

/* The final section of Title III of the Health Security Act follows. */

Section 3421 GRANTS AND CONTRACTS FOR DEVELOPMENT OF PLANS AND NETWORKS.

(a) In General. The Secretary may make grants to and enter into contracts with consortia of public or private health care providers for the development of qualified community health plans and qualified community practice networks. For purposes of this subtitle, the term "qualified community health group" means such a health plan or such a practice network.

(b) Qualified Community Health Plans. For purposes of this subtitle, the term "qualified community health plan" means a health plan that meets the following conditions:

(1) The health plan is a public or nonprofit private entity whose principal purpose is, with respect to the items and services included in the comprehensive benefit package under title I, to provide each of such items and services in one or more health professional shortage areas or to provide such items and services to a significant number of individuals who are members of a medically underserved population.

(2) The health plan is a participant in one or more health alliances.

(3) Two or more of the categories specified in subsection (d) are represented among the entities providing health services through the health plan.

(c) Qualified Community Practice Networks. For purposes of this subtitle, the term "qualified community practice network" means a consortium of health care providers meeting the following conditions:

(1) The consortium is a public or nonprofit private entity whose principal purpose is the purpose described in subsection (b) (1).

(2) The consortium has an agreement with one or more health plans that are participating in one or more health alliances.

(3) The participation of health care providers in the consortium is governed by a written agreement to which each of the participating providers is a party.

(4) Two or more of the categories described in

subsection (d) are represented among the entities participating in the consortium.

(d) Relevant Categories of Entities. For purposes of subsections (b) (3) and (c) (4), the categories described in this subsection are the following categories of entities:

(1) Physicians, other health professionals, or health care institutions that provide health services in one or more health professional shortage areas or provide such services to a significant number of individuals who are members of a medically underserved population, and that do not provide health services under any of the programs specified in paragraphs (2) through (7) or as employees of public entities.

(2) Entities providing health services under grants under sections 329 and 330 of the Public Health Service Act.

(3) Entities providing health services under grants under sections 340 and 340A of such Act.

(4) Entities providing health services under grants under section 1001 or title XXVI of such Act.

(5) Entities providing health services under title V of the Social Security Act.

(6) Entities providing health services through rural health clinics and other federally qualified health centers.

(7) Entities providing health services in urban areas through programs under title V of the Indian Health Care Improvement Act, and entities providing outpatient health services through programs under the Indian Self-Determination Act.

(8) Programs providing personal health services and operating through State or local public health agencies.

(e) Rule of Construction. The consortia to which the Secretary may make an award of financial assistance under subsection (a) for the development of qualified community practice networks include any health plan that participate in one or more health alliances, without regard to whether the health plan is a qualified community health plan.

(f) Service Area. In making an award of financial assistance under subsection (a), the Secretary shall designate the geographic area with respect to which the qualified community

health group involved is to provide health services. A funding agreement for such an award is that the qualified community health group involved will provide such services in the area so designated.

(g) Definitions. For purposes of this subtitle:

(1) The term "health professional shortage areas" means health professional shortage areas designated under section 332 of the Public Health Service Act.

(2) The term "medically underserved population" means a medically underserved population designated under section 330 of the Public Health Service Act.

(3) The term "rural health clinic" has the meaning given such term in section 1861(aa)(2) of the Social Security Act.

(4) The term "federally qualified health centers" has the meaning given such term in section 1861(aa)(4) of the Social Security Act.

(5) The term "service area", with respect to a qualified community health group, means the geographic area designated under subsection (f).

(6) The term "funding agreement", with respect to an award of financial assistance under this section, means that the Secretary may make the award only if the applicant for the award makes the agreement involved.

(7) The term "financial assistance", with respect to awards under subsection (a), means a grant or contract.

Section 3422 PREFERENCES IN MAKING AWARDS OF ASSISTANCE.

In making awards of financial assistance under section 3421, the Secretary shall give preference to applicants in accordance with the following:

(1) The Secretary shall give preference if 3 or more of the categories described in subsection (d) of such section will be represented in the qualified community health group involved (pursuant to (b)(3) or (c)(4) of such section, as the case may be).

(2) Of applicants receiving preference under paragraph (1), the Secretary shall give a greater degree of preference

according to the extent to which a greater number of categories are represented.

(3) Of applicants receiving preference under paragraph (1), the Secretary shall give a greater degree of preference if one of the categories represented is the category described in subsection (d) (1) of such section.

Section 3423 CERTAIN USES OF AWARDS.

(a) In General. Subject to subsection (b), the purposes for which an award of financial assistance under section 3421 may be expended in developing a qualified community health group include the following:

(1) Planning such group, including entering into contracts between the recipient of the award and health care providers who are to participate in the group.

(2) Recruitment, compensation, and training of health professionals and administrative staff.

(3) Acquisition, expansion, modernization, and conversion of facilities, including for purposes of providing for sites at which health services are to be provided through such group.

(4) Acquisition and development of information systems (exclusive of systems that the Secretary determines are information highways).

(5) Such other expenditures as the Secretary determines to be appropriate.

(b) Twenty-year Obligation Regarding Significant Capital Expenditures; Right of Recovery.

(1) In general. With respect to a facility for which substantial capital costs are to be paid from an award of financial assistance under section 3421, the Secretary may make the award only if the applicant involved agrees that the applicant will be liable to the United States for the amount of the award expended for such costs, together with an amount representing interest, if at any time during the 20-period beginning on the date of completion of the activities involved, the facility

(A) ceases to be a facility utilized by a qualified community health group, or by another public or nonprofit private entity that provides health services in one or more health

professional shortage areas or that provides such services to a significant number of individuals who are members of a medically underserved population; or

(B) is sold or transferred to any entity other than an entity that is

(i) a qualified community health group or other entity described in subparagraph (A); and

(ii) approved by the Secretary as a purchaser or transferee regarding the facility.

(2) Subordination; waivers. The Secretary may subordinate or waive the right of recovery under paragraph (1), and any other Federal interest that may be derived by virtue of an award of financial assistance under section 3421 from which substantial capital costs are to be paid, if the Secretary determines that subordination or waiver will further the objectives of this part.

Section 3424 ACCESSIBILITY OF SERVICES.

(a) Services for Certain Individuals. A funding agreement for an award of financial assistance under section 3421 is that the qualified community health group involved will ensure that the services of the group will be accessible directly or through formal contractual arrangements with its participating providers regardless of whether individuals who seek care from the applicant are eligible persons under title I.

(b) Use of Third-Party Payors. A funding agreement for an award of financial assistance under section 3421 is that the qualified community health group involved will ensure that the health care providers of the group are all approved by the Secretary as providers under title XVIII of the Social Security Act and by the appropriate State agency as providers under title XIX of the Social Security Act, and the applicant has made or will make every reasonable effort to collect appropriate reimbursement for its costs in providing health services to individuals who are entitled to health benefits under title I of this Act, insurance benefits under title XVIII of the Social Security Act, medical assistance under a State plan approved under title XIX of the Social Security Act, or to assistance for medical expenses under any other public assistance program or private health insurance program.

(c) Schedule of Fees. A funding agreement for an award of financial assistance under section 3421 is that the qualified community health group involved will

(1) prepare a schedule of fees or payments for the provision of health services not covered by title I that is consistent with locally prevailing rates or charges and designed to cover its reasonable costs of operation and has prepared a corresponding schedule of discounts to be applied to the payment of such fees or payments (or payments of cost sharing amounts owed in the case of covered benefits) which discounts are applied on the basis of the patient's ability to pay; and

(2) make every reasonable effort to secure from patients payment in accordance with such schedules, and to collect reimbursement for services to persons entitled to public or private insurance benefits or other medical assistance on the basis of full fees without application of discounts, except that the applicant will ensure that no person is denied service based on the person's inability to pay therefor.

(d) Barriers Within Service Area. A funding agreement for an award of financial assistance under section 3421 is that the qualified community health group involved will ensure that the following conditions are met:

(1) In the service area of the group, the group will ensure that

(A) the services of the group are accessible to all residents; and

(B) to the maximum extent possible, barriers to access to the services of the group are eliminated, including barriers resulting from the area's physical characteristics, its residential patterns, its economic, social and cultural groupings, and available transportation.

(2) The group will periodically conduct reviews within the service area of the group to determine whether the conditions described in paragraph (1) are being met.

(e) Limited Ability to Speak English Language. A funding agreement for an award of financial assistance under section 3421 is that, if the service area of the qualified community health group involved includes a substantial number of individuals who have a limited ability to speak the English language, the applicant will

(1) maintain arrangements responsive to the needs of such individuals for providing services to the extent practicable in the language and cultural context most appropriate to such

individuals; and

(2) maintain a sufficient number of staff members who are fluent in both English and the languages spoken by such individuals, and will ensure that the responsibilities of the employees include providing guidance and assistance to such individuals and to other staff members of the group.

Section 3425 ADDITIONAL AGREEMENTS.

(a) Required Services. A funding agreement for an award of financial assistance under section 3421 is that the qualified community health group involved will provide enabling services (as defined in section 3461(g)) and all of the items and services identified by the Secretary in rules regarding qualified community health plans and practice networks.

(b) Quality Control System. A funding agreement for an award of financial assistance under section 3421 is that the qualified community health group involved will maintain a community-oriented, patient responsive, quality control system under which the group, in accordance with regulations prescribed by the Secretary

(1) conducts an ongoing quality assurance program for the health services delivered by participating provider entities;

(2) maintains a continuous community health status improvement process; and

(3) maintains a system for development, compilation, evaluation and reporting of information to the public regarding the costs of operation, service utilization patterns, availability, accessibility and acceptability of services, developments in the health status of the populations served, uniform health and clinical performance measures and financial performance of the network or plan.

(c) Use of Existing Resources. A funding agreement for an award of financial assistance under section 3421 is that the applicant will, in developing the qualified community health group involved, utilize existing resources to the maximum extent practicable.

Section 3426 SUBMISSION OF CERTAIN INFORMATION.

(a) Assessment of Need. The Secretary may make an award of financial assistance under section 3421 only if the applicant involved submits to the Secretary an assessment of the need that

the medically underserved population or populations proposed to be served by the applicant have for health services and for enabling services (as defined in section 3461(g)).

(b) Description of Intended Expenditures; Related Information. The Secretary may make an award of financial assistance under section 3421 only if the applicant involved submits to the Secretary the following information:

(1) A description of how the applicant will design the proposed quality community health plan or practice network (including the service sites involved) for such populations based on the assessment of need.

(2) A description of efforts to secure, within the proposed service area of such health plan or practice network (including the service sites involved), financial and professional assistance and support for the project.

(3) Evidence of significant community involvement in the initiation, development and ongoing operation of the project.

Section 3427 REPORTS; AUDITS.

A funding agreement for an award of financial assistance under section 3421 is that the applicant involved will

(1) provide such reports and information on activities carried out under this section in a manner and form required by the Secretary; and

(2) provide an annual organization-wide audit that meets applicable standards of the Secretary.

Section 3428 APPLICATION FOR ASSISTANCE.

The Secretary may make an award of financial assistance under section 3421 only if an application for the award is submitted to the Secretary, the application contains each funding agreement described in this subpart, the application contains the information required in section 3426, and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this subpart.

Section 3429 GENERAL PROVISIONS.

(a) Limitation on Number of Awards. The Secretary may not make more than two awards of financial assistance under section

3421 for the same project.

(b) Amount. The amount of any award of financial assistance under section 3421 for any project shall be determined by the Secretary.

Subpart C Capital Cost of Development of Qualified Community Health Plans and Practice Networks

Section 3441 LOANS AND LOAN GUARANTEES REGARDING PLANS AND NETWORKS.

(a) In General. The Secretary may make loans to, and guarantee the payment of principal and interest to Federal and non-Federal lenders on behalf of, public and private entities for the capital costs of developing qualified community health groups (as defined in section 3421(a)).

(b) Preferences; Accessibility of Services; Certain Other Provisions. The provisions of subpart B apply to loans and loan guarantees under subsection (a) to the same extent and in the same manner as such provisions apply to awards of grants and contracts under section 3421.

(c) Use of Assistance.

(1) In general. With respect to the development of qualified community health groups, the capital costs for which loans made pursuant to subsection (a) may be expended are, subject to paragraphs (2) and (3), the following:

(A) The acquisition, modernization, expansion or construction of facilities, or the conversion of unneeded hospital facilities to facilities that will assure or enhance the provision and accessibility of health care and enabling services to medically underserved populations.

(B) The purchase of major equipment, including equipment necessary for the support of external and internal information systems.

(C) The establishment of reserves required for furnishing services on a prepaid basis.

(D) Such other capital costs as the Secretary may determine are necessary to achieve the objectives of this section.

(2) Priorities regarding use of funds. In providing

loans or loan guarantees under subsection (a) for an entity, the Secretary shall give priority to authorizing the use of amounts for projects for the renovation and modernization of medical facilities necessary to prevent or eliminate safety hazards, avoid noncompliance with licensure or accreditation standards, or projects to replace obsolete facilities.

(3) Limitation. The Secretary may authorize the use of amounts under subsection (a) for the construction of new buildings only if the Secretary determines that appropriate facilities are not available through acquiring, modernizing, expanding or converting existing buildings, or that construction new buildings will cost less.

(d) Amount of assistance. The principal amount of loans or loan guarantees under subsection (a) may, when added to any other assistance under this section, cover up to 100 percent of the costs involved.

Section 3442 CERTAIN REQUIREMENTS.

(a) Loans.

(1) In general. The Secretary may approve a loan under section 3441 only if

(A) the Secretary is reasonably satisfied that the applicant for the project for which the loan would be made will be able to make payments of principal and interest thereon when due; and

(B) the applicant provides the Secretary with reasonable assurances that there will be available to it such additional funds as may be necessary to complete the project or undertaking with respect to which such loan is requested.

(2) Terms and conditions. Any loan made under section 3441 shall, subject to the Federal Credit Reform Act of 1990, meet such terms and conditions (including provisions for recovery in case of default) as the Secretary, in consultation with the Secretary of the Treasury, determines to be necessary to carry out the purposes of such section while adequately protecting the financial interests of the United States. Terms and conditions for such loans shall include provisions regarding the following:

(A) Security.

(B) Maturity date.

(C) Amount and frequency of installments.

(D) Rate of interest, which shall be at a rate comparable to the rate of interest prevailing on the date the loan is made.

(b) Loan Guarantees. The Secretary may not approve a loan guarantee under section 3441 unless the Secretary determines that the terms, conditions, security (if any), schedule and amount of repayments with respect to the loan are sufficient to protect the financial interests of the United States and are otherwise reasonable. Such loan guarantees shall be subject to such further terms and conditions as the Secretary determines, in consultation with the Secretary of the Treasury, and subject to the Federal Credit Reform Act of 1990, to be necessary to ensure that the purposes of this section will be achieved.

(c) Use of Existing Resources. The Secretary may provide a loan or loan guarantee under section 3441 only if the applicant involved agrees that, in developing the qualified community health group involved, the applicant will utilize existing resources to the maximum extent practicable.

Section 3443 DEFAULTS; RIGHT OF RECOVERY.

(a) Defaults.

(1) In general. The Secretary may take such action as may be necessary to prevent a default on loans or loan guarantees under section 3441, including the waiver of regulatory conditions, deferral of loan payments, renegotiation of loans, and the expenditure of funds for technical and consultative assistance, for the temporary payment of the interest and principal on such a loan, and for other purposes.

(2) Foreclosure. The Secretary may take such action, consistent with State law respecting foreclosure procedures, as the Secretary deems appropriate to protect the interest of the United States in the event of a default on a loan made pursuant to section 3441, including selling real property pledged as security for such a loan or loan guarantee and for a reasonable period of time taking possession of, holding, and using real property pledged as security for such a loan or loan guarantee.

(3) Waivers. The Secretary may, for good cause, but with due regard to the financial interests of the United States, waive any right of recovery which the Secretary has by reasons of the failure of a borrower to make payments of principal of and interest on a loan made pursuant to section 3441, except that if

such loan is sold and guaranteed, any such waiver shall have no effect upon the Secretary's guarantee of timely payment of principal and interest.

(b) Twenty-year Obligation; Right of Recovery.

(1) In general. With respect to a facility for which a loan is to be made pursuant to section 3441, the Secretary may provide the loan or loan guarantee only if the applicant involved agrees that the applicant will be liable to the United States for the amount of the loan or loan guarantee, together with an amount representing interest, if at any time during the 20-period beginning on the date of completion of the activities involved, the facility

(A) ceases to be a facility utilized by a qualified community health group, or by another public or nonprofit private entity that provides health services in one or more health professional shortage areas or that provides such services to a significant number of individuals who are members of a medically underserved population; or

(B) is sold or transferred to any entity other than an entity that is

(i) a qualified community health group or other entity described in subparagraph (A); and

(ii) approved by the Secretary as a purchaser or transferee regarding the facility.

(2) Subordination; waivers. The Secretary may subordinate or waive the right of recovery under paragraph (1), and any other Federal interest that may be derived by virtue of a loan or loan guarantee under subsection (a), if the Secretary determines that subordination or waiver will further the objectives of this part.

Section 3444 PROVISIONS REGARDING CONSTRUCTION OR EXPANSION OF FACILITIES.

(a) Submission of Information. In the case of a project for construction, conversion, expansion or modernization of a facility, the Secretary may provide loans or loan guarantees under section 3441 only if the applicant submits to the Secretary the following:

(1) A description of the site.

(2) Plans and specifications which meet requirements prescribed by the Secretary.

(3) Information reasonably demonstrating that title to such site is vested in one or more of the entities filing the application (unless the agreement described in subsection (b)(1) is made).

(4) A specification of the type of assistance being requested under section 3441.

(b) Agreements. In the case of a project for construction, conversion, expansion or modernization of a facility, the Secretary may provide loans or loan guarantees under section 3441 only if the applicant makes the following agreements:

(1) Title to such site will be vested in one or more of the entities filing the application (unless the assurance described in subsection (a)(3) has been submitted under such subsection).

(2) Adequate financial support will be available for completion of the project and for its maintenance and operation when completed.

(3) All laborers and mechanics employed by contractors or subcontractors in the performance of work on a project will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a et seq; commonly known as the Davis-Bacon Act), and the Secretary of Labor shall have with respect to such labor standards the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 FR 3176; 5 U.S.C. Appendix) and section 276c of title 40.

(4) The facility will be made available to all persons seeking service regardless of their ability to pay.

Section 3445 APPLICATION FOR ASSISTANCE.

The Secretary may provide loans or loan guarantees under section 3441 only if an application for such assistance is submitted to the Secretary, the application contains each agreement described in this subpart, the application contains the information required in section 3444(a), and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this subpart.

Section 3446 ADMINISTRATION OF PROGRAMS.

This subpart, and any other program of the Secretary that provides loans or loan guarantees, shall be carried out by a centralized loan unit established within the Department of Health and Human Services.

Subpart D Enabling Services

Section 3461 GRANTS AND CONTRACTS FOR ENABLING SERVICES.

(a) In General.

(1) Grants and contracts. The Secretary may make grants to and enter into contracts with entities described in paragraph (2) to assist such entities in providing the services described in subsection (b) for the purpose of increasing the capacity of individuals to utilize the items and services included in the comprehensive benefits package under title I.

(2) Relevant entities. For purposes of paragraph (1), the entities described in this paragraph are qualified community health groups (as defined in section 3421(a)), and other public or nonprofit private entities, that

(A) provide health services in one or more health professional shortage areas or that provide such services to a significant number of individuals who are members of a medically underserved population; and

(B) are experienced in providing services to increase the capacity of individuals to utilize health services.

(b) Enabling Services. The services referred to in subsection (a)(1) are transportation, community and patient outreach, patient education, translation services, and such other services as the Secretary determines to be appropriate in carrying out the purpose described in such subsection.

(c) Certain Requirements Regarding Project Area. The Secretary may make an award of a grant or contract under subsection (a) only if the applicant involved

(1) submits to the Secretary

(A) information demonstrating that the medically underserved populations in the community to be served under the

award have a need for enabling services; and

(B) a proposed budget for providing such services;
and

(2) the applicant for the award agrees that the residents of the community will be significantly involved in the project carried out with the award.

(d) Imposition of Fees. The Secretary may make an award of a grant or contract under subsection (a) only if the applicant involved agrees that, in the project carried out under such subsection, enabling services will be provided without charge to the recipients of the services.

(e) Use of Existing Resources. The Secretary may make an award of a grant or contract under subsection (a) only if the applicant involved agrees that, in carrying out the project under such subsection, the applicant will utilize existing resources to the maximum extent practicable.

(f) Application for Awards of Assistance. The Secretary may make an award of a grant or contract under subsection (a) only if an application for the award is submitted to the Secretary, the application contains each agreement described in this subpart, the application contains the information required in subsection (d)(1), and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this subpart.

(g) Definition. For purposes of this section, the term "enabling services" means services described in subsection (b) that are provided for the purpose described in subsection (a)(1).

Section 3462 AUTHORIZATIONS OF APPROPRIATIONS.

(a) Enabling Services. For the purpose of carrying out section 3461, there are authorized to be appropriated \$200,000,000 for fiscal year 1996, \$300,000,000 for each of the fiscal years 1997 through 1999, and \$100,000,000 for fiscal year 2000.

(b) Relation to Other Funds. The authorizations of appropriations established in subsection (a) are in addition to any other authorizations of appropriations that are available for the purpose described in such subsection.

Section 3471 AUTHORIZATIONS OF APPROPRIATIONS.

(a) Additional Funding; General Corps Program; Allocations Regarding Nurses. For the purpose of carrying out subpart II of part D of title III of the Public Health Service Act, and for the purpose of carrying out section 3472, there are authorized to be appropriated \$50,000,000 for fiscal year 1995, \$100,000,000 for fiscal year 1996, and \$200,000,000 for each of the fiscal years 1997 through 2000.

(b) Relation to Other Funds. The authorizations of appropriations established in subsection (a) are in addition to any other authorizations of appropriations that are available for the purpose described in such subsection.

(c) Availability of Funds. An appropriation under this section for any fiscal year may be made at any time before that fiscal year and may be included in an Act making an appropriation under an authorization under subsection (a) for another fiscal year; but no funds may be made available from any appropriation under this section for obligation under sections 331 through 335, section 336A, and section 337 before the fiscal year involved.

Section 3472 ALLOCATION FOR PARTICIPATION OF NURSES IN SCHOLARSHIP AND LOAN REPAYMENT PROGRAMS.

Of the amounts appropriated under section 3471, the Secretary shall reserve such amounts as may be necessary to ensure that, of the aggregate number of individuals who are participants in the Scholarship Program under section 338A of the Public Health Service Act, or in the Loan Repayment Program under section 338B of such Act, the total number who are being educated as nurses or are serving as nurses, respectively, is increased to 20 percent.

Part 4 PAYMENTS TO HOSPITALS SERVING VULNERABLE POPULATIONS

Section 3481 PAYMENTS TO HOSPITALS.

(a) Entitlement Status. The Secretary shall make payments in accordance with this part to eligible hospitals described in section 3482. The preceding sentence

(1) is an entitlement in the Secretary on behalf of such eligible hospitals (but is not an entitlement in the State in which any such hospital is located or in any individual receiving services from any such hospital); and

(2) constitutes budget authority in advance of

appropriations Acts and represents the obligation of the Federal Government to provide funding for such payments in the amounts, and for the fiscal years, specified in subsection (b).

(b) Amount of Entitlement.

(1) In general. For purposes of subsection (a)(2), the amounts and fiscal years specified in this subsection are (in the aggregate for all eligible hospitals) \$800,000,000 for the fiscal year in which the general effective date occurs and for each subsequent fiscal year.

(2) Special rule for years before general effective date.

(A) In general. For any fiscal year that begins prior to the general effective date, the amount specified in this subsection for purposes of subsection (a)(2) shall be equal to the aggregate DSH percentage of the amount otherwise determined under paragraph (1).

(B) Aggregate DSH percentage defined. In subparagraph (A), the "aggregate DSH percentage" for a year is the amount (expressed as a percentage) equal to--

(i) the total amount of payment made by the Secretary under section 1903(a) of the Social Security Act during the base year with respect to payment adjustments made under section 1923(c) of such Act for hospitals in the States in which eligible hospitals for the year are located; divided by

(ii) the total amount of payment made by the Secretary under section 1903(a) of such Act during the base year with respect to payment adjustments made under section 1923(c) of such Act for hospitals in all States.

(c) Period of Payment. An eligible hospital shall receive a payment under this section for a period of 5 years, without regard to the year for which the hospital first receives a payment.

(d) Payments Made on Quarterly Basis. Payments to an eligible hospital under this section for a year shall be made on a quarterly basis during the year.

Section 3482 IDENTIFICATION OF ELIGIBLE HOSPITALS.

(a) Hospitals in Participating States. In order to be an eligible hospital under this part, a hospital must be located in

a State that is a participating State under this Act, except that an eligible hospital remains eligible to receive a payment under this part notwithstanding that, during the 5-year period for which the payment is to be made, the State in which it is located no longer meets the requirements for participating States under this Act.

(b) State Identification. In accordance with the criteria described in subsection (c) and such procedures as the Secretary may require, each State shall identify the hospitals in the State that meet such criteria and provide the Secretary with a list of such hospitals.

(c) Criteria for Eligibility. A hospital meets the criteria described in this subsection if the hospital's low-income utilization rate for the base year under section 1923(b) (3) of the Social Security Act (as such section is in effect on the day before the date of the enactment of this Act) is not less than 25 percent.

Section 3483 AMOUNT OF PAYMENTS.

(a) Distribution of Allocation for Low-Income Assistance.

(1) Allocation from total amount. Of the total amount available for payments under this section in a year, 75 percent shall be allocated to hospitals for low-income assistance in accordance with this subsection.

(2) Determination of hospital payment amount. The amount of payment to an eligible hospital from the allocation made under paragraph (1) during a year shall be the equal to the hospital's low-income percentage of the allocation for the year.

(b) Distribution of Allocation for Assistance for Uncovered Services.

(1) Allocation from total amount; determination of State-specific portion of allocation. Of the total amount available for payments under this section in a year, 25 percent shall be allocated to hospitals for assistance in furnishing inpatient hospital services that are not covered services under title I (in accordance with regulations of the Secretary) in accordance with this subsection. The amount available for payments to eligible hospitals in a State shall be equal to an amount determined in accordance with a methodology specified by the Secretary.

(2) Determination of hospital payment amount. The amount

of payment to an eligible hospital in a State from the amount available for payments to eligible hospitals in the State under paragraph (1) during a year shall be the equal to the hospital's low-income percentage of such amount for the year.

(c) Low-Income Percentage Defined.

(1) In general. In this subsection, an eligible hospital's "low-income percentage" for a year is equal to the amount (expressed as a percentage) of the total low-income days for all eligible hospitals for the year that are attributable to the hospital.

(2) Low-income days described. For purposes of paragraph (1), an eligible hospital's low-income days for a year shall be equal to the product of

(A) the total number of inpatient days for the hospital for the year (as reported to the Secretary by the State in which the hospital is located, in accordance with a reporting schedule and procedures established by the Secretary); and

(B) the hospital's low-income utilization rate for the base year under section 1923(b) (3) of the Social Security Act (as such section is in effect on the day before the date of the enactment of this Act).

Section 3484 BASE YEAR.

In this part, the "base year" is, with respect to a State and hospitals in a State, the year immediately prior to the year in which the general effective date occurs.

Title III, Subtitle F

Subtitle F Mental Health; Substance Abuse

Part 1 FINANCIAL ASSISTANCE

Section 3501 AUTHORIZATIONS OF APPROPRIATIONS.

(a) In General. For the purpose of carrying out this part, there are authorized to be appropriated \$100,000,000 for fiscal year 1995, \$150,000,000 for fiscal year 1996, and \$250,000,000 for each of the fiscal years 1997 through 2000.

(b) Allocation Among Programs. Of the amounts made available under subsection (a) for a fiscal year

(1) the Secretary may reserve for carrying out section 3503 such amounts as the Secretary determines to be appropriate; and

(2) the Secretary shall, of the remaining amounts, reserve 50 percent for carrying out subsection (a) of section 3502 and 50 percent for carrying out subsection (b) of such section.

(c) Relation to Other Funds. The authorizations of appropriations established in subsection (a) are in addition to any other authorizations of appropriations that are available for the purpose described in such subsection.

Section 3502 SUPPLEMENTAL FORMULA GRANTS FOR STATES REGARDING ACTIVITIES UNDER PART B OF TITLE XIX OF PUBLIC HEALTH SERVICE ACT.

(a) Mental Health.

(1) In general. In the case of any State that submits to the Secretary an application in accordance with subsection (e) for a fiscal year with respect to mental health, the Secretary shall make a grant to the State for the purposes authorized in subsection (c) with respect to mental health. The grant shall consist of the allotment determined under paragraph (2) for the State for such year.

(2) Determination of allotment. For purposes of paragraph (1), the allotment under this paragraph for a State for a fiscal year shall be determined as follows: With respect to the amount reserved under section 3501(b)(2) for carrying out this subsection, section 1918 of the Public Health Service Act shall be applied to such amount to the same extent and in the same manner as such section 1918 is applied to the amount determined under section 1918(a)(2) of such Act.

(b) Substance Abuse.

(1) In general. In the case of any State that submits to the Secretary an application in accordance with subsection (e) for a fiscal year with respect to substance abuse, the Secretary shall make a grant to the State for the purposes authorized in subsection (c) with respect to substance abuse. The grant shall consist of the allotment determined under paragraph (2) for the State for such year.

(2) Determination of allotment. For purposes of paragraph (1), the allotment under this paragraph for a State for

a fiscal year shall be determined as follows: With respect to the amount reserved under section 3501(b)(2) for carrying out this subsection, section 1933 of the Public Health Service Act shall be applied to such amount to the same extent and in the same manner as such section 1933 is applied to the amount determined pursuant to sections 1933(a)(1)(B)(i) and 1918(a)(2)(A) of such Act.

(c) Use of Grants.

(1) In general. With respect to the expenditure of a grant to a State under subsection (a) or (b), the Secretary

(A) shall designate as authorized expenditures such of the activities described in paragraph (2) with respect to mental health and substance abuse, respectively, as the Secretary determines to be appropriate; and

(B) may make the grant only if the State agrees to expend the grant in accordance with the activities so designated.

(2) Description of activities. The activities referred to in paragraph (1) are (as applicable to the grant involved) the following:

(A) For the purpose of increasing the access of individuals to services relating to mental health and substance abuse, the following services: Transportation, community and patient outreach, patient education, translation services, and such other services as the Secretary determines to be appropriate regarding such purpose.

(B) Improving the capacity of State and local service systems to coordinate and monitor mental health and substance abuse services, including improvement of management information systems, and establishment of linkages between providers of mental health and substance abuse services and primary care providers and health plans.

(C) Providing incentives to integrate public and private systems for the treatment of mental health and substance abuse disorders.

(D) Any activity for which a grant under section 1911 or section 1921 of the Public Health Service Act is authorized to be expended.

(d) Maintenance of Effort.

(1) In general. With respect to the activities for which a grant under subsection (a) or (b) is to be made, the Secretary may make the grant only if the State involved agrees to maintain expenditures of non-Federal amounts for such activities at a level that is not less than the level of such expenditures maintained by the State for the fiscal year preceding the first fiscal year for which the State receives such a grant.

(2) Waiver. The Secretary may waive all or part of the requirement established for a State under paragraph (1) if

(A) the State agrees that the amounts that otherwise would have been subject to such requirement will be expended for the purpose of developing community-based systems of care to promote the eventual integration of the public and private systems for treatment of mental health, or substance abuse, as applicable to the grant;

(B) the State submits to the Secretary a request for the waiver and a description of the manner in which the State will carry out such purpose; and

(C) the Secretary approves the waiver.

(e) Application for Grant. For purposes of subsection (a)(1) and (b)(1), an application for a grant under this section regarding mental health or substance abuse, respectively, is in accordance with this subsection if the State involved submits the application not later than the date specified by the Secretary, the application contains each applicable agreement described in this section, and the application otherwise is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out the purpose involved.

Section 3503 CAPITAL COSTS OF DEVELOPMENT OF CERTAIN CENTERS AND CLINICS.

(a) In General. The Secretary may make loans to, and guarantee the payment of principal and interest to Federal and non-Federal lenders on behalf of, public and private entities for the capital costs to be incurred by the entities in the development of non-acute, residential treatment centers and community-based ambulatory clinics.

(b) Priorities Regarding Use of Funds. In providing loans or loan guarantees under subsection (a), the Secretary shall give priority to authorizing the use of amounts for projects in health professional shortage areas or in geographic area in which there

resides a significant number of individuals who are members of a medically underserved population.

(c) Applicability of Certain Provisions. The Secretary may provide loans or loan guarantees under subsection (a) only if the applicant involved agrees that, except to the extent inconsistent with the purpose described in subsection (a), subpart C of part 2 of subtitle E applies to such assistance to the same extent and in the same manner as such subpart applies to loans and loan guarantees under section 3441.

Part 2 AUTHORITIES REGARDING PARTICIPATING STATES

Subpart A Report

Section 3511 REPORT ON INTEGRATION OF MENTAL HEALTH SYSTEMS.

(a) In General. As a condition of being a participating State under title I, each State shall, not later than October 1, 1998, submit to the Secretary a report on (including a plan for) the measures to be implemented by the State to achieve the integration of the mental illness and substance abuse services of the State and its political subdivisions with the mental illness and substance abuse services that are included in the comprehensive benefit package under title I. The plan required in the preceding sentence shall meet the conditions described in section 3074(b).

(b) Required Contents. With respect to the provision of items and services relating to mental illness and substance abuse, the report of a State under subsection (a) shall, at a minimum, contain the following information:

(1) Information on the number of individuals served by or through mental illness and substance abuse programs administered by State and local agencies and the proportion who are eligible persons under title I.

(2) The following information on services furnished to eligible persons:

(A) Each type of benefit furnished.

(B) The mental illness diagnoses for which each type of benefit is covered, the amount, duration and scope of coverage for each covered benefit, and any applicable limits on benefits.

(C) Cost sharing rules that apply.

(3) Information on the extent to which each health provider furnishing mental illness and substance abuse services under a State program participates in one or more regional or corporate alliance health plans, and, in the case of providers that do not so participate, the reasons for the lack of participation.

(4) The amount of revenues from health plans received by mental illness and substance abuse providers that are participating in such health plans and are funded under one or more State programs.

(5) With respect to the two years preceding the year in which the State becomes a participating State under title I

(A) the amount of funds expended by the State and its political subdivisions for each of such years for items and services that are included in the comprehensive benefit package under such title;

(B) the amount of funds expended for medically necessary and appropriate items and services not included in such benefit package, including medical care, other health care, and supportive services related to the provision of health care.

(6) An estimate of the amount that the State will expend to furnish items and services not included in such package once the expansion of coverage for mental illness and substance abuse services is implemented in the year 2001.

(7) A description of how the State will assure that all individuals served by mental illness and substance abuse programs funded by the State will be enrolled in a health plan and how mental illness and substance abuse services not covered under the benefit package will continue to be furnished to such enrollees.

(8) A description of the conditions under which the integration of mental illness and substance abuse providers into regional and corporate alliances can be achieved, and an identification of changes in participation and certification requirements that are needed to achieve the integration of such programs and providers into health plans.

(9) If the integration of mental illness and substance abuse programs operated by the State into one or more health plans is not medically appropriate or feasible for one or more groups of individuals treated under State programs, a description of the reasons that integration is not feasible or appropriate

and a plan for assuring the coordination for such individuals of the care and services covered under the comprehensive benefit package with the additional items and services furnished by such programs.

(c) General Provisions. Reports under subsection (a) shall be provided at the time and in the manner prescribed by the Secretary.

Subpart B Pilot Program

Section 3521 PILOT PROGRAM.

(a) In General. The Secretary shall establish a pilot program to demonstrate model methods of achieving the integration of the mental illness and substance abuse services of the States with the mental illness and substance abuse services that are included in the comprehensive benefit package under title I.

(b) Certain Considerations. With respect to the provision of items and services relating to mental illness and substance abuse, the Secretary, in carrying out subsection (a), shall consider the following:

(1) The types of items and services needed in addition to the items and services included in the comprehensive benefits package under title I.

(2) The optimal methods of treatment for individuals with long-term conditions.

(3) The capacity of alliance health plans to furnish such treatment.

(4) The modifications that should be made in the items and services furnished by such health plans.

(5) The role of publicly-funded health providers in the integration of acute and long-term treatment.

Title III, Subtitle G

Subtitle G Comprehensive School Health Education; School-Related Health Services

Part 1 GENERAL PROVISIONS

Section 3601 PURPOSES.

Subject to the subsequent provisions of this subtitle, the purposes of this subtitle are as follows:

(1) To support the provision in kindergarten through grade 12 of sequential, age-appropriate, comprehensive health education programs that address locally relevant priorities.

(2) To establish a national framework within which States can create comprehensive school health education programs that

(A) target the health risk behaviors accounting for the majority of the morbidity and mortality among youth and adults, including the following: Tobacco use; alcohol and other drug abuse; sexual behaviors resulting in infection with the human immunodeficiency virus, in other sexually transmitted diseases or in unintended pregnancy; behaviors resulting in intentional and unintentional injuries; dietary patterns resulting in disease; and sedentary lifestyles; and

/* An institutionalization of aids education in schools. */

(B) are integrated with plans and programs in the State, if any, under title III of the Goals 2000: Educate America Act and those targeting health promotion and disease prevention goals related to the national health objectives set forth in Healthy People 2000.

(3) To pay the initial costs of planning and establishing Statewide comprehensive school health education programs that will be implemented and maintained with local, State, and other Federal resources.

(4) To support Federal activities such as research and demonstrations, evaluations, and training and technical assistance regarding comprehensive school health education.

(5) To motivate youth, especially low-achieving youth, to stay in school, avoid teen pregnancy, and strive for success by providing intensive, high-quality health education programs that include peer-teaching, family, and community involvement.

(6) To improve the knowledge and skills of children and youth by integrating academic and experiential learning in health education with other elements of a comprehensive school health program.

(7) To further the National Education Goals set forth in

title I of the Goals 2000: Educate America Act and the national health objectives set forth in Healthy People 2000.

Section 3602 DEFINITIONS.

(a) Comprehensive School Health Education Program. For purposes of this subtitle, the term "comprehensive school health education program" means a program that addresses locally relevant priorities and meets the following conditions:

(1) The program is sequential, and age and developmentally appropriate.

(2) The program is provided, in the area served by the program, every year for all students from kindergarten through grade 12.

(3) The program provides comprehensive health education, including the following components:

(A) Community health.

(B) Environmental health.

(C) Personal health.

(D) Family life.

(E) Growth and development.

(F) Nutritional health.

(G) Prevention and control of disease and disorders.

(H) Safety and prevention of injuries.

(I) Substance abuse, including tobacco and alcohol use.

(J) Consumer health, including education to ensure that students understand the benefits and appropriate use of medical services, including immunizations and other clinical preventive services.

(4) The program promotes personal responsibility for a healthy lifestyle and provides the knowledge and skills necessary to adopt a healthy lifestyle, including teaching the legal, social, and health consequences of behaviors that pose health risks.

(5) The program is sensitive to cultural and ethnic issues in the content of instructional materials and approaches.

(6) The program includes activities that support instruction.

(7) The program includes activities to promote involvement by parents, families, community organizations, and other appropriate entities.

(8) The program is coordinated with other Federal, State, and local health education and prevention programs and with other Federal, State and local education programs, including those carried out under title I of the Elementary and Secondary Education Act of 1965.

(9) The program focuses on the particular health concerns of the students in the State, school district, or school, as the case may be.

(b) Other Definitions. For purposes of this subtitle:

(1) The term "local educational agency" has the meaning given such term in section 1471(12) of the Elementary and Secondary Education Act of 1965.

(2) The term "State educational agency" has the meaning given such term in section 1471(23) of the Elementary and Secondary Education Act of 1965.

Part 2 SCHOOL HEALTH EDUCATION; GENERAL PROVISIONS

Section 3611 AUTHORIZATIONS OF APPROPRIATIONS.

(a) Funding for School Health Education. For the purpose of carrying out parts 3 and 4, there are authorized to be appropriated \$50,000,000 for each of the fiscal year 1995 through 2000.

(b) Allocations. Of the amounts appropriated under subsection (a) for a fiscal year

(1) the Secretary may reserve not more than \$13,000,000 for carrying out part 4;

(2) the Secretary may reserve not more than \$5,000,000 to support national leadership activities, such as research and demonstration, evaluation, and training and technical assistance

in comprehensive school health education; and

(3) the Secretary may reserve not more than 5 percent for administrative expenses regarding parts 3 and 4.

(c) Relation to Other Funds. The authorizations of appropriations established in subsection (a) are in addition to any other authorizations of appropriations that are available for the purpose described in such subsection.

Section 3612 WAIVERS OF STATUTORY AND REGULATORY REQUIREMENTS.

(a) In General.

(1) Waivers. Except as provided in subsection (c), upon the request of an entity receiving funds under part 3 or part 4 and under a program specified in paragraph (2), the Secretary of Health and Human Services or the Secretary of Education (as the case may be, according to which Secretary administers the program so specified) may grant to the entity a waiver of any requirement of such program regarding the use of funds, or of the regulations issued for the program by the Secretary involved, if the following conditions are met with respect to such program:

(A) The Secretary involved determines that the requirement of such program impedes the ability of the State educational agency or other recipient to achieve more effectively the purposes of part 3 or 4.

(B) The Secretary involved determines that, with respect to the use of funds under such program, the requested use of the funds by the entity would be consistent with the purposes of part 3 or 4.

(C) In the case of a request for a waiver submitted by a State educational agency, the State educational agency

(i) provides all interested local educational agencies in the State with notice and an opportunity to comment on the proposal; and

(ii) submits the comments to the Secretary involved.

(D) In the case of a request for a waiver submitted by a local educational agency or other agency, institution, or organization that receives funds under part 3 from the State educational agency, such request has been reviewed by the State educational agency and is accompanied by the comments, if any, of

such agency.

(2) Relevant programs. For purposes of paragraph (1), the programs specified in this paragraph are as follows:

(A) In the case of programs administered by the Secretary of Health and Human Services, the following:

(i) The program known as the Prevention, Treatment, and Rehabilitation Model Projects for High Risk Youth, carried out under section 517 of the Public Health Service Act.

(ii) The program known as the State and Local Comprehensive School Health Programs to Prevent Important Health Problems and Improve Educational Outcomes, carried out under such Act.

(B) In the case of programs administered by the Secretary of Education, any program carried out under part B of the Drug-Free Schools and Communities Act of 1986.

(b) Waiver Period.

(1) In general. A waiver under this section shall be for a period not to exceed three years.

(2) Extensions. The Secretary involved under subsection (a) may extend such period if the Secretary determines that

(A) the waiver has been effective in enabling the State or affected recipients to carry out the activities for which it was requested and has contributed to improved performance; and

(B) such extension is in the public interest.

(c) Waivers Not Authorized. The Secretary involved under subsection (a) may not waive, under this section, any statutory or regulatory requirement relating to

(1) comparability of services;

(2) maintenance of effort;

(3) the equitable participation of students attending private schools;

(4) parental participation and involvement;

(5) the distribution of funds to States or to local

educational agencies or other recipients of funds under the programs specified in subsection (a) (2);

(6) maintenance of records;

(7) applicable civil rights requirements; or

(8) the requirements of sections 438 and 439 of the General Education Provisions Act.

(d) Termination of Waiver. The Secretary involved under subsection (a) shall terminate a waiver under this section if the Secretary determines that the performance of the State or other recipient affected by the waiver has been inadequate to justify a continuation of the waiver or if it is no longer necessary to achieve its original purposes.

Part 3 SCHOOL HEALTH EDUCATION; GRANTS TO STATE EDUCATION AGENCIES

Subpart A Planning Grants for State Education Agencies
Section 3621 APPLICATION FOR GRANT.

(a) In General. Any State educational agency that wishes to receive a planning grant under this subpart shall submit an application to the Secretary of Health and Human Services, at such time and in such manner as the Secretary may require.

(b) Application; Joint Development; Contents. An application under subsection (a) shall be jointly developed by the State educational agency and the State health agencies of the State involved, and shall contain the following:

(1) An assessment of the State's need for comprehensive school health education, using goals established by the Department of Health and Human Services and the Department of Education and the State's school improvement plan, if any, under title III of Goals 2000: Educate America Act.

(2) A description of how the State educational agency will collaborate with the State health agency in the planning and development of a comprehensive school health education program in the State, including coordination of existing health education programs and resources.

(3) A plan to build capacity at the State and local levels to provide staff development and technical assistance to local educational agency and local health agency personnel involved with comprehensive school health education.

(4) A preliminary plan for evaluating comprehensive school health education activities.

(5) Information demonstrating that the State has established a State-level advisory council whose membership includes representatives of the State agencies with principal responsibilities for programs regarding health, education, and mental health.

(6) A timetable and proposed budget for the planning process.

(7) Such other information and assurances as the Secretary may require.

(c) Number of Grants. States may receive one planning grant annually and no more than two planning grants may be awarded to any one State.

Section 3622 APPROVAL OF SECRETARY.

The Secretary may approve the application of a State under section 3621 if Secretary determines that

(1) the application meets the requirements of this subpart; and

(2) there is a substantial likelihood that the State will be able to develop and implement a comprehensive school health education plan that complies with the requirements of subpart B.

Section 3623 AMOUNT OF GRANT.

For any fiscal year, the minimum grant to any State under this subpart is an amount determined by the Secretary to be necessary to enable the State to conduct the planning process, and the maximum such grant is \$500,000.

Section 3624 AUTHORIZED ACTIVITIES.

A State may use funds received under this subpart only for the following:

(1) To establish and carry out the State planning process.

(2) To conduct Statewide or sub-State regional

coordination and collaboration activities for local educational agencies, local health agencies, and other agencies and organizations, as appropriate.

(3) To conduct activities to build capacity to provide staff development and technical assistance services to local educational agency and local health agency personnel involved with comprehensive school health education.

(4) To develop student learning objectives and assessment instruments.

(5) To work with State and local health agencies and State and local educational agencies to reduce barriers to the implementation of comprehensive school health education programs in schools.

(6) To prepare the plan required to receive an implementation grant under subpart B.

(7) To adopt, validate, and disseminate curriculum models and program strategies, if the Secretary determines that such activities are necessary to achieving the objectives of the State's program.

Subpart B Implementation Grants for State Education Agencies

Section 3631 APPLICATION FOR GRANT.

(a) In General. Any State that wishes to receive an implementation grant under this subpart shall submit an application to the Secretary of Health and Human Services, at such time, in such manner, and containing such information and assurances as the Secretary may require.

(b) Application and State Plan; Joint Development; Contents. An application under subsection (a) shall be jointly developed by the State educational agency and the State health agencies of the State involved, and shall include a State plan for comprehensive school health education programs (as defined in section 3602) that describes the following:

(1) The State's goals and objectives for those programs.

(2) How the State will allocate funds to local educational agencies in accordance with section 3634.

(3) How the State will coordinate programs under this

subpart with other local, State and Federal health education programs.

(4) How comprehensive school health education programs will be coordinated with other local, State and Federal education programs, such as programs under title I of the Elementary and Secondary Education Act of 1965, with the State's school improvement plan, if any, under title III of the Goals 2000: Educate America Act, and with any similar programs.

(5) How the State has worked with State and local education agencies and with State and local health agencies to reduce barriers to implementing comprehensive school health education programs.

(6) How the State will monitor the implementation of such programs by local educational agencies.

(7) How the State will build capacity for professional development of health educators.

(8) How the State will provide staff development and technical assistance to local educational agencies.

(9) The respective roles of the State educational agency, local educational agencies, the State health agency, and the local health agencies in developing and implementing such school health education programs.

(10) How such school health education programs will be tailored to the extent practicable to be culturally and linguistically sensitive and responsive to the various needs of the students served, including individuals with disabilities, and individuals from disadvantaged backgrounds (including racial and ethnic minorities).

(11) How the State will evaluate and report on the State's progress toward attaining the goals and objectives described in
paragraph (1).

Section 3632 SELECTION OF GRANTEES.

(a) Selection of Grantees. The Secretary shall establish criteria for the competitive selection of grantees under this subpart.

(b) Opportunity for Planning Grant. If the Secretary does not approve a State's application under this subpart and

determines that the State could benefit from a planning grant under subpart A, the Secretary shall inform the State of any planning grant funds that may be available to it under subpart A, subject to section 3621(c).

Section 3633 AMOUNT OF GRANT.

(a) In General. For any fiscal year, the minimum grant to any State under this subpart is an amount determined by the Secretary to be necessary to enable the State to conduct the implementation process.

(b) Criteria. In determining the amount of any such grant, the Secretary may consider such factors as the number of children enrolled in schools in the State, the number of school-aged children living in poverty in the State, and the scope and quality of the State's plan.

Section 3634 AUTHORIZED ACTIVITIES; LIMITATION ON ADMINISTRATIVE COSTS.

(a) Subgrants to Local Educational Agencies. Each State that receives funds under this subpart for any fiscal year shall retain not more than 75 percent of those funds in the first year, 50 percent of those funds in the second and third years, and 25 percent of those funds in each succeeding year. Those funds not retained by the State shall be used to make grants to local educational agencies in accordance with section 3635.

b) State-level Activities. Each State shall use retained funds for any fiscal year for the following purposes:

(1) To conduct Statewide or sub-State regional coordination and collaboration activities.

(2) To adapt, validate, or disseminate program models or strategies for comprehensive school health education.

(3) To build capacity to deliver staff development and technical assistance services to local educational agencies, and State and local health agencies.

(4) To promote program activities involving families and coordinating program activities with community groups and agencies.

(5) To evaluate and report to the Secretary on the progress made toward attaining the goals and objectives described in section 3621(b)(1).

(6) To conduct such other activities to achieve the objectives of this subpart as the Secretary may by regulation authorize.

(c) State Administration. Of the amounts received by a State for a fiscal year under this subpart and remaining after any grants to local educational agencies made from such amounts, the State may use up to 10 percent for the costs of administering such amounts, including the activities of the State advisory council and monitoring the performance of local educational agencies.

Section 3635 SUBGRANTS TO LOCAL EDUCATIONAL AGENCIES.

(a) Application for Grant. Any local educational agency that wishes to receive a grant under this subpart shall submit an application to the State, containing such information and assurances as the State may require, including a description of the following:

(1) The local educational agency's goals and objectives for comprehensive school health education programs.

(2) How the local educational agency will concentrate funds in high-need schools and provide sufficient funds to targeted schools to ensure the implementation of comprehensive programs.

(3) How the local educational agency will monitor the implementation of these programs.

(4) How the local educational agency will ensure that school health education programs are tailored to the extent practicable to be culturally and linguistically sensitive and responsive to the various needs of the students served, including individuals with disabilities, and individuals from disadvantaged backgrounds (including racial and ethnic minorities).

(5) How the local educational agency, in consultation with the local health agency, will evaluate and report on its progress toward attaining the goals and objectives described in paragraph (1).

(b) Selection of Subgrantees. Each State shall give priority to applications from local educational agencies serving areas with high needs, as indicated by criteria developed by the State, which shall include, but need not be limited to, high rates of

any of the following:

- (1) Poverty among school-aged youth.
- (2) Births to adolescents.
- (3) Sexually transmitted diseases among school-aged youth.
- (4) Drug and alcohol use among school-aged youth.
- (5) Violence among school-aged youth.

(c) Authorized Activities. Each local educational agency that receives a grant under this subpart shall use the grant funds to implement comprehensive school health education programs, as defined in section 3602.

Subpart C State and Local Reports

Section 3641 STATE AND LOCAL REPORTS.

(a) State Reports. Each State that receives a grant under this part shall collect and submit to the Secretary such data and other information on State and local programs as the Secretary may require.

(b) In General. Each local educational agency that receives a grant under subpart B shall collect and report to the State such data and other information as the Secretary may require.

Part 4 SCHOOL HEALTH EDUCATION; GRANTS TO CERTAIN LOCAL EDUCATIONAL AGENCIES

Subpart A Eligibility

Section 3651 SUBSTANTIAL NEED OF AREA SERVED BY AGENCY.

Any local educational agency is eligible for a grant under this part for any fiscal year if

- (1) the agency enrolls at least 25,000 students; and
- (2) the geographic area served by the agency has a substantial need for such a grant, relative to other geographic areas in the United States.

Subpart B Planning Grants for Local Education Agencies

Section 3661 APPLICATION FOR GRANT.

(a) In General. Any local educational agency that wishes to receive a planning grant under this subpart shall submit an application to the Secretary of Health and Human Services at such time and in such manner as the Secretary may require.

(b) State Educational Agency Review. Each such local educational agency, before submitting its application to the Secretary, shall submit the application to the State educational agency for comment by such agency and by the State health agencies of the State.

(c) Contents of Applications. Each such application shall contain the following:

(1) An assessment of the local educational agency's need for comprehensive school health education, using goals established by the Department of Health and Human Services and the Department of Education, as well as local health and education strategies, such as State school improvement plans, if any, under title III of the Goals 2000: Educate America Act.

(2) Information demonstrating that the local educational agency has established or selected a community-level advisory council, which shall include representatives of relevant community agencies such as those that administer education, child nutrition, health, and mental health programs.

(3) A description of how the local educational agency will collaborate with the State educational agency, the State health agency, and the local health agency in the planning and development of a comprehensive school health education program in the local educational agency, including coordination of existing health education programs and resources.

(4) A plan to build capacity at the local educational agency to provide staff development and technical assistance to local educational agency and local health agency personnel involved with comprehensive school health education.

(5) A preliminary plan for evaluating comprehensive school health education activities.

(6) A timetable and proposed budget for the planning process.

(7) Such other information and assurances as the

Secretary may require.

(d) Number of Grants. Local educational agencies may receive at a maximum two annual planning grants.

Section 3662 SELECTION OF GRANTEES.

(a) Selection Criteria. The Secretary shall establish criteria for the competitive selection of grantees under this part.

(b) Limitation. The Secretary shall not approve an application from a local educational agency in a State that has an approved plan under subpart A or B of part 3 of this subtitle unless the Secretary determines, after consultation with the State that the local application is consistent with the State plan, if one exists.

Section 3663 AMOUNT OF GRANT.

For any fiscal year, the minimum grant to any local educational agency under this subpart is an amount determined by the Secretary to be necessary to enable the local educational agency to conduct the planning process, and the maximum such grant is \$500,000.

Section 3664 AUTHORIZED ACTIVITIES.

A local educational agency may use funds received under this subpart only for the following:

(1) To establish and carry out the local educational agency planning process.

(2) To undertake joint training, staffing, administration, and other coordination and collaboration activities for local educational agencies, local health agencies, and other agencies and organizations, as appropriate.

(3) To conduct activities to build capacity to provide staff development and technical assistance services to local educational agency and local health agency personnel involved with comprehensive school health education.

(4) To develop student learning objectives and assessment instruments.

(5) To work with State and local health agencies and

State educational agencies to reduce barriers to the implementation of comprehensive school health education programs in schools, by, for example, ensuring that adequate time is available during the school day for such programs.

(6) To prepare the plan required to receive an implementation grant under subpart C.

Subpart C Implementation Grants for Local Educational Agencies

Section 3671 APPLICATION FOR GRANT.

(a) In General. Any local educational agency that wishes to receive an implementation grant under this subpart shall submit an application to the Secretary of Health and Human Services, at such time, in such manner, and containing such information and assurances as the Secretary may require.

(b) State Educational Agency Review. Each such local educational agency shall submit its application to the State educational agency for comment before submitting it to the Secretary.

(c) Local Educational Agency Plan. Each such application shall include a local educational agency plan for comprehensive school health education programs (as defined in section 3602) that describes the following:

(1) The local educational agency's goals and objectives for those programs.

(2) How the local educational agency will coordinate programs under this subpart with other local, State and Federal health education programs.

(3) How comprehensive school health education programs will be coordinated with other local, State and Federal education programs, such as programs under title I of the Elementary and Secondary Education Act of 1965, and with State's school improvement plan, if any, under title III of the Goals 2000: Educate America Act.

(4) How the local educational agency has worked with State educational agencies and with State and local health agencies to reduce barriers to implementing comprehensive school health education programs.

(5) How local educational agencies will monitor the

implementation of such programs.

(6) How the local educational agency, in consultation with the State educational agency and State and local health agencies and in conjunction with other local professional development activities, will build capacity for professional development of health educators.

(7) How the local educational agency, in consultation with the State educational agency and State and local health agencies, will provide staff development and technical assistance.

(8) The respective roles of the State educational agency, local educational agencies, the State health agency, and the local health agencies in developing and implementing such school health education programs.

(9) How such school health education programs will be tailored to the extent practicable to be culturally and linguistically sensitive and responsive to the various needs of the students served, including individuals with disabilities, and individuals from disadvantaged backgrounds (including racial and ethnic minorities).

(10) How the local educational agency, in consultation with the local health agency, will evaluate and report on the local educational agency's progress toward attaining the goals and objectives described in paragraph (1).

Section 3672 SELECTION OF GRANTEES.

(a) Selection of Grantees. The Secretary shall establish criteria for the competitive selection of grantees under this subpart.

(b) Limitation. The Secretary shall not approve an application from a local educational agency in a State that has an approved plan under subpart A or B of part 3 unless the Secretary determines, after consultation with the State that the local application is consistent with such State plan.

(c) Opportunity for Planning Grant. If the Secretary does not approve a local educational agency's application under this subpart and determines that the local educational agency could benefit from a planning grant under subpart B, the Secretary shall inform the local educational agency of any planning grant funds that may be available to it under subpart B, subject to section 3661(d).

Section 3673 AMOUNT OF GRANT.

(a) In General. For any fiscal year, the minimum grant to any local educational agency under this subpart is an amount determined by the Secretary to be necessary to enable the local educational agency to conduct the implementation process.

(b) Criteria. In determining the amount of any such grant, the Secretary may consider such factors as the number of children enrolled in schools in the local educational agency, the number of school-aged children living in poverty in the local educational agency, and the scope and quality of the local educational agency's plan.

Section 3674 AUTHORIZED ACTIVITIES.

Each local educational agency that receives a grant under this subpart shall use the grant funds as follows:

(1) To implement comprehensive school health education programs, as defined in section 3602.

(2) To conduct local or regional coordination and collaboration activities.

(3) To provide staff development and technical assistance to schools, local health agencies, and other community agencies involved in providing comprehensive school health education programs.

(4) To administer the program and monitor program implementation at the local level.

(5) To evaluate and report to the Secretary on the local educational agency's progress toward attaining the goals and objectives described in section 3671(c)(1).

(6) To conduct such other activities as the Secretary may by regulation authorize.

Section 3675 REPORTS.

Each local educational agency that receives a grant under this subpart shall collect and report to the Secretary and the State such data and other information as the Secretary may require.

Subpart A Development and Operation of Projects

Section 3681 AUTHORIZATIONS OF APPROPRIATIONS.

(a) Funding for School-Related Health Services. For the purpose of carrying out this subpart, there are authorized to be appropriated \$100,000,000 for fiscal year 1996, \$275,000,000 for fiscal year 1997, \$350,000,000 for fiscal year 1998, and \$400,000,000 for each of the fiscal years 1999 and 2000.

(b) Relation to Other Funds. The authorizations of appropriations established in subsection (a) are in addition to any other authorizations of appropriations that are available for the purpose described in such subsection.

Section 3682 ELIGIBILITY FOR DEVELOPMENT AND OPERATION GRANTS.

(a) In General. Entities eligible to apply for and receive grants under section 3484 or 3485 are the following:

(1) State health agencies that apply on behalf of local community partnerships and other communities in need of adolescent health services within the State.

(2) Local community partnerships in States in which health agencies have not applied.

(b) Local Community Partnerships.

(1) In general. A local community partnership under subsection (a)(2) is an entity that, at a minimum, includes

(A) a local health care provider with experience in delivering services to adolescents;

(B) one or more local public schools; and

(C) at least one community based organization located in the community to be served that has a history of providing services to at-risk youth in the community.

(2) Participation. A partnership described in paragraph (1) shall, to the maximum extent feasible, involve broad based community participation from parents and youth to be served, health and social service providers (including regional alliance health plans and corporate alliance health plans in which families in the community are enrolled), teachers and other

public school and school board personnel, the regional health alliance in which the schools participating in the partnership are located, youth development and service organizations, and interested business leaders. Such participation may be evidenced through an expanded partnership, or an advisory board to such partnership.

Section 3683 PREFERENCES.

(a) In General. In making grants under sections 3484 and 3485, the Secretary shall give preference to applicants whose communities to be served show the most substantial level of need for such services among individuals who are between the ages of 10 and 19 (inclusive), as measured by indicators of community health including the following:

(1) High levels of poverty.

(2) The presence of a medically underserved area or population (as defined under section 330(a) of the Public Health Service Act).

(3) A health professional shortage area, as designated under section 332 of the Public Health Service Act.

(4) High rates of indicators of health risk among children and youth, including a high proportion of children receiving services through the Individuals with Disabilities Education Act, adolescent pregnancy, sexually transmitted disease (including infection with the human immunodeficiency virus), preventable disease, communicable disease, intentional and unintentional injuries among children and youth, community and gang violence, youth unemployment, juvenile justice involvement, and high rates of drug and alcohol exposure.

/* This section pairs HIV as a priority with several other contemporary hot issues. */

(b) Linkage to Qualified Community Health Groups. In making grants under sections 3484 and 3485, the Secretary shall give preference to applicants that demonstrate a linkage to qualified community health groups (as defined in section 3421(a)).

Section 3684 GRANTS FOR DEVELOPMENT OF PROJECTS.

(a) In General. The Secretary may make grants to State health agencies or to local community partnerships to develop school health service sites.

(b) Use of Funds. A project for which a grant may be made under subsection (a) may include but not be limited to the cost of the following:

(1) Planning for the provision of school health services.

(2) Recruitment, compensation, and training of health and administrative staff.

(3) The development of agreements with regional and corporate alliance health plans and the acquisition and development of equipment and information services necessary to support information exchange between school health service sites and health plans, health providers, and other entities authorized to collect information under this Act.

(4) In the case of communities described in subsection (d) (2) (B), funds to aid in the establishment of local community partnerships.

(5) Other activities necessary to assume operational status.

(c) Application for Grant.

(1) In general. Applicants shall submit applications in a form and manner prescribed by the Secretary.

(2) Applications by State health agencies.

(A) In the case of applicants that are State health agencies, the application shall contain assurances that the State health agency is applying for funds

(i) on behalf of at least one local community partnership;
and

(ii) on behalf of at least one other community identified by the State as in need of the services funded under this part but without a local community partnership.

(B) In the case of communities identified in applications submitted by State health agencies that do not yet have local community partnerships, the State shall describe the steps that will be taken to aid the community in developing a local community partnership.

(C) A State applying on behalf of local community

partnerships and other communities may retain not more than 10 percent of grants awarded under this subpart for administrative costs.

(d) Contents of Application. In order to receive a grant under this section, an applicant must include in the application the following information:

(1) An assessment of the need for school health services in the communities to be served, using the latest available health data and health goals and objectives established by the Secretary.

(2) A description of how the applicant will design the proposed school health services to reach the maximum number of school-aged children and youth at risk for poor health outcome.

(3) An explanation of how the applicant will integrate its services with those of other health and social service programs within the community.

(4) An explanation of how the applicant will link its activities to the regional and corporate alliance health plans serving the communities in which the applicant's program is to be located.

(5) A description of linkages with regional and corporate health alliances in whose areas the applicant's program is to be located.

(6) A description of a quality assurance program which complies with standards that the Secretary may prescribe.

(e) Number of Grants. Not more than one planning grant may be made to a single applicant. A planning grant may not exceed two years in duration.

Section 3685 GRANTS FOR OPERATION OF PROJECTS.

(a) In General. The Secretary may make grants to State health agencies or to local community partnerships for the cost of operating school health service sites.

(b) Use of Grant. The costs for which a grant may be made under this section include but are not limited to the following:

(1) The cost of furnishing health services that are not covered under title I of this Act or by any other public or private insurer.

(2) The cost of furnishing enabling services, as defined in section 3461(g).

(3) Training, recruitment and compensation of health professionals and other staff.

(4) Outreach services to at-risk youth and to parents.

(5) Linkage of individuals to health plans, community health services and social services.

(6) Other activities deemed necessary by the Secretary.

(c) Application for Grant. Applicants shall submit applications in a form and manner prescribed by the Secretary. In order to receive a grant under this section, an applicant must include in the application the following information:

(1) A description of the services to be furnished by the applicant.

(2) The amounts and sources of funding that the applicant will expend, including estimates of the amount of payments the applicant will received from alliance health plans and from other sources.

(3) Such other information as the Secretary determines to be appropriate.

(d) Additional Contents of Application. In order to receive a grant under this section, an applicant must meet the following conditions:

(1) The applicant furnishes the following services:

(A) Diagnosis and treatment of simple illnesses and minor injuries.

(B) Preventive health services, including health screenings.

(C) Enabling services, as defined in section 3461(g).

(D) Referrals and followups in situations involving illness or injury.

(E) Health and social services, counseling services,

and necessary referrals, including referrals regarding mental health and substance abuse.

(F) Such other services as the Secretary determines to be appropriate.

(2) The applicant maintains agreements with all regional and corporate alliance health plans offering services in the applicant's service area.

(3) The applicant is a participating provider in the State's program for medical assistance under title XIX of the Social Security Act.

(4) The applicant does not impose charges on students or their families for services (including collection of any cost-sharing for services under the comprehensive benefit package that otherwise would be required).

(5) The applicant has reviewed and will periodically review the needs of the population served by the applicant in order to ensure that its services are accessible to the maximum number of school age children and youth in the area, and that, to the maximum extent possible, barriers to access to services of the applicant are removed (including barriers resulting from the area's physical characteristics, its economic, social and cultural grouping, the health care utilization patterns of children and youth, and available transportation).

(6) In the case of an applicant which serves a population that includes a substantial proportion of individuals of limited English speaking ability, the applicant has developed a plan to meet the needs of such population to the extent practicable in the language and cultural context most appropriate to such individuals.

(7) The applicant will provide non-Federal contributions toward the cost of the project in an amount determined by the Secretary.

(8) The applicant will operate a quality assurance program consistent with section 3684(e)(6).

(e) Duration of Grant. A grant under this section shall be for a period determined by the Secretary.

(f) Reports. A recipient of funding under this section shall provide such reports and information as are required in regulations of the Secretary.

Section 3686 FEDERAL ADMINISTRATIVE COSTS.

Of the amounts made available under section 3681, the Secretary may reserve not more than 5 percent for administrative expenses regarding this subpart.

Subpart B Capital Costs of Developing Projects

Section 3691 LOANS AND LOAN GUARANTEES REGARDING PROJECTS.

(a) In General. The Secretary may make loans to, and guarantee the payment of principal and interest to Federal and non-Federal lenders on behalf of, State health agencies and local community partnerships for the capital costs of developing projects in accordance with subpart A.

(b) Applicability of Certain Provisions. The provisions of subpart A apply to loans and loan guarantees under subsection (a) to the same extent and in the same manner as such provisions apply to grants under subpart A. Except for any provision inconsistent with the purpose described in subsection (a), the provisions of subpart C of part 2 of subtitle E apply to loans and loan guarantees under subsection (a) to the same extent and in the same manner as such provisions apply to loans and loan guarantees under section 3441.

Section 3692 FUNDING.

Amounts available to the Secretary under section 3412 for the purpose of carrying out subparts B and C of part 2 of subtitle E are, in addition to such purpose, available to the Secretary for the purpose of carrying out this subpart.

Title III, Subtitle H

Subtitle H Public Health Service Initiative

Section 3701 PUBLIC HEALTH SERVICE INITIATIVE.

(a) In General. There is established pursuant to this title a Public Health Service Initiative consisting of the total amounts authorized and described in subsection (b). The Initiative includes the programs of subtitles C through G of this title and the programs of subtitle D of title VIII.

(b) Total of the Amounts Authorized to be Appropriated. The following is the total of the amounts authorized to be

appropriated for the Initiative under the previous subtitles of this title:

- (1) For fiscal year 1995, \$1,125,000,000.
- (2) For fiscal year 1996, \$2,984,000,000.
- (3) For fiscal year 1997, \$3,830,000,000.
- (4) For fiscal year 1998, \$4,205,000,000.
- (5) For fiscal year 1999, \$4,055,000,000.
- (6) For fiscal year 2000, \$3,666,000,000.

(c) Use of Amounts; Availability.

(1) Use; annual appropriations. Amounts appropriated to carry out the Initiative, including subtitles A through F of this title, are available to carry out the specific programs for which the amounts are appropriated.

(2) Availability of appropriated amounts. Amounts appropriated for programs in the Initiative are available until expended.

Title III, Subtitle I

Subtitle I Coordination With COBRA Continuation Coverage

Section 3801 PUBLIC HEALTH SERVICE ACT;
COORDINATION WITH COBRA CONTINUATION COVERAGE.

(a) Period of Coverage. Subparagraph (D) of section 2202(2) of the Public Health Service Act (42 U.S.C. 300bb092(2)) is amended

(1) by striking "or" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", or", and by adding at the end the following new clause:

"(iii) eligible for comprehensive health coverage described in section 1101 of the Health Security Act.", and

(2) by striking "or medicare entitlement" in the heading and inserting ", medicare entitlement, or health security act eligibility".

(b) Qualified Beneficiary. Section 2208(3) of such Act (42

U.S.C. 300bb098(3)) is amended by adding at the end the following new subparagraph:

"(C) Special rule for individuals covered by health security act. The term 'qualified beneficiary' shall not include any individual who, upon termination of coverage under a group health plan, is eligible for comprehensive health coverage described in section 1101 of the Health Security Act."

(c) Repeal Upon Implementation of Health Security Act.

(1) In general. Title XXII of such Act (42 U.S.C. 300bb091 et seq.) is hereby repealed.

(2) Conforming amendment. The table of contents of such Act is amended by striking the item relating to title XXII.

(3) Effective date. The amendments made by this subsection shall take effect on the earlier of

(A) January 1, 1998, or

(B) the first day of the first calendar year following the calendar year in which all States have in effect plans under which individuals are eligible for comprehensive health coverage described in section 1101 of this Act.