

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2750

To improve the provision of telehealth services under the medicare program, to provide grants for the development of telehealth networks, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JULY 18, 2002

Mr. CRAPO (for himself and Mr. CONRAD) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To improve the provision of telehealth services under the medicare program, to provide grants for the development of telehealth networks, 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 “Medicare Telehealth  
5 Validation Act of 2002”.

6 **SEC. 2. EXPANSION AND IMPROVEMENT OF TELEHEALTH**  
7 **SERVICES.**

8 (a) EXPANDING ACCESS TO TELEHEALTH SERVICES  
9 THROUGH THE USE OF STORE AND FORWARD TECH-

1 NOLOGY.—The second sentence of section 1834(m)(1) of  
2 the Social Security Act (42 U.S.C. 1395m(m)(1)) is  
3 amended by striking “in the case of any Federal telemedi-  
4 cine demonstration program conducted in Alaska or Ha-  
5 waii,”.

6 (b) INCREASING TYPES OF ORIGINATING SITES.—  
7 Section 1834(m)(4)(C)(ii) of the Social Security Act (42  
8 U.S.C. 1395m(m)(4)(C)ii) is amended by adding at the  
9 end the following new subclauses:

10 “(VI) A skilled nursing facility  
11 (as defined in section 1819(a)).

12 “(VII) An assisted living facility.

13 “(VIII) A board and care facility.

14 “(IX) A county, community, or  
15 school health clinic.

16 “(X) A county or community  
17 mental health clinic.

18 “(XI) The residence of an indi-  
19 vidual enrolled under this part.

20 “(XII) A long-term care facility.

21 “(XIII) A facility operated by the  
22 Indian Health Service or by an Indian  
23 tribe, tribal organization, or an urban  
24 Indian organization (as such terms  
25 are defined in section 4 of the Indian

1 Health Care Improvement Act (25  
2 U.S.C. 1603)) directly, or under con-  
3 tract or other arrangement.”.

4 (c) FACILITATING THE PROVISION OF TELEHEALTH  
5 SERVICES ACROSS STATE LINES.—

6 (1) IN GENERAL.—For purposes of expediting  
7 the provision of telehealth services, for which pay-  
8 ment is made under the medicare program, across  
9 State lines, the Secretary of Health and Human  
10 Services shall, in consultation with representatives of  
11 States, physicians, health care practitioners, and pa-  
12 tient advocates, encourage and facilitate the adop-  
13 tion of State provisions allowing for multistate prac-  
14 titioner licensure across State lines.

15 (2) DEFINITIONS.—In paragraph (1):

16 (A) TELEHEALTH SERVICE.—The term  
17 “telehealth service” has the meaning given that  
18 term in subparagraph (F) of section  
19 1834(m)(4) of the Social Security Act (42  
20 U.S.C. 1395m(m)(4)).

21 (B) PHYSICIAN, PRACTITIONER.—The  
22 terms “physician” and “practitioner” have the  
23 meaning given those terms in subparagraphs  
24 (D) and (E), respectively, of such section.

1 (C) MEDICARE PROGRAM.—The term  
2 “medicare program” means the program of  
3 health insurance administered by the Secretary  
4 of Health and Human Services under title  
5 XVIII of the Social Security Act (42 U.S.C.  
6 1395 et seq.).

7 **SEC. 3. GRANT PROGRAM FOR THE DEVELOPMENT OF**  
8 **TELEHEALTH NETWORKS.**

9 (a) IN GENERAL.—The Secretary of Health and  
10 Human Services (in this section referred to as the “Sec-  
11 retary”), acting through the Director of the Office for the  
12 Advancement of Telehealth (of the Health Resources and  
13 Services Administration), shall make grants to eligible re-  
14 cipients (as described in subsection (b)(1)) for the purpose  
15 of expanding access to health care services for individuals  
16 in rural areas and medically underserved areas through  
17 the use of telehealth.

18 (b) ELIGIBLE RECIPIENTS.—

19 (1) APPLICATION.—To be eligible to receive a  
20 grant under this section, an eligible entity described  
21 in paragraph (2) shall, in consultation with the  
22 State office of rural health or other appropriate  
23 State entity, prepare and submit to the Secretary an  
24 application, at such time, in such manner, and con-

1       taining such information as the Secretary may re-  
2       quire, including the following:

3               (A) A description of the anticipated need  
4       for the grant.

5               (B) A description of the activities which  
6       the entity intends to carry out using amounts  
7       provided under the grant.

8               (C) A plan for continuing the project after  
9       Federal support under this section is ended.

10              (D) A description of the manner in which  
11       the activities funded under the grant will meet  
12       health care needs of underserved rural popu-  
13       lations within the State.

14              (E) A description of how the local commu-  
15       nity or region to be served by the network or  
16       proposed network will be involved in the devel-  
17       opment and ongoing operations of the network.

18              (F) The source and amount of non-Federal  
19       funds the entity would pledge for the project.

20              (G) A showing of the long-term viability of  
21       the project and evidence of health care provider  
22       commitment to the network.

23       The application should demonstrate the manner in  
24       which the project will promote the integration of

1 telehealth in the community so as to avoid redun-  
2 dancy of technology and achieve economies of scale.

3 (2) ELIGIBLE ENTITIES.—

4 (A) IN GENERAL.—An eligible entity de-  
5 scribed in this paragraph is a hospital or other  
6 health care provider in a health care network of  
7 community-based health care providers that in-  
8 cludes at least 2 of the following organizations:

9 (i) Community or migrant health cen-  
10 ters.

11 (ii) State or local health departments.

12 (iii) Nonprofit hospitals or clinics.

13 (iv) Private practice health profes-  
14 sionals, including community and rural  
15 health clinics.

16 (v) Other publicly funded health or so-  
17 cial services agencies.

18 (vi) Skilled nursing facilities.

19 (vii) County mental health and other  
20 publicly funded mental health facilities.

21 (viii) Providers of home health serv-  
22 ices.

23 (ix) Long-term care facilities.

24 (x) State prison systems.

1 (xi) Facilities operated by the Indian  
2 Health Service or by an Indian tribe, tribal  
3 organization, or an urban Indian organiza-  
4 tion (as such terms are defined in section  
5 4 of the Indian Health Care Improvement  
6 Act (25 U.S.C. 1603)) directly, or under  
7 contract or other arrangement.

8 (B) INCLUSION OF FOR-PROFIT ENTI-  
9 TIES.—An eligible entity may include for-profit  
10 entities so long as the recipient of the grant is  
11 a not-for-profit entity.

12 (c) PREFERENCE.—The Secretary shall establish pro-  
13 cedures to prioritize financial assistance under this section  
14 based upon the following considerations:

15 (1) The applicant is a health care provider in  
16 a health care network or a health care provider that  
17 proposes to form such a network that furnishes or  
18 proposes to furnish services in a medically under-  
19 served area, health professional shortage area, or  
20 mental health professional shortage area.

21 (2) The applicant is able to demonstrate broad  
22 geographic coverage in the rural or medically under-  
23 served areas of the State, or States in which the ap-  
24 plicant is located.

1           (3) The applicant proposes to use Federal  
2 funds to develop plans for, or to establish, telehealth  
3 systems that will link rural hospitals and rural  
4 health care providers to other hospitals, health care  
5 providers, and patients.

6           (4) The applicant will use the amounts provided  
7 for a range of health care applications and to pro-  
8 mote greater efficiency in the use of health care re-  
9 sources.

10          (5) The applicant is able to demonstrate the  
11 long-term viability of projects through cost participa-  
12 tion (cash or in-kind).

13          (6) The applicant is able to demonstrate finan-  
14 cial, institutional, and community support for the  
15 long-term viability of the network.

16          (7) The applicant is able to provide a detailed  
17 plan for coordinating system use by eligible entities  
18 so that health care services are given a priority over  
19 non-clinical uses.

20          (d) MAXIMUM AMOUNT OF ASSISTANCE TO INDI-  
21 VIDUAL RECIPIENTS.—The Secretary shall establish, by  
22 regulation, the terms and conditions of the grant and the  
23 maximum amount of a grant award to be made available  
24 to an individual recipient for each fiscal year under this  
25 section. The Secretary shall cause to have published in the

1 Federal Register or the “HRSA Preview” notice of the  
2 terms and conditions of a grant under this section and  
3 the maximum amount of such a grant for a fiscal year.

4 (e) USE OF AMOUNTS.—The recipient of a grant  
5 under this section may use sums received under such  
6 grant for the acquisition of telehealth equipment and  
7 modifications or improvements of telecommunications fa-  
8 cilities including the following:

9 (1) The development and acquisition through  
10 lease or purchase of computer hardware and soft-  
11 ware, audio and video equipment, computer network  
12 equipment, interactive equipment, data terminal  
13 equipment, and other facilities and equipment that  
14 would further the purposes of this section.

15 (2) The provision of technical assistance and in-  
16 struction for the development and use of such pro-  
17 gramming equipment or facilities.

18 (3) The development and acquisition of instruc-  
19 tional programming.

20 (4) Demonstration projects for teaching or  
21 training medical students, residents, and other  
22 health profession students in rural or medically un-  
23 derserved training sites about the application of tele-  
24 health.

1           (5) The provision of telenursing services de-  
2           signed to enhance care coordination and promote pa-  
3           tient self-management skills.

4           (6) The provision of services designed to pro-  
5           mote patient understanding and adherence to na-  
6           tional guidelines for common chronic diseases, such  
7           as congestive heart failure or diabetes.

8           (7) Transmission costs, maintenance of equip-  
9           ment, and compensation of specialists and referring  
10          health care providers.

11          (8) Development of projects to use telehealth to  
12          facilitate collaboration between health care providers.

13          (9) Electronic archival of patient records.

14          (10) Collection and analysis of usage statistics  
15          and data that can be used to document the cost-ef-  
16          fectiveness of the telehealth services.

17          (11) Such other uses that are consistent with  
18          achieving the purposes of this section as approved by  
19          the Secretary.

20          (f) PROHIBITED USES.—Sums received under a  
21          grant under this section may not be used for any of the  
22          following:

23                 (1) To acquire real property.

1           (2) To purchase or install transmission equip-  
2           ment off the premises of the telehealth site and any  
3           transmission costs not directly related to the grant.

4           (3) For construction, except that such funds  
5           may be expended for minor renovations relating to  
6           the installation of equipment.

7           (4) Expenditures for indirect costs (as deter-  
8           mined by the Secretary) to the extent the expendi-  
9           tures would exceed more than 20 percent of the total  
10          grant.

11         (g) ADMINISTRATION.—

12           (1) NONDUPLICATION.—The Secretary shall en-  
13           sure that projects established using grants provided  
14           under this section do not duplicate adequately estab-  
15           lished telehealth networks.

16           (2) COORDINATION WITH OTHER AGENCIES.—  
17           The Secretary shall coordinate, to the extent prac-  
18           ticable, with other Federal and State agencies and  
19           not-for-profit organizations, operating similar grant  
20           programs to pool resources for funding meritorious  
21           proposals.

22           (3) INFORMATIONAL EFFORTS.—The Secretary  
23           shall establish and implement procedures to carry  
24           out outreach activities to advise potential end users  
25           located in rural and medically underserved areas of

1 each State about the program authorized by this  
2 section.

3 (h) PROMPT IMPLEMENTATION.—The Secretary shall  
4 take such actions as are necessary to carry out the grant  
5 program as expeditiously as possible.

6 (i) AUTHORIZATION OF APPROPRIATIONS.—There  
7 are authorized to be appropriated to carry out this section  
8 such sums as may be necessary for each of the fiscal years  
9 2003 through 2008.

10 **SEC. 4. JOINT WORKING GROUP ON TELEHEALTH.**

11 (a) IN GENERAL.—

12 (1) REPRESENTATION OF RURAL AREAS.—The  
13 Joint Working Group on Telehealth shall ensure  
14 that individuals that represent the interests of rural  
15 areas and medically underserved areas are members  
16 of the Group.

17 (2) MISSION.—The mission of the Joint Work-  
18 ing Group on Telehealth is—

19 (A) to identify, monitor, and coordinate  
20 Federal telehealth projects, data sets, and pro-  
21 grams;

22 (B) to analyze—

23 (i) how telehealth systems are expand-  
24 ing access to health care services, edu-  
25 cation, and information;

1 (ii) the clinical, educational, or admin-  
2 istrative efficacy and cost-effectiveness of  
3 telehealth applications; and

4 (iii) the quality of the telehealth serv-  
5 ices delivered; and

6 (C) to make further recommendations for  
7 coordinating Federal and State efforts to in-  
8 crease access to health services, education, and  
9 information in rural and medically underserved  
10 areas.

11 (3) ANNUAL REPORTS.—Not later than 2 years  
12 after the date of enactment of this Act and each  
13 January 1 thereafter, the Joint Working Group on  
14 Telehealth shall submit to Congress a report on the  
15 status of the Group’s mission and the state of the  
16 telehealth field generally.

17 (b) REPORT SPECIFICS.—Each annual report re-  
18 quired under subsection (a)(3) shall provide—

19 (1) an analysis of—

20 (A) the matters described in subsection  
21 (a)(2)(B);

22 (B) the Federal activities with respect to  
23 telehealth; and

1           (C) the progress of the Joint Working  
2           Group on Telehealth's efforts to coordinate  
3           Federal telehealth programs; and

4           (2) recommendations for a coordinated Federal  
5           strategy to increase health care access through tele-  
6           health.

7           (c) AUTHORIZATION OF APPROPRIATIONS.—There  
8           are authorized to be appropriated such sums as are nec-  
9           essary for the Joint Working Group on Telehealth to—

10           (1) carry out the mission of the Group (as de-  
11           scribed in subsection (a)(2)); and

12           (2) prepare and submit the reports required  
13           under subsection (a)(3).

○