the most recent United States Census as</u>
21 <u>rural.</u>
22 Section 8. Subsection (43) of section 408.07, Florida
23 Statutes, is amended to read:
24 408.07 Definitions.--As used in this chapter, with the
25 exception of ss. 408.031-408.045, the term:
26 (43) "Rural hospital" means an acute care hospital
27 licensed under chapter 395, having 100 or fewer licensed beds
28 and an emergency room, and which is:
29 (a) The sole provider within a county with a
30 population density of no greater than 100 persons per square
31 mile;

1 (b) An acute care hospital, in a county with a
2 population density of no greater than 100 persons per square
3 mile, which is at least 30 minutes of travel time, on normally
4 traveled roads under normal traffic conditions, from another
5 acute care hospital within the same county;
6 (c) A hospital supported by a tax district or
7 subdistrict whose boundaries encompass a population of 100
8 persons or fewer per square mile;
9 (d) A hospital with a service area that has a
10 population of 100 persons or fewer per square mile. As used
11 in this paragraph, the term "service area" means the fewest
12 number of zip codes that account for 75 percent of the
13 hospital's discharges for the most recent 5-year period, based
14 on information available from the hospital inpatient discharge
15 database in the State Center for Health Statistics at the
16 Agency for Health Care Administration; or
17 (e) A critical access hospital.
18
19 Population densities used in this subsection must be based
20 upon the most recently completed United States census. A
21 hospital that received funds under s. 409.9116 for a quarter
22 beginning no later than July 1, 2002, is deemed to have been
23 and shall continue to be a rural hospital from that date
24 through June 30, 2012, if the hospital continues to have 100
25 or fewer licensed beds and an emergency room, or meets the
26 criteria of s. 395.602(2)(d)4. ~~s. 395.602(2)(e)4.~~ An acute
27 care hospital that has not previously been designated as a
28 rural hospital and that meets the criteria of this subsection
29 shall be granted such designation upon application, including
30 supporting documentation, to the Agency for Health Care
31 Administration.

1 Section 9. Subsection (6) of section 409.9116, Florida
2 Statutes, is amended to read:
3 409.9116 Disproportionate share/financial assistance
4 program for rural hospitals.--In addition to the payments made
5 under s. 409.911, the Agency for Health Care Administration
6 shall administer a federally matched disproportionate share
7 program and a state-funded financial assistance program for
8 statutory rural hospitals. The agency shall make
9 disproportionate share payments to statutory rural hospitals
10 that qualify for such payments and financial assistance
11 payments to statutory rural hospitals that do not qualify for
12 disproportionate share payments. The disproportionate share
13 program payments shall be limited by and conform with federal
14 requirements. Funds shall be distributed quarterly in each
15 fiscal year for which an appropriation is made.
16 Notwithstanding the provisions of s. 409.915, counties are
17 exempt from contributing toward the cost of this special
18 reimbursement for hospitals serving a disproportionate share
19 of low-income patients.
20 (6) This section applies only to hospitals that were
21 defined as statutory rural hospitals, or their
22 successor-in-interest hospital, prior to January 1, 2001. Any
23 additional hospital that is defined as a statutory rural
24 hospital, or its successor-in-interest hospital, on or after
25 January 1, 2001, is not eligible for programs under this
26 section unless additional funds are appropriated each fiscal
27 year specifically to the rural hospital disproportionate share
28 and financial assistance programs in an amount necessary to
29 prevent any hospital, or its successor-in-interest hospital,
30 eligible for the programs prior to January 1, 2001, from
31 incurring a reduction in payments because of the eligibility

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1 of an additional hospital to participate in the programs. A
2 hospital, or its successor-in-interest hospital, which
3 received funds pursuant to this section before January 1,
4 2001, and which qualifies under s. 395.602(2)(d) ~~s.~~
5 ~~395.602(2)(e)~~, shall be included in the programs under this
6 section and is not required to seek additional appropriations
7 under this subsection.
8 Section 10. Paragraph (b) of subsection (2) of section
9 1009.65, Florida Statutes, is amended to read:
10 1009.65 Medical Education Reimbursement and Loan
11 Repayment Program.--
12 (2) From the funds available, the Department of Health
13 shall make payments to selected medical professionals as
14 follows:
15 (b) All payments shall be contingent on continued
16 proof of primary care practice in an area defined in s.
17 395.602(2)(d) ~~s. 395.602(2)(e)~~, or an underserved area
18 designated by the Department of Health, provided the
19 practitioner accepts Medicaid reimbursement if eligible for
20 such reimbursement. Correctional facilities, state hospitals,
21 and other state institutions that employ medical personnel
22 shall be designated by the Department of Health as underserved
23 locations. Locations with high incidences of infant mortality,
24 high morbidity, or low Medicaid participation by health care
25 professionals may be designated as underserved.
26 Section 11. The Office of Program Policy Analysis and
27 Government Accountability shall contract with an entity having
28 expertise in the financing of rural hospital capital
29 improvement projects to study the financing options for
30 replacing or changing the use of rural hospital facilities
31 having 55 or fewer beds which were built before 1985 and which

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1 have not had major renovations since 1985. For each such
2 hospital, the contractor shall assess the need to replace or
3 convert the facility, identify all available sources of
4 financing for such replacement or conversion and assess each
5 community's capacity to maximize these funding options,
6 propose a model replacement facility if a facility should be
7 replaced, and propose alternative uses of the facility if
8 continued operation of the hospital is not financially
9 feasible. Based on the results of the contract study, the
10 Office of Program Policy Analysis and Government
11 Accountability shall submit recommendations to the Legislature
12 by February 1, 2007, regarding whether the state should
13 provide financial assistance to replace or convert these rural
14 hospital facilities and what form that assistance should take.
15 Section 12. Section 395.605, Florida Statutes, is
16 repealed.
17 Section 13. This act shall take effect July 1, 2006.
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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
Senate Bill 2176

The Committee Substitute:

-- Adds duties for the Office of Rural Health, creates an advisory council for the office, and requires an annual report from the office.

-- Adds duties for rural health networks, specifies conditions of membership in a network, requires coordination between networks and other specified entities, establishes performance standards for funding of networks, creates a rural health infrastructure development grant program, and authorizes the Department of Health to adopt rules relating to the networks.

-- Amends rural hospital licensure statutory provisions to define critical access hospital, modify the definition of rural primary care hospital, and delete unused categories of rural hospital licensure.

-- Amends the rural hospital capital improvement grant program provisions to specify that the purpose of the grants is for rural hospitals to acquire, repair, improve, or upgrade systems, facilities, or equipment; to require the grant applications to be consistent with rural health network long-range development plans; and to remove a requirement that each rural hospital receive a minimum of $100,000 annually, subject to legislative appropriations.

-- Establishes a 10 percent bonus payment through the Medicaid program for Medicaid physicians providing physician services in a rural county.

-- Requires the Office of Program Policy Analysis and Government Accountability to contract for a study of rural hospital financing and requires a report to the Legislature by February 1, 2007.

-- Repeals an unused section of statute relating to licensure of emergency care hospitals.

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