

117TH CONGRESS  
2D SESSION

# H. R. 6400

To amend titles XVIII and XIX of the Social Security Act to provide for enhanced payments to rural health care providers under the Medicare and Medicaid programs, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 13, 2022

Mr. GRAVES of Missouri (for himself and Mr. HUFFMAN) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend titles XVIII and XIX of the Social Security Act to provide for enhanced payments to rural health care providers under the Medicare and Medicaid programs, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Save America’s Rural Hospitals Act”.

6 (b) FINDINGS.—Congress finds the following:

1           (1) More than 60,000,000 individuals in rural  
2       areas of the United States rely on rural hospitals  
3       and other providers as critical access points to  
4       health care.

5           (2) Access to health care is essential to commu-  
6       nities that Americans living in rural areas call home.

7           (3) Americans living in rural areas are older,  
8       poorer, and sicker than Americans living in urban  
9       areas.

10          (4) Between January 2010 and January 1,  
11       2021, 137 rural hospitals closed in the United  
12       States, according to the University of North Caro-  
13       lina’s Cecil G. Sheps Center for Health Services Re-  
14       search, and the rate of these closures is increasing.

15          (5) Four hundred and fifty-three hospitals are  
16       operating at margins similar to those that have  
17       closed over the past decade. Of those, 216 are con-  
18       sidered most vulnerable to closure.

19          (6) Rural Medicare beneficiaries already face a  
20       number of challenges when trying to access health  
21       care services close to home, including the weather,  
22       geography, and cultural, social, and language bar-  
23       riers.

1           (7) Approximately sixty percent of all primary  
2       care health professional shortage areas are located  
3       in rural areas.

4           (8) Seniors living in rural areas are forced to  
5       travel significant distances for care.

6           (9) On average, trauma victims in rural areas  
7       must travel twice as far as victims in urban areas  
8       to the closest hospital, and, as a result, 60 percent  
9       of trauma deaths occur in rural areas, even though  
10      only 20 percent of Americans live in rural areas.

11          (10) With the 453 hospitals on the brink of clo-  
12      sure, millions of Americans living in rural areas are  
13      on the brink of losing access to the closest emer-  
14      gency room.

15          (c) TABLE OF CONTENTS.—The table of contents of  
16      this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—RURAL PROVIDER PAYMENT STABILIZATION

##### Subtitle A—Rural Hospitals

Sec. 101. Eliminating Medicare sequestration for rural hospitals.

Sec. 102. Reversing cuts to reimbursement of bad debt for critical access hos-  
pitals (CAHs) and rural hospitals.

Sec. 103. Extending payment levels for low-volume hospitals and Medicare-de-  
pendent hospitals (MDHs).

Sec. 104. Reinstating revised diagnosis-related group payments for MDHs and  
sole community hospitals (SCHs).

Sec. 105. Reinstating hold harmless treatment for hospital outpatient services  
for SCHs.

##### Subtitle B—Other Rural Providers

Sec. 111. Making permanent increased Medicare payments for ground ambu-  
lance services in rural areas.

Sec. 112. Extending Medicaid primary care payments.

- Sec. 113. Making permanent Medicare telehealth service enhancements for federally qualified health centers and rural health clinics.
- Sec. 114. Creation of reporting requirements for provider-based rural health clinics.

#### TITLE II—RURAL MEDICARE BENEFICIARY EQUITY

- Sec. 201. Equalizing beneficiary copayments for services furnished by CAHs.

#### TITLE III—REGULATORY RELIEF

- Sec. 301. Eliminating 96-hour physician certification requirement with respect to inpatient CAH services.
- Sec. 302. Rebasing supervision requirements.
- Sec. 303. Reforming practices of recovery audit contractors under Medicare.

#### TITLE IV—FUTURE OF RURAL HEALTH CARE

- Sec. 401. Medicare rural hospital flexibility program grants.

1       **TITLE I—RURAL PROVIDER**  
 2       **PAYMENT STABILIZATION**  
 3       **Subtitle A—Rural Hospitals**  
 4       **SEC. 101. ELIMINATING MEDICARE SEQUESTRATION FOR**  
 5       **RURAL HOSPITALS.**

6       (a) IN GENERAL.—Section 256(d)(7) of the Balanced  
 7 Budget and Emergency Deficit Control Act of 1985 (2  
 8 U.S.C. 906(d)(7)) is amended by adding at the end the  
 9 following:

10               “(D)     RURAL     HOSPITALS.—Payments  
 11               under part A or part B of title XVIII of the So-  
 12               cial Security Act with respect to items and serv-  
 13               ices furnished by a critical access hospital (as  
 14               defined in section 1861(mm)(1) of such Act), a  
 15               sole community hospital (as defined in section  
 16               1886(d)(5)(D)(iii) of such Act), a Medicare-de-  
 17               pendent, small rural hospital (as defined in sec-

1           tion 1886(d)(5)(G)(iv) of such Act), or a sub-  
 2           section (d) hospital located in a rural area (as  
 3           defined in section 1886(d)(2)(D) of such Act).”.

4           (b) APPLICABILITY.—The amendment made by this  
 5           section applies with respect to orders of sequestration ef-  
 6           fective on or after the date that is 60 days after the date  
 7           of the enactment of this Act.

8           **SEC. 102. REVERSING CUTS TO REIMBURSEMENT OF BAD**  
 9                           **DEBT FOR CRITICAL ACCESS HOSPITALS**  
 10                           **(CAHS) AND RURAL HOSPITALS.**

11           (a) RURAL HOSPITALS.—Section 1861(v)(1)(T)(v) of  
 12           the Social Security Act (42 U.S.C. 1395x(v)(1)(T)(v)) is  
 13           amended by inserting before the period the following: “or,  
 14           in the case of a hospital located in a rural area, by 15  
 15           percent of such amount otherwise allowable”.

16           (b) CAHS.—Section 1861(v)(1)(W)(ii) of the Social  
 17           Security Act (42 U.S.C. 1395x(v)(1)(W)(ii)) is amended  
 18           by inserting after “or (V)” the following: “, a critical ac-  
 19           cess hospital”.

20           (c) APPLICABILITY.—The amendments made by this  
 21           section apply with respect to cost reporting periods begin-  
 22           ning more than 60 days after the date of the enactment  
 23           of this Act.

1 **SEC. 103. EXTENDING PAYMENT LEVELS FOR LOW-VOLUME**  
 2 **HOSPITALS AND MEDICARE-DEPENDENT**  
 3 **HOSPITALS (MDHS).**

4 (a) EXTENSION OF INCREASED PAYMENTS FOR  
 5 MDHS.—

6 (1) EXTENSION OF PAYMENT METHODOLOGY.—

7 Section 1886(d)(5)(G) of the Social Security Act (42  
 8 U.S.C. 1395ww(d)(5)(G)) is amended—

9 (A) in clause (i), by striking “, and before  
 10 October 1, 2022”; and

11 (B) in clause (ii)(II), by striking “, and be-  
 12 fore October 1, 2022”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) EXTENSION OF TARGET AMOUNT.—

15 Section 1886(b)(3)(D) of the Social Security  
 16 Act (42 U.S.C. 1395ww(b)(3)(D)) is amend-  
 17 ed—

18 (i) in the matter preceding clause (i),  
 19 by striking “, and before October 1,  
 20 2022”; and

21 (ii) in clause (iv), by striking  
 22 “through fiscal year 2022” and inserting  
 23 “or a subsequent fiscal year”.

24 (B) EXTENDING THE PERIOD DURING  
 25 WHICH HOSPITALS CAN DECLINE RECLASSI-  
 26 FICATION AS URBAN.—Section 13501(e)(2) of

1 the Omnibus Budget Reconciliation Act of 1993  
 2 (42 U.S.C. 1395ww note) is amended by strik-  
 3 ing “fiscal year 2000 through fiscal year 2022”  
 4 and inserting “a subsequent fiscal year”.

5 (b) EXTENSION OF INCREASED PAYMENTS FOR LOW-  
 6 VOLUME HOSPITALS.—Section 1886(d)(12) of the Social  
 7 Security Act (42 U.S.C. 1395ww(d)(12)) is amended—

8 (1) in subparagraph (B)—

9 (A) in the header, by inserting “for fiscal  
 10 years 2005 through 2010” after “increase”;  
 11 and

12 (B) in the matter preceding clause (i), by  
 13 striking “and for discharges occurring in fiscal  
 14 year 2023 and subsequent fiscal years”;

15 (2) in subparagraph (C)(i)—

16 (A) in the matter preceding subclause (I),  
 17 by striking “through 2022” and inserting “and  
 18 each subsequent fiscal year”;

19 (B) in subclause (II), by adding at the end  
 20 “and”;

21 (C) in subclause (III)—

22 (i) by striking “fiscal years 2019  
 23 through 2022” and inserting “fiscal year  
 24 2019 and each subsequent fiscal year”;  
 25 and

1 (ii) by striking “; and” and inserting  
 2 a period; and

3 (D) by striking subclause (IV); and  
 4 (3) in subparagraph (D)—

5 (A) by amending the heading to read as  
 6 follows: “APPLICABLE PERCENTAGE INCREASE  
 7 AFTER FISCAL YEAR 2010”;

8 (B) in the matter preceding clause (i), by  
 9 striking “in fiscal years 2011 through 2022”  
 10 and inserting “in fiscal year 2011 or a subse-  
 11 quent fiscal year”; and

12 (C) in clause (ii), by striking “each of fis-  
 13 cal years 2019 through 2022” and inserting  
 14 “fiscal year 2019 and each subsequent fiscal  
 15 year”.

16 **SEC. 104. REINSTATING REVISED DIAGNOSIS-RELATED**  
 17 **GROUP PAYMENTS FOR MDHS AND SOLE**  
 18 **COMMUNITY HOSPITALS (SCHS).**

19 (a) PAYMENTS FOR MDHS AND SCHS FOR VALUE-  
 20 BASED INCENTIVE PROGRAMS.—Section  
 21 1886(o)(7)(D)(ii)(I) of the Social Security Act (42 U.S.C.  
 22 1395ww(o)(7)(D)(ii)(I)) is amended by inserting “and  
 23 after fiscal year 2021” after “2013”.

24 (b) PAYMENTS FOR MDHS AND SCHS UNDER HOS-  
 25 PITAL READMISSIONS REDUCTION PROGRAM.—Section



1 1886(q)(2)(B)(i) of the Social Security Act (42 U.S.C.  
 2 1395ww(q)(2)(B)(i)) is amended by inserting “and after  
 3 fiscal year 2021” after “2013”.

4 **SEC. 105. REINSTATING HOLD HARMLESS TREATMENT FOR**  
 5 **HOSPITAL OUTPATIENT SERVICES FOR SCHS.**

6 Section 1833(t)(7)(D)(i) of the Social Security Act  
 7 (42 U.S.C. 1395l(t)(7)(D)(i)) is amended—

8 (1) in the heading, by striking “**TEMPORARY**”  
 9 and inserting “**PERMANENT**”;

10 (2) in subclause (II)—

11 (A) in the first sentence, by inserting “and  
 12 on or after January 1, 2022,” after “January  
 13 1, 2013,”; and

14 (B) in the second sentence, by inserting “,  
 15 and during or after 2022” after “or 2012”; and

16 (3) in subclause (III), in the first sentence, by  
 17 inserting “and on or after January 1, 2022,” after  
 18 “January 1, 2013,”.

19 **Subtitle B—Other Rural Providers**

20 **SEC. 111. MAKING PERMANENT INCREASED MEDICARE**  
 21 **PAYMENTS FOR GROUND AMBULANCE SERV-**  
 22 **ICES IN RURAL AREAS.**

23 Section 1834(l)(13) of the Social Security Act (42  
 24 U.S.C. 1395m(l)(13)) is amended—

1 (1) in the paragraph heading, by striking  
 2 “**TEMPORARY INCREASE**” and inserting “**IN-**  
 3 **CREASE**”; and

4 (2) in subparagraph (A)—

5 (A) in the matter preceding clause (i), by  
 6 striking “, and before January 1, 2023”; and

7 (B) in clause (i), by striking “, and before  
 8 January 1, 2023”.

9 **SEC. 112. EXTENDING MEDICAID PRIMARY CARE PAY-**  
 10 **MENTS.**

11 (a) IN GENERAL.—Section 1902(a)(13)(C) of the So-  
 12 cial Security Act (42 U.S.C. 1396a(a)(13)(C)) is amended  
 13 by inserting after “2014” the following: “(or, in the case  
 14 of primary care services furnished by a physician located  
 15 in a rural area, as defined in section 1886(d)(2)(D), fur-  
 16 nished in any year)”.

17 (b) APPLICABILITY.—

18 (1) IN GENERAL.—Except as provided in para-  
 19 graph (2), the amendment made by this section ap-  
 20 plies to services furnished in a year beginning on or  
 21 after the date of the enactment of this Act.

22 (2) EXCEPTION IF STATE LEGISLATION RE-  
 23 QUIRED.—In the case of a State plan for medical as-  
 24 sistance under title XIX of the Social Security Act  
 25 which the Secretary of Health and Human Services

1 determines requires State legislation (other than leg-  
2 islation appropriating funds) in order for the plan to  
3 meet the additional requirement imposed by the  
4 amendment made by this section, the State plan  
5 shall not be regarded as failing to comply with the  
6 requirements of such title solely on the basis of its  
7 failure to meet this additional requirement before  
8 the first day of the first calendar quarter beginning  
9 after the close of the first regular session of the  
10 State legislature that begins after the date of the en-  
11 actment of this Act. For purposes of the previous  
12 sentence, in the case of a State that has a 2-year  
13 legislative session, each year of such session shall be  
14 deemed to be a separate regular session of the State  
15 legislature.

16 **SEC. 113. MAKING PERMANENT MEDICARE TELEHEALTH**  
17 **SERVICE ENHANCEMENTS FOR FEDERALLY**  
18 **QUALIFIED HEALTH CENTERS AND RURAL**  
19 **HEALTH CLINICS.**

20 Paragraph (8) of section 1834(m) of the Social Secu-  
21 rity Act (42 U.S.C. 1395m(m)) is amended—

22 (1) in the paragraph heading, be striking “DUR-  
23 ING EMERGENCY PERIOD”;

24 (2) in the matter preceding subparagraph (A),  
25 by striking “During the emergency period described

1 in section 1135(g)(1)(B)” and inserting “Beginning  
 2 on the first day of the emergency period described  
 3 in section 1135(g)(1)(B)”;

4 (3) in subparagraph (A)(ii), by striking “deter-  
 5 mined under subparagraph (B)” and inserting “de-  
 6 termined, for services furnished during the emer-  
 7 gency period described in section 1135(g)(1)(B),  
 8 under subparagraph (B) and, for services furnished  
 9 after such period, as an amount equal to the amount  
 10 that such center or clinic would have been paid  
 11 under this title had such service been furnished  
 12 without the use of a telecommunications system”;  
 13 and

14 (4) in subparagraph (B)—

15 (A) by striking “PAYMENT RULE” and all  
 16 that follows through “The Secretary shall” and  
 17 inserting “PAYMENT RULE.—The Secretary  
 18 shall”; and

19 (B) by redesignating clause (ii) as sub-  
 20 paragraph (C) and moving such subparagraph  
 21 as so redesignated 2 ems to the left.

22 **SEC. 114. CREATION OF REPORTING REQUIREMENTS FOR**  
 23 **PROVIDER-BASED RURAL HEALTH CLINICS.**

24 (a) IN GENERAL.—Not later than two years after the  
 25 date of the enactment of this Act, the Secretary of Health

1 and Human Services (in this section referred to as the  
2 “Secretary”) shall, taking into account the recommenda-  
3 tions made pursuant to subsection (b), implement a vol-  
4 untary Medicare provider-based rural health clinic quality  
5 reporting program, in accordance with this section, under  
6 which—

7 (1) provider-based rural health clinics estab-  
8 lished on or after January 1, 2021, may voluntarily  
9 comply with reporting requirements described in  
10 subsection (b)(2); and

11 (2) payments under title XVIII to such clinics  
12 complying with such requirements are provided in  
13 accordance with subsection (d).

14 (b) CONSULTATION.—Not later than one year after  
15 the date of the enactment of this Act, the Secretary, acting  
16 through the Administrator for Centers for Medicare &  
17 Medicaid Services, the Federal Office of Rural Health Pol-  
18 icy, and the Agency for Healthcare Research and Quality,  
19 shall consult with relevant stakeholders—

20 (1) to review rural health clinic data collection  
21 processes and quality measurers identified for rural  
22 health clinics by the National Quality Forum and  
23 other national quality-monitoring systems; and

24 (2) to make recommendations to the Secretary  
25 for voluntary reporting requirements for the Sec-

1       retary to implement under the eligible professional  
2       Merit-based Incentive Payment System under sec-  
3       tion 1848(q) of the Social Security Act (42 U.S.C.  
4       1395w–4) for provider-based rural health clinics es-  
5       tablished on or after January 1, 2021.

6       (c) COLLABORATION.—In implementing the vol-  
7       untary Medicare provider-based rural health clinic quality  
8       reporting program, the Secretary shall consult with a di-  
9       verse group of rural health clinic stakeholders, which shall  
10      include—

11           (1) the National Quality Forum, or such other  
12           standard-setting organizations specified by the Sec-  
13           retary;

14           (2) relevant State and local public agencies, in-  
15           cluding State offices of rural health;

16           (3) established provider-based rural health clin-  
17           ics, including those in the application process;

18           (4) small rural hospitals with 50 beds or less;

19           (5) organizations representing provider-based  
20           rural health clinics; and

21           (6) organizations representing rural health care.

22       (d) CONDITIONS.—Under the voluntary Medicare  
23       provider-based rural health clinic quality reporting pro-  
24       gram the Secretary shall provide that in the case of a pro-  
25       vider-based rural health clinic described in subsection

1 (a)(1) that voluntarily complies with the reporting require-  
2 ments described in subsection (b)(2), with respect to a  
3 year—

4 (1) reimbursement rates under title XVIII of  
5 the Social Security Act for rural health services fur-  
6 nished by such clinic during such year shall be con-  
7 sistent with reimbursement rates under such title for  
8 such services furnished by a provider-based rural  
9 health clinic established before December 31, 2020;  
10 and

11 (2) the provisions of section 1833(f)(3) of such  
12 Act (42 U.S.C. 1395l(f)(3)) shall not apply with re-  
13 spect to such clinic and such year.

14 (e) GRANTS FOR TECHNICAL ASSISTANCE.—

15 (1) IN GENERAL.—Section 1820(g)(3) of the  
16 Social Security Act (42 U.S.C. 1395i–4(g)(3)) is  
17 amended—

18 (A) in subparagraph (A)—

19 (i) by striking “Balanced Budget Act  
20 of 1997 and” and inserting “Balanced  
21 Budget Act of 1997,”; and

22 (ii) by inserting before the period at  
23 the end the following: “, and to provide to  
24 such small rural hospitals that participate  
25 in the voluntary Medicare provider-based

1 rural health clinic quality reporting pro-  
2 gram established pursuant to section 114  
3 of the Save America’s Rural Hospitals Act  
4 technical assistance necessary to so partici-  
5 pate in such program”; and  
6 (B) in subparagraph (E)—

7 (i) by striking “and to participate in  
8 delivery system reforms” and inserting “,  
9 to participate in delivery system reforms”;  
10 and

11 (ii) by inserting before the period at  
12 the end the following: “, and in the case of  
13 small rural hospitals that participate in the  
14 voluntary Medicare provider-based rural  
15 health clinic quality reporting program es-  
16 tablished pursuant to section 114 of the  
17 Save America’s Rural Hospitals Act, for  
18 technical assistance necessary to so partici-  
19 pate in such program”.

20 (2) FUNDING.—In addition to amounts other-  
21 wise made available for grants under section  
22 1820(g)(3) of the Social Security Act, there is ap-  
23 propriated to the Secretary of Health and Human  
24 Services, out of any monies in the Treasury not oth-  
25 erwise appropriated, \$15,000,000 for the period of



1       fiscal years 2022 through 2026 to provide grants  
2       under such section to small rural hospitals that par-  
3       ticipate in the voluntary Medicare provider-based  
4       rural health clinic quality reporting program estab-  
5       lished pursuant to this section for technical assist-  
6       ance necessary to so participate in such program.

7       **TITLE II—RURAL MEDICARE**  
8       **BENEFICIARY EQUITY**

9       **SEC. 201. EQUALIZING BENEFICIARY COPAYMENTS FOR**  
10       **SERVICES FURNISHED BY CAHS.**

11       (a) IN GENERAL.—Section 1866(a)(2)(A) of the So-  
12       cial Security Act (42 U.S.C. 1395cc(a)(2)(A)) is amended  
13       by adding at the end the following: “In the case of out-  
14       patient critical access hospital services for which payment  
15       is made under section 1834(g), clause (ii) of the first sen-  
16       tence shall be applied by substituting ‘20 percent of the  
17       lesser of the actual charge or the payment basis under  
18       this part for such services if the critical access hospital  
19       were treated as a hospital’ for ‘20 per centum of the rea-  
20       sonable charges for such items and services’.”.

21       (b) APPLICABILITY.—The amendment made by this  
22       section applies with respect to services furnished during  
23       a year that begins more than 60 days after the date of  
24       the enactment of this Act.

1 **TITLE III—REGULATORY RELIEF**

2 **SEC. 301. ELIMINATING 96-HOUR PHYSICIAN CERTIFI-**  
3 **CATION REQUIREMENT WITH RESPECT TO**  
4 **INPATIENT CAH SERVICES.**

5 (a) IN GENERAL.—Section 1814(a) of the Social Se-  
6 curity Act (42 U.S.C. 1395f(a)) is amended—

7 (1) in paragraph (6), by adding “and” at the  
8 end;

9 (2) in paragraph (7)(E), by striking “; and”  
10 and inserting a period; and

11 (3) by striking paragraph (8).

12 (b) APPLICABILITY.—The amendments made by this  
13 section apply with respect to services furnished during a  
14 year that begins more than 60 days after the date of the  
15 enactment of this Act.

16 **SEC. 302. REBASING SUPERVISION REQUIREMENTS.**

17 (a) THERAPEUTIC HOSPITAL OUTPATIENT SERV-  
18 ICES.—

19 (1) SUPERVISION REQUIREMENTS.—Section  
20 1833 of the Social Security Act (42 U.S.C. 1395l)  
21 is amended by adding at the end the following new  
22 subsection:

23 “(ee) PHYSICIAN SUPERVISION REQUIREMENTS FOR  
24 THERAPEUTIC HOSPITAL OUTPATIENT SERVICES.—

1           “(1) GENERAL SUPERVISION FOR THERAPEUTIC  
2       SERVICES.—Except as may be provided under para-  
3       graph (2), insofar as the Secretary requires the su-  
4       pervision by a physician or a non-physician practi-  
5       tioner for payment for therapeutic hospital out-  
6       patient services (as defined in paragraph (5)(A))  
7       furnished under this part, such requirement shall be  
8       met if such services are furnished under the general  
9       supervision (as defined in paragraph (5)(B)) of the  
10      physician or non-physician practitioner, as the case  
11      may be.

12           “(2) EXCEPTIONS PROCESS FOR HIGH-RISK OR  
13      COMPLEX MEDICAL SERVICES REQUIRING A DIRECT  
14      LEVEL OF SUPERVISION.—

15           “(A) IN GENERAL.—Subject to the suc-  
16      ceeding provisions of this paragraph, the Sec-  
17      retary shall establish a process for the designa-  
18      tion of therapeutic hospital outpatient services  
19      furnished under this part that, by reason of  
20      complexity or high risk, require—

21           “(i) direct supervision (as defined in  
22      paragraph (5)(C)) for the entire service; or

23           “(ii) direct supervision during the ini-  
24      tiation of the service followed by general

1 supervision for the remainder of the serv-  
2 ice.

3 “(B) CONSULTATION WITH CLINICAL EX-  
4 PERTS.—

5 “(i) IN GENERAL.—Under the process  
6 established under subparagraph (A), before  
7 the designation of any therapeutic hospital  
8 outpatient service for which direct super-  
9 vision may be required under this part, the  
10 Secretary shall consult with a panel of out-  
11 side experts described in clause (ii) to ad-  
12 vise the Secretary with respect to each  
13 such designation.

14 “(ii) ADVISORY PANEL ON SUPER-  
15 VISION OF THERAPEUTIC HOSPITAL OUT-  
16 PATIENT SERVICES.—For purposes of  
17 clause (i), a panel of outside experts de-  
18 scribed in this clause is a panel appointed  
19 by the Secretary, based on nominations  
20 submitted by hospital, rural health, and  
21 medical organizations representing physi-  
22 cians, non-physician practitioners, and hos-  
23 pital administrators, as the case may be,  
24 that meets the following requirements:

1                   “(I) COMPOSITION.—The panel  
2                   shall be composed of at least 15 phy-  
3                   sicians and non-physician practi-  
4                   tioners who furnish therapeutic hos-  
5                   pital outpatient services for which  
6                   payment is made under this part and  
7                   who collectively represent the medical  
8                   specialties that furnish such services,  
9                   and of 4 hospital administrators of  
10                  hospitals located in rural areas (as de-  
11                  fined in section 1886(d)(2)(D)) or  
12                  critical access hospitals.

13                  “(II) PRACTICAL EXPERIENCE  
14                  REQUIRED FOR PHYSICIANS AND NON-  
15                  PHYSICIAN PRACTITIONERS.—During  
16                  the 12-month period preceding ap-  
17                  pointment to the panel by the Sec-  
18                  retary, each physician or non-physi-  
19                  cian practitioner described in sub-  
20                  clause (I) shall have furnished thera-  
21                  peutic hospital outpatient services for  
22                  which payment was made under this  
23                  part.

24                  “(III) MINIMUM RURAL REP-  
25                  RESENTATION REQUIREMENT FOR

1                   PHYSICIANS     AND     NON-PHYSICIAN  
2                   PRACTITIONERS.—Not less than 50  
3                   percent of the membership of the  
4                   panel that is comprised of physicians  
5                   and non-physician practitioners shall  
6                   be physicians or non-physician practi-  
7                   tioners described in subclause (I) who  
8                   practice in rural areas (as defined in  
9                   section 1886(d)(2)(D)) or who furnish  
10                  such services in critical access hos-  
11                  pitals.

12                 “(iii) APPLICATION OF FACA.—The  
13                 Federal Advisory Committee Act (5 U.S.C.  
14                 2 App.), other than section 14 of such Act,  
15                 shall apply to the panel of outside experts  
16                 appointed by the Secretary under clause  
17                 (ii).

18                 “(C) SPECIAL RULE FOR OUTPATIENT  
19                 CRITICAL ACCESS HOSPITAL SERVICES.—Inso-  
20                 far as a therapeutic outpatient hospital service  
21                 that is an outpatient critical access hospital  
22                 service is designated as requiring direct super-  
23                 vision under the process established under sub-  
24                 paragraph (A), the Secretary shall deem the  
25                 critical access hospital furnishing that service

1 as having met the requirement for direct super-  
2 vision for that service if, when furnishing such  
3 service, the critical access hospital meets the  
4 standard for personnel required as a condition  
5 of participation under section 485.618(d) of  
6 title 42, Code of Federal Regulations (as in ef-  
7 fect on the date of the enactment of this sub-  
8 section).

9 “(D) CONSIDERATION OF COMPLIANCE  
10 BURDENS.—Under the process established  
11 under subparagraph (A), the Secretary shall  
12 take into account the impact on hospitals and  
13 critical access hospitals in complying with re-  
14 quirements for direct supervision in the fur-  
15 nishing of therapeutic hospital outpatient serv-  
16 ices, including hospital resources, availability of  
17 hospital-privileged physicians, specialty physi-  
18 cians, and non-physician practitioners, and ad-  
19 ministrative burdens.

20 “(E) REQUIREMENT FOR NOTICE AND  
21 COMMENT RULEMAKING.—Under the process  
22 established under subparagraph (A), the Sec-  
23 retary shall only designate therapeutic hospital  
24 outpatient services requiring direct supervision  
25 under this part through proposed and final

1 rulemaking that provides for public notice and  
2 opportunity for comment.

3 “(F) RULE OF CONSTRUCTION.—Nothing  
4 in this subsection shall be construed as author-  
5 izing the Secretary to apply or require any level  
6 of supervision other than general or direct su-  
7 pervision with respect to the furnishing of  
8 therapeutic hospital outpatient services.

9 “(3) INITIAL LIST OF DESIGNATED SERVICES.—  
10 The Secretary shall include in the proposed and final  
11 regulation for payment for hospital outpatient serv-  
12 ices for 2022 under this part a list of initial thera-  
13 peutic hospital outpatient services, if any, designated  
14 under the process established under paragraph  
15 (2)(A) as requiring direct supervision under this  
16 part.

17 “(4) DIRECT SUPERVISION BY NON-PHYSICIAN  
18 PRACTITIONERS FOR CERTAIN HOSPITAL OUT-  
19 PATIENT SERVICES PERMITTED.—

20 “(A) IN GENERAL.—Subject to the suc-  
21 ceeding provisions of this subsection, a non-phy-  
22 sician practitioner may directly supervise the  
23 furnishing of—

24 “(i) therapeutic hospital outpatient  
25 services under this part, including cardiac



rehabilitation services (under section 1861(eee)(1)), intensive cardiac rehabilitation services (under section 1861(eee)(4)), and pulmonary rehabilitation services (under section 1861(fff)(1)); and

“(ii) those hospital outpatient diagnostic services (described in section 1861(s)(2)(C)) that require direct supervision under the fee schedule established under section 1848.

“(B) REQUIREMENTS.—Subparagraph (A) shall apply insofar as the non-physician practitioner involved meets the following requirements:

“(i) SCOPE OF PRACTICE.—The non-physician practitioner is acting within the scope of practice under State law applicable to the practitioner.

“(ii) ADDITIONAL REQUIREMENTS.—The non-physician practitioner meets such requirements as the Secretary may specify.

“(5) DEFINITIONS.—In this subsection:

“(A) THERAPEUTIC HOSPITAL OUTPATIENT SERVICES.—The term ‘therapeutic hospital outpatient services’ means hospital

1 services described in section 1861(s)(2)(B) fur-  
2 nished by a hospital or critical access hospital  
3 and includes—

4 “(i) cardiac rehabilitation services and  
5 intensive cardiac rehabilitation services (as  
6 defined in paragraphs (1) and (4), respec-  
7 tively, of section 1861(eee)); and

8 “(ii) pulmonary rehabilitation services  
9 (as defined in section 1861(fff)(1)).

10 “(B) GENERAL SUPERVISION.—

11 “(i) OVERALL DIRECTION AND CON-  
12 TROL OF PHYSICIAN.—Subject to clause  
13 (ii), with respect to the furnishing of  
14 therapeutic hospital outpatient services for  
15 which payment may be made under this  
16 part, the term ‘general supervision’ means  
17 such services that are furnished under the  
18 overall direction and control of a physician  
19 or non-physician practitioner, as the case  
20 may be.

21 “(ii) PRESENCE NOT REQUIRED.—For  
22 purposes of clause (i), the presence of a  
23 physician or non-physician practitioner is  
24 not required during the performance of the  
25 procedure involved.

1 “(C) DIRECT SUPERVISION.—

2 “(i) PROVISION OF ASSISTANCE AND  
3 DIRECTION.—Subject to clause (ii), with  
4 respect to the furnishing of therapeutic  
5 hospital outpatient services for which pay-  
6 ment may be made under this part, the  
7 term ‘direct supervision’ means that a phy-  
8 sician or non-physician practitioner, as the  
9 case may be, is immediately available (in-  
10 cluding by telephone or other means) to  
11 furnish assistance and direction through-  
12 out the furnishing of such services. Such  
13 term includes, with respect to the fur-  
14 nishing of a therapeutic hospital outpatient  
15 service for which payment may be made  
16 under this part, direct supervision during  
17 the initiation of the service followed by  
18 general supervision for the remainder of  
19 the service (as described in paragraph  
20 (2)(A)(ii)).

21 “(ii) PRESENCE IN ROOM NOT RE-  
22 QUIRED.—For purposes of clause (i), a  
23 physician or non-physician practitioner, as  
24 the case may be, is not required to be  
25 present in the room during the perform-

ance of the procedure involved or within  
any other physical boundary as long as the  
physician or non-physician practitioner, as  
the case may be, is immediately available.

“(D) NON-PHYSICIAN PRACTITIONER DE-  
FINED.—The term ‘non-physician practitioner’  
means an individual who—

“(i) is a physician assistant, a nurse  
practitioner, a clinical nurse specialist, a  
clinical social worker, a clinical psycholo-  
gist, a certified nurse midwife, or a cer-  
tified registered nurse anesthetist, and in-  
cludes such other practitioners as the Sec-  
retary may specify; and

“(ii) with respect to the furnishing of  
therapeutic outpatient hospital services,  
meets the requirements of paragraph  
(4)(B).”.

(2) CONFORMING AMENDMENT.—Section  
1861(eee)(2)(B) of the Social Security Act (42  
U.S.C. 1395x(eee)(2)(B)) is amended by inserting “,  
and a non-physician practitioner (as defined in sec-  
tion 1833(cc)(5)(D)) may supervise the furnishing of  
such items and services in the hospital” after “in  
the case of items and services furnished under such

1 a program in a hospital, such availability shall be  
2 presumed”.

3 (b) PROHIBITION ON RETROACTIVE ENFORCEMENT  
4 OF REVISED INTERPRETATION.—

5 (1) REPEAL OF REGULATORY CLARIFICA-  
6 TION.—The restatement and clarification under the  
7 final rulemaking changes to the Medicare hospital  
8 outpatient prospective payment system and calendar  
9 year 2009 payment rates (published in the Federal  
10 Register on November 18, 2008, 73 Fed. Reg.  
11 68702 through 68704) with respect to requirements  
12 for direct supervision by physicians for therapeutic  
13 hospital outpatient services (as defined in paragraph  
14 (3)) for purposes of payment for such services under  
15 the Medicare program shall have no force or effect  
16 in law.

17 (2) HOLD HARMLESS.—A hospital or critical  
18 access hospital that furnishes therapeutic hospital  
19 outpatient services during the period beginning on  
20 January 1, 2001, and ending on the later of Decem-  
21 ber 31, 2021, or the date on which the final regula-  
22 tion promulgated by the Secretary of Health and  
23 Human Services to carry out this section takes ef-  
24 fect, for which a claim for payment is made under  
25 part B of title XVIII of the Social Security Act shall

1 not be subject to any civil or criminal action or pen-  
 2 alty under Federal law for failure to meet super-  
 3 vision requirements under the regulation described  
 4 in paragraph (1), under program manuals, or other-  
 5 wise.

6 (3) THERAPEUTIC HOSPITAL OUTPATIENT  
 7 SERVICES DEFINED.—In this subsection, the term  
 8 “therapeutic hospital outpatient services” means  
 9 medical and other health services furnished by a  
 10 hospital or critical access hospital that are—

11 (A) hospital services described in sub-  
 12 section (s)(2)(B) of section 1861 of the Social  
 13 Security Act (42 U.S.C. 1395x);

14 (B) cardiac rehabilitation services or inten-  
 15 sive cardiac rehabilitation services (as defined  
 16 in paragraphs (1) and (4), respectively, of sub-  
 17 section (eee) of such section); or

18 (C) pulmonary rehabilitation services (as  
 19 defined in subsection (fff)(1) of such section).

20 **SEC. 303. REFORMING PRACTICES OF RECOVERY AUDIT**  
 21 **CONTRACTORS UNDER MEDICARE.**

22 (a) ELIMINATION OF CONTINGENCY FEE PAYMENT  
 23 SYSTEM.—Section 1893(h) of the Social Security Act (42  
 24 U.S.C. 1395ddd(h)) is amended—

1           (1) in paragraph (1), by inserting “, for recovery  
2       activities conducted during a fiscal year before  
3       fiscal year 2022” after “Under the contracts”; and

4           (2) by adding at the end the following new  
5       paragraph:

6           “(11) PAYMENT FOR RECOVERY ACTIVITIES  
7       PERFORMED AFTER FISCAL YEAR 2021.—

8           “(A) IN GENERAL.—Under the contracts,  
9       subject to paragraphs (B) and (C), payment  
10      shall be made to recovery audit contractors for  
11      recovery activities conducted during fiscal year  
12      2022 and each fiscal year thereafter in the  
13      same manner, and from the same amounts, as  
14      payment is made to eligible entities under con-  
15      tracts entered into for recovery activities con-  
16      ducted during fiscal year 2021 under subsection  
17      (a).

18          “(B) PROHIBITION ON INCENTIVE PAY-  
19      MENTS.—Under the contracts, payment made  
20      to a recovery audit contractor for recovery ac-  
21      tivities conducted during fiscal year 2022 or  
22      any fiscal year thereafter may not include any  
23      incentive payments.

24          “(C) PERFORMANCE ACCOUNTABILITY.—

1 “(i) IN GENERAL.—Under the con-  
2 tracts, payment made to a recovery audit  
3 contractor for recovery activities conducted  
4 during fiscal year 2022 or any fiscal year  
5 thereafter shall, in the case that the con-  
6 tractor has a complex audit denial overturn  
7 rate at the end of such fiscal year (as cal-  
8 culated under the methodology described in  
9 clause (iv)) that is 0.1 or greater, be re-  
10 duced in an amount determined in accord-  
11 ance with clause (ii).

12 “(ii) PAYMENT REDUCTIONS.—

13 “(I) SLIDING SCALE OF AMOUNT  
14 OF REDUCTIONS.—The Secretary  
15 shall establish, for purposes of deter-  
16 mining the amount of a reduction in  
17 payment to a recovery audit con-  
18 tractor under clause (i) for recovery  
19 activities conducted during fiscal year,  
20 a linear sliding scale of payment re-  
21 ductions for recovery audit contrac-  
22 tors for such fiscal year. Under such  
23 linear sliding scale, the amount of  
24 such a reduction in payment to a re-  
25 covery audit contractor for a fiscal



1 year shall be calculated in a manner  
2 that provides for such reduction to be  
3 greater than the reduction for such  
4 fiscal year for recovery audit contrac-  
5 tors that have complex audit denial  
6 overturn rates at the end of such fis-  
7 cal year (as calculated under the  
8 methodology described in clause (iv))  
9 that are lower than the complex audit  
10 denial overturn rate of the contractor  
11 at the end of such fiscal year (as so  
12 calculated).

13 “(II) MANNER OF COLLECTING  
14 REDUCTION.—The Secretary may as-  
15 sess and collect the reductions in pay-  
16 ment to recovery audit contractors  
17 under clause (i) in such manner as  
18 the Secretary may specify (such as by  
19 reducing the amount paid to the con-  
20 tractor for recovery activities con-  
21 ducted during a fiscal year or by as-  
22 sessing the reduction as a separate  
23 penalty payment to be paid to the  
24 Secretary by the contractor with re-  
25 spect to each complex audit denial

1 issued by the contractor that is over-  
2 turned on appeal).

3 “(iii) TIMING OF DETERMINATIONS OF  
4 PAYMENT REDUCTIONS.—The Secretary  
5 shall, with respect to a recovery audit con-  
6 tractor, determine not later than six  
7 months after the end of a fiscal year—

8 “(I) whether to reduce payment  
9 to the recovery audit contractor under  
10 clause (i) for recovery activities con-  
11 ducted during such fiscal year; and

12 “(II) in the case that the Sec-  
13 retary determines to so reduce pay-  
14 ment to the contractor, the amount of  
15 such payment reduction.

16 “(iv) METHODOLOGY FOR CALCULA-  
17 TION OF OVERTURNED COMPLEX AUDIT  
18 DENIAL OVERTURN RATE.—

19 “(I) CALCULATION OF OVERTURN  
20 RATE.—The Secretary shall calculate  
21 a complex audit denial overturn rate  
22 for a recovery audit contractor for a  
23 fiscal year by—

24 “(aa) determining, with re-  
25 spect to the contract entered into

1 under paragraph (1) by the con-  
2 tractor, the number of complex  
3 audit denials issued by the con-  
4 tractor under the contract (in-  
5 cluding denials issued before such  
6 fiscal year and during such fiscal  
7 year) that are overturned on ap-  
8 peal; and

9 “(bb) dividing the number  
10 determined under item (aa) by  
11 the number of complex audit de-  
12 nials issued by the contractor  
13 under such contract (including  
14 denials issued before such fiscal  
15 year and during such fiscal year).

16 “(II) FAIRNESS AND TRANS-  
17 PARENCY.—The Secretary shall cal-  
18 culate the percentage described in  
19 subclause (I) in a fair and trans-  
20 parent manner.

21 “(III) ACCOUNTING FOR SUBSE-  
22 QUENTLY OVERTURNED APPEALS.—  
23 The Secretary shall calculate the per-  
24 centage described in subclause (I) in a  
25 manner that accounts for the likeli-

1           hood that complex audit denials  
2           issued by the contractor for such fis-  
3           cal year will be overturned on appeal  
4           in a subsequent fiscal year.

5           “(IV) COMPLEX AUDIT DENIAL  
6           DEFINED.—In this subparagraph, the  
7           term ‘complex audit denial’ means a  
8           denial by a recovery audit contractor  
9           of a claim for payment under this title  
10          submitted by a hospital, psychiatric  
11          hospital, or critical access hospital  
12          that is so denied by the contractor  
13          after the contractor has—

14               “(aa) requested that the  
15               hospital, psychiatric hospital, or  
16               critical access hospital, in order  
17               to support such claim for pay-  
18               ment, provide supporting medical  
19               records to the contractor; and

20               “(bb) reviewed such medical  
21               records in order to determine  
22               whether an improper payment  
23               has been made to the hospital,  
24               psychiatric hospital, or critical  
25               access hospital for such claim.

1 “(V) OVERTURNED ON APPEAL  
2 DEFINED.—In this subparagraph, the  
3 term ‘overturned on appeal’ means,  
4 with respect to a complex audit de-  
5 nial, a denial that is overturned on  
6 appeal at the reconsideration level, the  
7 redetermination level, or the adminis-  
8 trative law judge hearing level.

9 “(D) APPLICATION TO EXISTING CON-  
10 TRACTS.—Not later than 60 days after the date  
11 of the enactment of this paragraph, the Sec-  
12 retary shall modify, as necessary, each contract  
13 under paragraph (1) that the Secretary entered  
14 into prior to such date of enactment in order to  
15 ensure that payment with respect to recovery  
16 activities conducted under such contract is  
17 made in accordance with the requirements de-  
18 scribed in this paragraph.”.

19 (b) ELIMINATION OF ONE-YEAR TIMELY FILING  
20 LIMIT TO REBILL PART B CLAIMS.—

21 (1) IN GENERAL.—Section 1842(b) of the So-  
22 cial Security Act (42 U.S.C. 1395u(b)) is amended  
23 by adding at the end the following new paragraph:

24 “(20) EXCEPTION TO THE ONE-YEAR TIMELY  
25 FILING LIMIT FOR CERTAIN REBILLED CLAIMS.—

1           “(A) IN GENERAL.—In the case of a claim  
2 submitted under this part by a hospital (as de-  
3 fined in subparagraph (B)(i)) for hospital serv-  
4 ices with respect to which there was a previous  
5 claim submitted under part A as inpatient hos-  
6 pital services or inpatient critical access hos-  
7 pital services that was denied by a medicare  
8 contractor (as defined in subparagraph (B)(ii))  
9 because of a determination that the inpatient  
10 admission was not medically reasonable and  
11 necessary under section 1862(a)(1)(A), the  
12 deadline described in this paragraph is 180  
13 days after the date of the final denial of such  
14 claim under part A.

15           “(B) DEFINITIONS.—In this paragraph:

16           “(i) HOSPITAL.—The term ‘hospital’  
17 has the meaning given such term in section  
18 1861(e) and includes a psychiatric hospital  
19 (as defined in section 1861(f)) and a crit-  
20 ical access hospital (as defined in section  
21 1861(mm)(1)).

22           “(ii) MEDICARE CONTRACTOR.—The  
23 term ‘medicare contractor’ has the mean-  
24 ing given such term under section 1889(g),

1 and includes a recovery audit contractor  
2 with a contract under section 1893(h).

3 “(iii) FINAL DENIAL.—The term ‘final  
4 denial’ means—

5 “(I) in the case that a hospital  
6 elects not to appeal a denial described  
7 in subparagraph (A) by a medicare  
8 contractor, the date of such denial; or

9 “(II) in the case that a hospital  
10 elects to appeal a such a denial, the  
11 date on which such appeal is ex-  
12 hausted.”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) Section 1835(a)(1) of the Social Secu-  
15 rity Act (42 U.S.C. 1395n(a)(1)) is amended by  
16 inserting “or, in the case of a claim described  
17 in section 1842(b)(20), not later than the dead-  
18 line described in such paragraph” after “the  
19 date of service”.

20 (B) Section 1842(b)(3)(B) of the Social  
21 Security Act (42 U.S.C. 1395u(b)(3)(B)) is  
22 amended in the flush language following clause  
23 (ii) by inserting “or, in the case of a claim de-  
24 scribed in section 1842(b)(20), not later than

1           the deadline described in such paragraph” after  
2           “the date of service”.

3           (3) APPLICABILITY.—The amendments made  
4       by this subsection apply to claims submitted under  
5       part B of title XVIII of the Social Security Act for  
6       hospital services for which there was a previous  
7       claim submitted under part A as inpatient hospital  
8       services or inpatient critical access hospital services  
9       that was subject to a final denial (as defined in  
10      paragraph (20)(B)(iii) of section 1842(b) of such  
11      Act (42 U.S.C. 1395u(b))) on or after the date of  
12      the enactment of this Act.

13      (c) MEDICAL DOCUMENTATION CONSIDERED FOR  
14      MEDICAL NECESSITY REVIEWS OF CLAIMS FOR INPA-  
15      TIENT HOSPITAL SERVICES.—Section 1862(a) of the So-  
16      cial Security Act (42 U.S.C. 1395y(a)) is amended by add-  
17      ing at the end the following new sentence: “A determina-  
18      tion under paragraph (1) of whether inpatient hospital  
19      services or inpatient critical access hospital services fur-  
20      nished to an individual on or after the date of the enact-  
21      ment of this sentence are reasonable and necessary shall  
22      be based solely upon information available to the admit-  
23      ting physician at the time of the inpatient admission of  
24      the individual for such inpatient services, as documented  
25      in the medical record.”.



## **TITLE IV—FUTURE OF RURAL HEALTH CARE**

### **SEC. 401. MEDICARE RURAL HOSPITAL FLEXIBILITY PRO- GRAM GRANTS.**

Section 1820(g) of the Social Security Act (42 U.S.C.  
1395i–4(g)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (C), by striking  
“and” at the end;

(B) in subparagraph (D), by striking the  
period at the end and inserting a semicolon;  
and

(C) by adding at the end the following new  
subparagraphs:

“(E) rural emergency hospitals providing  
support for critical access hospitals to convert  
to rural emergency hospitals to stabilize hos-  
pital emergency services in their communities;  
and

“(F) supporting certified rural health clin-  
ics for maintaining and building business oper-  
ations, increasing financial indicators, address-  
ing population health, transforming services,  
and providing linkages and services for behav-

1           ioral health and substance use disorders re-  
2           sponding to public health emergencies.”;

3           (2) by redesignating paragraphs (3) through  
4           (7) as paragraphs (4) through (8), respectively;

5           (3) after paragraph (2), by inserting the fol-  
6           lowing new paragraph:

7           “(3) ACTIVITIES TO SUPPORT CARRYING OUT  
8           FLEX GRANTS.—The Secretary may award grants or  
9           cooperative agreements to entities that submit to the  
10          Secretary applications, at such time and in such  
11          form and manner and containing such information  
12          as the Secretary specifies, for purposes of supporting  
13          States and hospitals in carrying out the activities  
14          under this subsection by providing technical assist-  
15          ance, data analysis, and evaluation efforts.”;

16          (4) in paragraph (4), as redesignated—

17                 (A) in subparagraph (A), by inserting  
18                 “State Offices of Rural Health on behalf of eli-  
19                 gible hospitals” after “award grants to”;

20                 (B) by amending subparagraph (C) to read  
21                 as follows:

22                 “(C) APPLICATION.—The State Office of  
23                 Rural Health shall submit an application, on  
24                 behalf of eligible rural hospitals, to the Sec-

1           retary on or before such date and in such form  
2           and manner as the Secretary specifies.”;

3           (C) by amending subparagraph (D), to  
4           read as follows:

5           “(D) AMOUNT OF GRANT.—A grant to a  
6           hospital under this paragraph shall be deter-  
7           mined on an equal national distribution so that  
8           each hospital receives the same amount of sup-  
9           port related to the funds appropriated.”;

10          (D) by amending subparagraph (E), to  
11          read as follows:

12          “(E) USE OF FUNDS.—State Offices of  
13          Rural Health and eligible hospitals may use the  
14          funds received through a grant under this para-  
15          graph for the purchase of computer software  
16          and hardware; the education and training of  
17          hospital staff on billing, operational, quality im-  
18          provement and related value-focused efforts;  
19          and other delivery system reform programs de-  
20          termined appropriate by the Secretary.”; and

21          (5) by adding at the end the following new  
22          paragraph:

23          “(9) RURAL HEALTH TRANSFORMATION  
24          GRANTS.—

1           “(A) GRANTS.—The Secretary may award  
2           5-year grants to State Offices of Rural Health  
3           and to eligible rural health care providers (as  
4           defined in subparagraph (E)) on the transition  
5           to new models, including rural emergency hos-  
6           pitals, extended stay clinics, freestanding emer-  
7           gency departments, rural health clinics, and in-  
8           tegration of behavioral, oral health services,  
9           telehealth and other transformational models  
10          relevant to rural providers as such providers  
11          evolve to better meet community needs and the  
12          changing health care environment.

13          “(B) APPLICATION.—An applicable rural  
14          health care provider, in partnership with the  
15          State Office of Rural Health in the State in  
16          which the rural health care provider seeking a  
17          grant under this paragraph is located, shall  
18          submit an application to the Secretary on or be-  
19          fore such date and in such form and manner as  
20          the Secretary specifies.

21          “(C) ADDITIONAL REQUIREMENTS.—The  
22          Secretary may not award a grant under this  
23          paragraph to an eligible rural health care pro-  
24          vider unless—

1 “(i) local organizations or the State in  
2 which the hospital is located provides sup-  
3 port (either direct or in kind); and there  
4 are letters of support from key State pay-  
5 ers such as Medicaid and private insur-  
6 ance; and

7 “(ii) the applicant describes in detail  
8 how the transition of the health care pro-  
9 vider or providers will better meet local  
10 needs and be sustainable.

11 “(D) ELIGIBLE RURAL HEALTH CARE PRO-  
12 VIDER DEFINED.—For purposes of this para-  
13 graph, the term ‘eligible rural health care pro-  
14 vider’ includes a critical access hospital, a cer-  
15 tified rural health clinic, a rural nursing home,  
16 skilled nursing facility, emergency care pro-  
17 vider, or other entity identified by the Sec-  
18 retary. An eligible rural health care provider  
19 may include other entities applying on behalf of  
20 a group of providers such as a State Office of  
21 Rural Health, a State or local health care au-  
22 thority, a rural health network, or other entity  
23 identified by the Secretary.”.

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