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1 A bill to be entitled
2 An act relating to rural health care; amending s.
3 381.0405, F.S.; revising the purpose and functions of the
4 Office of Rural Health in the Department of Health;
5 requiring the Secretary of Health and the Secretary of
6 Health Care Administration to appoint an advisory council
7 to advise the office; providing for terms of office of the
8 members of the advisory council; authorizing per diem and
9 travel reimbursement for members of the advisory council;
10 requiring the advisory council to work with certain
11 stakeholders; requiring a report to the Governor and
12 Legislature; amending s. 381.0406, F.S.; revising
13 legislative findings and intent with respect to rural
14 health networks; revising the definition of "rural health
15 network"; providing additional functions of and
16 requirements for membership in rural health networks;
17 requiring rural health networks to submit rural health
18 infrastructure development plans to the office by a
19 specified date; revising provisions relating to the
20 governance and organization of rural health networks;
21 revising the services to be provided by provider members
22 of rural health networks; requiring coordination among
23 rural health networks and area health education centers,
24 health planning councils, and regional education
25 consortia; establishing a grant program for funding rural
26 health networks; defining projects that may be funded
27 through the grant program; requiring the department to
28 establish rules governing rural health network grant

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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29 | programs and performance standards; amending s. 395.602,
30 | F.S.; defining "critical access hospital"; revising and
31 | deleting definitions; amending s. 395.603, F.S.; deleting
32 | a requirement that the Agency for Health Care
33 | Administration adopt a rule relating to deactivation of
34 | rural hospital beds under certain circumstances; requiring
35 | that rural critical access hospitals maintain a certain
36 | number of actively licensed beds; amending s. 395.604,
37 | F.S.; removing emergency care hospitals and essential
38 | access community hospitals from certain licensure
39 | requirements; specifying certain special conditions for
40 | rural primary care hospitals; amending s. 395.6061, F.S.;
41 | specifying the purpose of the rural hospital capital
42 | improvement grant program; providing for grant management
43 | by the agency; modifying the conditions for receiving a
44 | grant; deleting a requirement for a minimum grant for
45 | every rural hospital; establishing an assistance program
46 | within the agency for financially distressed rural and
47 | critical access hospitals; providing purpose of the
48 | program; providing requirements for receiving certain
49 | assistance; requiring a participation agreement and
50 | providing for contents thereof; creating s. 395.6070,
51 | F.S.; authorizing the agency to petition for the
52 | appointment of a receiver for a rural hospital when
53 | certain conditions exist; providing for hearings and
54 | notice; providing qualification of a receiver and time
55 | limitations; providing duties of the agency; providing
56 | powers and duties of the receiver with respect to the

57 hospital and related contracts and the patients and their
58 property; specifying liability of certain persons to pay a
59 receiver for goods and services provided; providing that
60 the receiver may petition to avoid certain contracts and
61 specifying liabilities associated therewith; providing for
62 compensation and liability of the receiver; providing for
63 bond; providing conditions for termination of
64 receivership; requiring an accounting to the court;
65 providing liabilities of the owner, operator, and
66 employees of a rural hospital placed in receivership;
67 providing applicability of the Rural Hospital Patient
68 Protection Trust Fund; creating s. 395.6071, F.S.;
69 establishing the Rural Hospital Patient Protection Trust
70 Fund; providing for funds collected to be used for
71 specified purposes; providing for the expenditure of funds
72 upon a declaration of local emergency; authorizing the
73 agency to establish certain accounts for moneys received
74 and for the disbursement thereof for certain purposes;
75 providing limitations on expenditure of funds; providing
76 for limited liability under certain circumstances;
77 providing rulemaking authority to the agency; creating s.
78 408.7054, F.S.; establishing the Rural Provider Service
79 Network Development Program; providing purposes and
80 responsibilities; authorizing the agency to provide
81 funding through a grant program for the establishment of
82 rural provider service networks; providing eligibility
83 requirements; authorizing preferential funding to certain
84 providers; authorizing the agency to adopt rules; amending

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85 s. 409.908, F.S.; requiring the agency to pay certain
 86 physicians a bonus for Medicaid physician services
 87 provided within a rural county; amending ss. 408.07,
 88 409.9116, and 1009.65, F.S.; conforming cross-references;
 89 repealing s. 395.605, F.S., relating to the licensure of
 90 emergency care hospitals; providing an effective date.

91

92 Be It Enacted by the Legislature of the State of Florida:

93

94 Section 1. Section 381.0405, Florida Statutes, is amended
 95 to read:

96 381.0405 Office of Rural Health.--

97 (1) ESTABLISHMENT.--The Department of Health shall
 98 establish an Office of Rural Health, which shall assist rural
 99 health care providers in improving the health status and health
 100 care of rural residents of this state and assist rural health
 101 care providers in integrating their efforts. The Office of Rural
 102 Health shall coordinate its activities with rural health
 103 networks established under s. 381.0406, local health councils
 104 established under s. 408.033, the area health education center
 105 network established under ~~pursuant to~~ s. 381.0402, and with any
 106 appropriate research and policy development centers within
 107 universities that have state-approved medical schools. The
 108 Office of Rural Health may enter into a formal relationship with
 109 any center that designates the office as an affiliate of the
 110 center.

111 (2) PURPOSE.--The Office of Rural Health shall actively
 112 foster the provision of high-quality health care services in

113 rural areas and serve as a catalyst for improved health services
 114 to residents ~~citizens~~ in rural areas of the state.

115 (3) GENERAL FUNCTIONS.--The office shall:

116 (a) Integrate policies related to physician workforce,
 117 hospitals, public health, and state regulatory functions.

118 (b) Work with rural stakeholders in order to foster the
 119 development of strategic planning that addresses ~~Propose~~
 120 ~~solutions to~~ problems affecting health care delivery in rural
 121 areas.

122 (c) Foster the expansion of rural health network service
 123 areas to include rural counties that are not served by a rural
 124 health network.

125 ~~(d)~~ ~~(e)~~ Seek grant funds from foundations and the Federal
 126 Government.

127 (e) Administer state grant programs for rural health
 128 networks.

129 (4) COORDINATION.--The office shall:

130 (a) Identify federal and state rural health programs and
 131 provide information and technical assistance to rural providers
 132 regarding participation in such programs.

133 (b) Act as a clearinghouse for collecting and
 134 disseminating information on rural health care issues, research
 135 findings on rural health care, and innovative approaches to the
 136 delivery of health care in rural areas.

137 (c) Foster the creation of regional health care systems
 138 that promote cooperation, ~~rather than competition.~~

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

141 (e) Design initiatives to improve access to primary,
 142 acute, and emergency medical services and promote the
 143 coordination of such services in rural areas.

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

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

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

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

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

159 (d) Provide technical assistance to rural health networks
 160 in the formulation of their rural health infrastructure
 161 development plans.

162 (e) Provide links to best practices and other technical
 163 assistance resources on the office's Internet website.

164 (6) ADVISORY COUNCIL.--

165 (a) The Secretary of Health and the Secretary of Health
 166 Care Administration shall each appoint no more than five members
 167 with relevant health care operations management, practice, and
 168 policy experience to an advisory council to advise the office

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169 regarding its responsibilities under this section and ss.
 170 381.0406, 395.6061, and 395.6063. Members must be appointed for
 171 4-year staggered terms and may be reappointed to a second term
 172 of office. Members shall serve without compensation but are
 173 entitled to reimbursement for per diem and travel expenses as
 174 provided in s. 112.061. The council may appoint technical
 175 advisory teams as needed. The department shall provide staff and
 176 other administrative assistance reasonably necessary to assist
 177 the advisory council in carrying out its duties.

178 (b) The advisory council shall work with stakeholders to
 179 develop recommendations that address barriers and identify
 180 options for establishing provider networks in rural counties and
 181 submit a report to the Governor, the President of the Senate,
 182 and the Speaker of the House of Representatives, by February 1,
 183 2007.

184 (7)-(6) RESEARCH PUBLICATIONS AND SPECIAL STUDIES.--The
 185 office shall:

- 186 (a) Conduct policy and research studies.
- 187 (b) Conduct health status studies of rural residents.
- 188 (c) Collect relevant data on rural health care issues for
 189 use in department policy development.

190 (8)-(7) APPROPRIATION.--The Legislature shall appropriate
 191 such sums as are necessary to support the Office of Rural
 192 Health.

193 Section 2. Section 381.0406, Florida Statutes, is amended
 194 to read:

195 381.0406 Rural health networks.--

196 (1) LEGISLATIVE FINDINGS AND INTENT.--

197 (a) The Legislature finds that, in rural areas, access to
 198 health care is limited and the quality of health care is
 199 negatively affected by inadequate financing, difficulty in
 200 recruiting and retaining skilled health professionals, and the
 201 ~~because of a~~ migration of patients to urban areas for general
 202 acute care and specialty services.

203 (b) The Legislature further finds that the efficient and
 204 effective delivery of health care services in rural areas
 205 requires:

206 1. The integration of public and private resources.

207 2. The adoption of quality improvement and cost-
 208 effectiveness measures. ~~and~~

209 3. The coordination of health care providers.

210 (c) The Legislature further finds that the availability of
 211 a continuum of quality health care services, including
 212 preventive, primary, secondary, tertiary, and long-term care, is
 213 essential to the economic and social vitality of rural
 214 communities.

215 (d) The Legislature further finds that health care
 216 providers in rural areas are not prepared for market changes
 217 such as the introduction of managed care and capitation
 218 reimbursement methodologies into health care services.

219 (e)-(d) The Legislature further finds that the creation of
 220 rural health networks can help to alleviate these problems.
 221 Rural health networks shall act in the broad public interest
 222 and, to the extent possible, seek to improve the accessibility,
 223 quality, and cost-effectiveness of rural health care by planning
 224 and coordinating ~~be structured to provide~~ a continuum of quality

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225 health care services for rural residents through the cooperative
 226 efforts of rural health network members and other health care
 227 providers.

228 ~~(e) The Legislature further finds that rural health~~
 229 ~~networks shall have the goal of increasing the utilization of~~
 230 ~~statutory rural hospitals for appropriate health care services~~
 231 ~~whenever feasible, which shall help to ensure their survival and~~
 232 ~~thereby support the economy and protect the health and safety of~~
 233 ~~rural residents.~~

234 (f) Finally, the Legislature finds that rural health
 235 networks may serve as "laboratories" to determine the best way
 236 of organizing rural health services, to move the state closer to
 237 ensuring that everyone has access to health care, and to promote
 238 cost containment efforts. The ultimate goal of rural health
 239 networks shall be to ensure that quality health care is
 240 available and efficiently delivered to all persons in rural
 241 areas.

242 (2) DEFINITIONS.--

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

246 (b) "Health care provider" means any individual, group, or
 247 entity, public or private, that provides health care, including
 248 preventive health care, primary health care, secondary and
 249 tertiary health care, in-hospital health care, public health
 250 care, and health promotion and education.

251 (c) "Rural health network" or "network" means a nonprofit
 252 legal entity whose principal place of business is in a rural

253 county, whose members consist ~~consisting~~ of rural and urban
 254 health care providers and others, and that is established
 255 ~~organized~~ to plan the delivery of ~~and deliver~~ health care
 256 services on a cooperative basis in a rural area, ~~except for some~~
 257 ~~secondary and tertiary care services.~~

258 (3) NETWORK MEMBERSHIP.--

259 (a) Because each rural area is unique, with a different
 260 health care provider mix, health care provider membership may
 261 vary, but all networks shall include members that provide public
 262 health care, comprehensive primary care, emergency medical care,
 263 and acute inpatient care.

264 (b) Federally qualified health centers, emergency medical
 265 services providers, and county health departments are expected
 266 to participate in rural health networks in the areas in which
 267 their patients reside or receive services.

268 ~~(4) Network membership shall be available to all health~~
 269 ~~care providers, provided that they render care to all patients~~
 270 ~~referred to them from other network members, comply with network~~
 271 ~~quality assurance and risk management requirements, abide by the~~
 272 ~~terms and conditions of network provider agreements in paragraph~~
 273 ~~(11)(c), and provide services at a rate or price equal to the~~
 274 ~~rate or price negotiated by the network.~~

275 ~~(4)(5)~~ NETWORK SERVICE AREAS.--Network service areas are
 276 ~~de~~ not required ~~need~~ to conform to local political boundaries or
 277 state administrative district boundaries. The geographic area of
 278 one rural health network, however, may not overlap the territory
 279 of any other rural health network.

280 ~~(5)(6)~~ NETWORK FUNCTIONS.--Networks shall:

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281 (a) Seek to develop linkages with ~~provisions for referral~~
282 ~~to~~ tertiary inpatient care, specialty physician care, and ~~to~~
283 other services that are not available in rural service areas.

284 ~~(b) (7)~~ Seek to ~~Networks shall~~ make available health
285 promotion, disease prevention, and primary care services
286 accessible to all residents in order to improve the health
287 status of rural residents and to contain health care costs.

288 ~~(8) Networks may have multiple points of entry, such as~~
289 ~~through private physicians, community health centers, county~~
290 ~~health departments, certified rural health clinics, hospitals,~~
291 ~~or other providers; or they may have a single point of entry.~~

292 ~~(c) (9)~~ Encourage members through training and educational
293 programs to adopt standards of care, promote the evidence-based
294 practice of medicine ~~Networks shall establish standard~~
295 ~~protocols, coordinate and share patient records, and develop~~
296 patient information exchange systems in order to improve the
297 quality of and access to services.

298 (d) Develop quality improvement programs and train network
299 members and other health care providers in the implementation of
300 such programs.

301 (e) Develop disease management systems and train network
302 members and other health care providers in the implementation of
303 such systems.

304 (f) Promote outreach to areas with a high need for
305 services.

306 (g) Seek to develop community care alternatives for elders
307 who would otherwise be placed in nursing homes.

308 (h) Emphasize community care alternatives for persons with

309 mental health and substance abuse disorders who are at risk of
 310 being admitted to an institution.

311 (i) Develop a rural health infrastructure development plan
 312 for an integrated system of care that is responsive to the
 313 unique local health care needs and the area health care services
 314 market. Each rural health infrastructure development plan must
 315 address strategies to improve access to specialty care, train
 316 health care providers to use standards of care for chronic
 317 illness, develop disease management capacity, and link to state
 318 and national quality improvement initiatives. The initial
 319 development plan must be submitted to the Office of Rural Health
 320 for review and comment no later than July 1, 2007; thereafter,
 321 the plan must be updated and submitted to the Office of Rural
 322 Health every 3 years.

323 ~~(10) Networks shall develop risk management and quality~~
 324 ~~assurance programs for network providers.~~

325 (6) ~~(11)~~ NETWORK GOVERNANCE AND ORGANIZATION.--

326 (a) Networks shall be incorporated under the laws of the
 327 state.

328 (b) Each network ~~Networks~~ shall have a board of directors
 329 that derives membership from local government, health care
 330 providers, businesses, consumers, and others.

331 ~~(c) Network boards of directors shall have the~~
 332 ~~responsibility of determining the content of health care~~
 333 ~~provider agreements that link network members. The agreements~~
 334 ~~shall specify:~~

335 1. ~~Who provides what services.~~

336 2. ~~The extent to which the health care provider provides~~

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337 ~~care to persons who lack health insurance or are otherwise~~
338 ~~unable to pay for care.~~

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

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

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

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

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

351 ~~(7)(12)~~ NETWORK PROVIDER MEMBER SERVICES.--

352 (a) Networks, to the extent feasible, shall seek to
353 develop services that provide for a continuum of care for all
354 residents ~~patients~~ served by the network. Each network shall
355 recruit members that can provide ~~include the following core~~
356 ~~services: disease prevention, health promotion, comprehensive~~
357 ~~primary care, emergency medical care, and acute inpatient care.~~
358 Each network shall seek to ensure the availability of
359 comprehensive maternity care, including prenatal, delivery, and
360 postpartum care for uncomplicated pregnancies, ~~either directly,~~
361 ~~by contract, or through referral agreements.~~ Networks shall, to
362 the extent feasible, develop local services and linkages among
363 health care providers to ~~also~~ ensure the availability of the
364 following services ~~within the specified timeframes, either~~

365 ~~directly, by contract, or through referral agreements:~~

366 ~~1. Services available in the home.~~

367 ~~1.a.~~ Home health care.

368 ~~2.b.~~ Hospice care.

369 ~~2. Services accessible within 30 minutes travel time or~~

370 ~~less.~~

371 ~~3.a.~~ Emergency medical services, including advanced life

372 support, ambulance, and basic emergency room services.

373 ~~4.b.~~ Primary care, including

374 ~~e.~~ prenatal and postpartum care for uncomplicated

375 pregnancies.

376 ~~5.d.~~ Community-based services for elders, such as adult

377 day care and assistance with activities of daily living.

378 ~~6.e.~~ Public health services, including communicable

379 disease control, disease prevention, health education, and

380 health promotion.

381 ~~7.f.~~ Outpatient mental health ~~psychiatric~~ and substance

382 abuse services.

383 ~~3. Services accessible within 45 minutes travel time or~~

384 ~~less.~~

385 ~~8.a.~~ Hospital acute inpatient care for persons whose

386 illnesses or medical problems are not severe.

387 ~~9.b. Level I obstetrical care, which is~~ Labor and delivery

388 care for low-risk patients.

389 ~~10.e.~~ Skilled nursing services and, long-term care,

390 including nursing home care.

391 (b) Networks shall seek to foster linkages with out-of-

392 area services to the extent feasible to ensure the availability

393 of:

394 ~~d. Dialysis.~~

395 ~~e. Osteopathic and chiropractic manipulative therapy.~~

396 ~~4. Services accessible within 2 hours travel time or less.~~

397 1.a. Specialist physician care.

398 2.b. Hospital acute inpatient care for severe illnesses
399 and medical problems.

400 ~~3.e. Level II and III obstetrical care, which is~~ Labor and
401 delivery care for high-risk patients and neonatal intensive
402 care.

403 4.d. Comprehensive medical rehabilitation.

404 5.e. Inpatient mental health ~~psychiatric~~ and substance
405 abuse services.

406 ~~6.f.~~ Magnetic resonance imaging, lithotripter treatment,
407 oncology, advanced radiology, and other technologically advanced
408 services.

409 ~~g. Subacute care.~~

410 (8) COORDINATION WITH OTHER ENTITIES.--

411 (a) Area health education centers, health planning
412 councils, and regional education consortia are expected to
413 participate in the rural health networks' preparation of rural
414 health infrastructure development plans. The Department of
415 Health may require a written memorandum of agreement between a
416 network and an area health education center or health planning
417 council.

418 (b) Rural health networks shall initiate activities, in
419 coordination with area health education centers, to carry out
420 the objectives of the adopted development plan, including

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421 continuing education for health care practitioners performing
422 functions such as disease management, continuous quality
423 improvement, telemedicine, distance learning, and the treatment
424 of chronic illness using standards of care. For the purposes of
425 this section, the term "telemedicine" means the use of
426 telecommunications to deliver or expedite the delivery of health
427 care services.

428 (c) Health planning councils shall support the preparation
429 of rural health infrastructure development plans through data
430 collection and analysis in order to assess the health status of
431 area residents and the capacity of local health services.

432 (d) Regional education consortia that have the technology
433 available to assist rural health networks in establishing
434 systems for exchange of patient information and distance
435 learning shall provide technical assistance upon the request of
436 a rural health network.

437 ~~(b) Networks shall actively participate with area health~~
438 ~~education center programs, whenever feasible, in developing and~~
439 ~~implementing recruitment, training, and retention programs~~
440 ~~directed at positively influencing the supply and distribution~~
441 ~~of health care professionals serving in, or receiving training~~
442 ~~in, network areas.~~

443 ~~(c) As funds become available, networks shall emphasize~~
444 ~~community care alternatives for elders who would otherwise be~~
445 ~~placed in nursing homes.~~

446 ~~(d) To promote the most efficient use of resources,~~
447 ~~networks shall emphasize disease prevention, early diagnosis and~~
448 ~~treatment of medical problems, and community care alternatives~~

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449 ~~for persons with mental health and substance abuse disorders who~~
450 ~~are at risk to be institutionalized.~~

451 (e) (13) TRAUMA SERVICES.—In those network areas that
452 ~~which~~ have an established trauma agency approved by the
453 Department of Health, the network shall seek the participation
454 of that trauma agency must be a participant in the network.
455 Trauma services provided within the network area must comply
456 with s. 395.405.

457 (9) (14) NETWORK FINANCING.--

458 (a) Networks may use all sources of public and private
459 funds to support network activities. ~~Nothing in this section~~
460 ~~prohibits networks from becoming managed care providers.~~

461 (b) The Department of Health shall establish a grant
462 program to provide funding to support the administrative cost of
463 operating and developing rural health networks. Rural health
464 networks may qualify for funding provided through:

465 1. Network operations grants to support development of a
466 rural health infrastructure development plan in a network
467 service area and to support network functions identified in
468 subsection (5).

469 2. Rural health infrastructure development grants to
470 support the development of clinical and administrative
471 infrastructure in the following priority areas:

472 a. Formation of joint contracting entities composed of
473 rural physicians, rural hospitals, and other rural providers.

474 b. Establishing disease management programs that meet
475 Medicaid requirements.

476 c. Establishing regional quality improvement programs

477 involving physicians and hospitals consistent with state and
 478 national initiatives.

479 d. Establishing specialty networks connecting rural
 480 primary care physicians and urban specialists.

481 e. Developing regional broadband telecommunications
 482 systems with the capacity to share patient information in a
 483 secure network.

484 f. Telemedicine and distance learning capacity.

485 ~~(15) NETWORK IMPLEMENTATION. As funds become available,~~
 486 ~~networks shall be developed and implemented in two phases.~~

487 ~~(a) Phase I shall consist of a network planning and~~
 488 ~~development grant program. Planning grants shall be used to~~
 489 ~~organize networks, incorporate network boards, and develop~~
 490 ~~formal provider agreements as provided for in this section. The~~
 491 ~~Department of Health shall develop a request for proposal~~
 492 ~~process to solicit grant applications.~~

493 ~~(b) Phase II shall consist of network operations. As funds~~
 494 ~~become available, certified networks shall be eligible to~~
 495 ~~receive grant funds to be used to help defray the costs of~~
 496 ~~network infrastructure development, patient care, and network~~
 497 ~~administration. Infrastructure development includes, but is not~~
 498 ~~limited to: recruitment and retention of primary care~~
 499 ~~practitioners; development of preventive health care programs;~~
 500 ~~linkage of urban and rural health care systems; design and~~
 501 ~~implementation of automated patient records, outcome~~
 502 ~~measurement, quality assurance, and risk management systems;~~
 503 ~~establishment of one-stop service delivery sites; upgrading of~~
 504 ~~medical technology available to network providers; enhancement~~

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505 ~~of emergency medical systems; enhancement of medical~~
 506 ~~transportation; and development of telecommunication~~
 507 ~~capabilities. A Phase II award may occur in the same fiscal year~~
 508 ~~as a Phase I award.~~

509 ~~(16) CERTIFICATION. For the purpose of certifying~~
 510 ~~networks that are eligible for Phase II funding, the Department~~
 511 ~~of Health shall certify networks that meet the criteria~~
 512 ~~delineated in this section and the rules governing rural health~~
 513 ~~networks.~~

514 ~~(10)(17) RULES.--~~The Department of Health shall establish
 515 rules that govern the creation ~~and certification~~ of networks,
 516 the provision of grant funds, and the establishment of
 517 performance standards ~~including establishing outcome measures~~
 518 for networks.

519 Section 3. Subsection (2) of section 395.602, Florida
 520 Statutes, is amended to read:

521 395.602 Rural hospitals.--

522 (2) DEFINITIONS.--As used in this part:

523 (a) "Critical access hospital" means a hospital that meets
 524 the definition of rural hospital in paragraph (d) and meets the
 525 requirements for reimbursement by Medicare and Medicaid under 42
 526 C.F.R. ss. 485.601-485.647. ~~"Emergency care hospital" means a~~
 527 ~~medical facility which provides:~~

- 528 ~~1. Emergency medical treatment; and~~
- 529 ~~2. Inpatient care to ill or injured persons prior to their~~
 530 ~~transportation to another hospital or provides inpatient medical~~
 531 ~~care to persons needing care for a period of up to 96 hours. The~~
 532 ~~96 hour limitation on inpatient care does not apply to respite,~~

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533 ~~skilled nursing, hospice, or other nonacute care patients.~~

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

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

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

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

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

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

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

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

552 ~~(c)(d)~~ (c) "Rural area health education center" means an area
553 health education center (AHEC), as authorized by Pub. L. No. 94-
554 484, that ~~which~~ provides services in a county with a population
555 density of no greater than 100 persons per square mile.

556 ~~(d)(e)~~ (d) "Rural hospital" means an acute care hospital
557 licensed under this chapter, having 100 or fewer licensed beds
558 and an emergency room, that ~~which~~ is:

559 1. The sole provider within a county with a population
560 density of no greater than 100 persons per square mile;

561 2. An acute care hospital, in a county with a population
 562 density of no greater than 100 persons per square mile, that
 563 ~~which~~ is at least 30 minutes of travel time, on normally
 564 traveled roads under normal traffic conditions, from any other
 565 acute care hospital within the same county;

566 3. A hospital supported by a tax district or subdistrict
 567 whose boundaries encompass a population of 100 persons or fewer
 568 per square mile;

569 4. A hospital in a constitutional charter county with a
 570 population of over 1 million persons that has imposed a local
 571 option health service tax pursuant to law and in an area that
 572 was directly impacted by a catastrophic event on August 24,
 573 1992, for which the Governor of Florida declared a state of
 574 emergency pursuant to chapter 125, and has 120 beds or fewer
 575 ~~less~~ that serves an agricultural community with an emergency
 576 room utilization of no less than 20,000 visits and a Medicaid
 577 inpatient utilization rate greater than 15 percent;

578 5. A hospital with a service area that has a population of
 579 100 persons or fewer per square mile. As used in this
 580 subparagraph, the term "service area" means the fewest number of
 581 zip codes that account for 75 percent of the hospital's
 582 discharges for the most recent 5-year period, based on
 583 information available from the hospital inpatient discharge
 584 database in the State Center for Health Statistics at the Agency
 585 for Health Care Administration; or

586 6. A hospital designated as a critical access hospital, as
 587 defined in s. 408.07(15).
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589 Population densities used in this paragraph must be based upon
 590 the most recently completed United States census. A hospital
 591 that received funds under s. 409.9116 for a quarter beginning no
 592 later than July 1, 2002, is deemed to have been and shall
 593 continue to be a rural hospital from that date through June 30,
 594 2012, if the hospital continues to have 100 or fewer licensed
 595 beds and an emergency room, or meets the criteria of
 596 subparagraph 4. An acute care hospital that has not previously
 597 been designated as a rural hospital and that meets the criteria
 598 of this paragraph shall be granted such designation upon
 599 application, including supporting documentation to the Agency
 600 for Health Care Administration.

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

- 604 1. Twenty-four-hour emergency medical care;
- 605 2. Temporary inpatient care for periods of 96 ~~72~~ hours or
 606 less to patients requiring stabilization before discharge or
 607 transfer to another hospital. The 96-hour ~~72-hour~~ limitation
 608 does not apply to respite, skilled nursing, hospice, or other
 609 nonacute care patients; and
- 610 3. Has at least ~~no more than~~ six licensed acute care
 611 inpatient beds.

612 (f)~~(g)~~ "Swing-bed" means a bed that ~~which~~ can be used
 613 interchangeably as either a hospital, skilled nursing facility
 614 (SNF), or intermediate care facility (ICF) bed pursuant to 42
 615 C.F.R. parts 405, 435, 440, 442, and 447.

616 Section 4. Subsection (1) of section 395.603, Florida

617 Statutes, is amended to read:

618 395.603 Deactivation of general hospital beds; rural
619 hospital impact statement.--

620 (1) ~~The agency shall establish, by rule, a process by~~
621 ~~which~~ A rural hospital, as defined in s. 395.602, that seeks
622 ~~licensure as a rural primary care hospital or as an emergency~~
623 ~~care hospital, or~~ becomes a certified rural health clinic as
624 defined in Pub. L. No. 95-210~~7~~, or becomes a primary care program
625 such as a county health department, community health center, or
626 other similar outpatient program that provides preventive and
627 curative services~~7~~, may deactivate general hospital beds. A rural
628 critical access hospital ~~Rural primary care hospitals and~~
629 ~~emergency care hospitals~~ shall maintain the number of actively
630 licensed general hospital beds necessary for the facility to be
631 certified for Medicare reimbursement. Hospitals that discontinue
632 inpatient care to become rural health care clinics or primary
633 care programs shall deactivate all licensed general hospital
634 beds. All hospitals, clinics, and programs with inactive beds
635 shall provide 24-hour emergency medical care by staffing an
636 emergency room. Providers with inactive beds shall be subject to
637 the criteria in s. 395.1041. The agency shall specify in rule
638 requirements for making 24-hour emergency care available.
639 Inactive general hospital beds shall be included in the acute
640 care bed inventory, maintained by the agency for certificate-of-
641 need purposes, for 10 years from the date of deactivation of the
642 beds. After 10 years have elapsed, inactive beds shall be
643 excluded from the inventory. The agency shall, at the request of
644 the licensee, reactivate the inactive general beds upon a

645 showing by the licensee that licensure requirements for the
 646 inactive general beds are met.

647 Section 5. Section 395.604, Florida Statutes, is amended
 648 to read:

649 395.604 ~~Other Rural~~ primary care hospitals ~~hospital~~
 650 ~~programs.~~ --

651 (1) The agency may license rural primary care hospitals
 652 subject to federal approval for participation in the Medicare
 653 and Medicaid programs. Rural primary care hospitals shall be
 654 treated in the same manner as ~~emergency care hospitals and rural~~
 655 hospitals with respect to ss. ~~395.605(2)-(8)(a),~~
 656 408.033(2)(b)3., and 408.038.

657 ~~(2) The agency may designate essential access community~~
 658 ~~hospitals.~~

659 ~~(2)(3)~~ (2) The agency may adopt licensure rules for rural
 660 primary care hospitals ~~and essential access community hospitals.~~
 661 Such rules must conform to s. 395.1055.

662 (3) For the purpose of Medicaid swing-bed reimbursement
 663 pursuant to the Medicaid program, the agency shall treat rural
 664 primary care hospitals in the same manner as rural hospitals.

665 (4) For the purpose of participation in the Medical
 666 Education Reimbursement and Loan Repayment Program as defined in
 667 s. 1009.65 or other loan repayment or incentive programs
 668 designed to relieve medical workforce shortages, the department
 669 shall treat rural primary care hospitals in the same manner as
 670 rural hospitals.

671 (5) For the purpose of coordinating primary care services
 672 described in s. 154.011(1)(c)10., the department shall treat

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673 rural primary care hospitals in the same manner as rural
674 hospitals.

675 (6) Rural hospitals that make application under the
676 certificate-of-need program to be licensed as rural primary care
677 hospitals shall receive expedited review as defined in s.
678 408.032. Rural primary care hospitals seeking relicensure as
679 acute care general hospitals shall also receive expedited
680 review.

681 (7) Rural primary care hospitals are exempt from
682 certificate-of-need requirements for home health and hospice
683 services and for swing beds in a number that does not exceed
684 one-half of the facility's licensed beds.

685 (8) Rural primary care hospitals shall have agreements
686 with other hospitals, skilled nursing facilities, home health
687 agencies, and providers of diagnostic-imaging and laboratory
688 services that are not provided on site but are needed by
689 patients.

690 ~~(4) The department may seek federal recognition of~~
691 ~~emergency care hospitals authorized by s. 395.605 under the~~
692 ~~essential access community hospital program authorized by the~~
693 ~~Omnibus Budget Reconciliation Act of 1989.~~

694 Section 6. Section 395.6061, Florida Statutes, is amended
695 to read:

696 395.6061 Rural hospital capital improvement.--There is
697 established a rural hospital capital improvement grant program.

698 (1) (a) The purpose of the program is to provide targeted
699 funding to rural hospitals to enable them to adapt to changes in
700 health care delivery and funding and address disparities in

701 rural health care by:

702 1. Assisting in the development of needed infrastructure.

703 2. Assisting financially distressed rural hospitals.

704 3. Ensuring accountability for state and federal funding.

705 (b) The rural hospital capital improvement grant program
 706 includes technical assistance and grants managed by the agency.

707 (2)~~(1)~~ A rural hospital as defined in s. 395.602 may apply
 708 to the agency ~~department~~ for a capital improvement grant to
 709 acquire, repair, improve, or upgrade systems, facilities, or
 710 equipment. The grant application must provide information that
 711 includes:

712 (a) A statement indicating the problem the rural hospital
 713 proposes to solve with the grant funds.†

714 (b) The strategy proposed to resolve the problem.†

715 (c) The organizational structure, financial system, and
 716 facilities that are essential to the proposed solution.†

717 (d) The projected longevity of the proposed solution after
 718 the grant funds are expended.†

719 ~~(e) Evidence of participation in a rural health network as~~
 720 ~~defined in s. 381.0406.~~

721 (e)~~(f)~~ Evidence that the rural hospital has difficulty in
 722 obtaining funding or that funds available for the proposed
 723 solution are inadequate.†

724 (f)~~(g)~~ Evidence that the grant funds will assist in
 725 maintaining or returning the hospital to an economically stable
 726 condition or enable the transition to the status of rural
 727 primary care hospital or that any plan for closure of the
 728 hospital or realignment of services will involve development of

729 innovative alternatives for the provision of needed ~~discontinued~~
 730 ~~services.~~

731 ~~(g)(h)~~ Evidence of a satisfactory record-keeping system to
 732 account for grant fund expenditures within the rural county.

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

739 ~~(2)~~ ~~Each rural hospital as defined in s. 395.602 shall~~
 740 ~~receive a minimum of \$100,000 annually, subject to legislative~~
 741 ~~appropriation, upon application to the Department of Health, for~~
 742 ~~projects to acquire, repair, improve, or upgrade systems,~~
 743 ~~facilities, or equipment.~~

744 (3) ~~Any remaining funds shall annually be disbursed to~~
 745 ~~rural hospitals in accordance with this section.~~ The agency
 746 ~~Department of Health~~ shall establish, by rule, criteria for
 747 awarding grants ~~for any remaining funds,~~ which must be used
 748 exclusively for the support and assistance of rural hospitals as
 749 defined in s. 395.602, including criteria relating to the level
 750 of charity uncompensated care rendered by the hospital, the
 751 financial status of the hospital, the performance standards of
 752 the hospital ~~the participation in a rural health network as~~
 753 ~~defined in s. 381.0406,~~ and the proposed use of the grant by the
 754 rural hospital to resolve a specific problem. Up to 30 percent
 755 of rural hospital capital improvement funds may be allocated to
 756 assist financially distressed rural hospitals that meet the

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757 requirements of this subsection. The agency department must
758 consider any information submitted in an application for the
759 grants in accordance with subsection (2) ~~(1)~~ in determining
760 eligibility for and the amount of the grant, ~~and none of the~~
761 ~~individual items of information by itself may be used to deny~~
762 ~~grant eligibility.~~

763 (4) Financially distressed rural hospitals and critical
764 access hospitals that have an annual occupancy rate of less than
765 30 percent may receive preferential assistance under the capital
766 improvement grant program to provide planning, management, and
767 financial support. To receive this assistance the hospital must:

768 (a) Provide additional information that includes:

769 1. A statement of support from the board of directors of
770 the hospital, the county commission, and the city commission.

771 2. Evidence that the rural hospital and the community have
772 difficulty obtaining funding or that funds available for the
773 proposed solution are inadequate.

774 (b) Agree to be bound by the terms of a participation
775 agreement with the agency, which may include:

776 1. The appointment of a health care expert under contract
777 with the agency to analyze and monitor the hospital operations
778 during the period of distress.

779 2. The establishment of minimum standards for the
780 education and experience of the managers and administrators of
781 the hospital.

782 3. The oversight and monitoring of a strategic plan to
783 restore the hospital to an economically stable condition or
784 transition to an alternative means to provide services.

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785 4. The establishment of a board orientation and
786 development program.

787 5. The approval of any facility relocation plans.

788 ~~(5)~~~~(4)~~ The agency ~~department~~ shall ensure that the funds
789 are used solely for the purposes specified in this section. The
790 total grants awarded pursuant to this section shall not exceed
791 the amount appropriated for this program.

792 Section 7. Section 395.6070, Florida Statutes, is created
793 to read:

794 395.6070 Rural hospital receivership proceedings.--

795 (1) As an alternative to or in conjunction with an
796 injunctive proceeding, the agency may petition a court of
797 competent jurisdiction for the appointment of a receiver for a
798 rural hospital, as defined by s. 408.07, when any of the
799 following conditions exist:

800 (a) A person is operating a hospital without a license and
801 refuses to make application for a license as required by chapter
802 395.

803 (b) The agency determines that conditions exist in the
804 hospital that present an imminent danger to the health, safety,
805 or welfare of the patients in the hospital or a substantial
806 probability that death or serious physical harm would result
807 therefrom.

808 (c) The licensee cannot meet its financial obligation for
809 providing food, shelter, care, and utilities. Evidence such as
810 the issuance of bad checks or an accumulation of delinquent
811 bills for such items as personnel salaries, food, drugs, or
812 utilities shall constitute prima facie evidence that the

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813 ownership of the hospital lacks the financial ability to operate
814 the hospital.

815 (2) Petitions for receivership shall take precedence over
816 other court business unless the court determines that some other
817 pending proceeding, having similar statutory precedence, shall
818 have priority. A hearing shall be conducted within 5 days after
819 the filing of the petition, at which time all interested parties
820 shall have the opportunity to present evidence pertaining to the
821 petition. The agency shall notify the owner or administrator of
822 the hospital named in the petition of the filing of the petition
823 and the date set for the hearing. The court may grant the
824 petition only upon finding that the health, safety, or welfare
825 of patients of the hospital would be threatened if a condition
826 existing at the time the petition was filed is permitted to
827 continue. A receiver may not be appointed when the owner or
828 administrator, or a representative of the owner or
829 administrator, is not present at the hearing on the petition,
830 unless the court determines that one or more of the conditions
831 in subsection (1) exist and that the hospital owner or
832 administrator cannot be found, that all reasonable means of
833 locating the owner or the administrator and notifying him or her
834 of the petition and hearing have been exhausted, or that the
835 owner or administrator, after notification of the hearing,
836 chooses not to attend. After such findings, the court may
837 appoint any person qualified by education, training, or
838 experience to carry out the responsibilities of a receiver
839 pursuant to this section, except that the court may not appoint
840 any owner or affiliate of a hospital that is in receivership.

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841 The receiver may be selected from a list of persons qualified to
842 act as receivers developed by the agency and presented to the
843 court with each petition for receivership. Under no
844 circumstances shall the agency or a designated agency employee
845 be appointed as a receiver.

846 (3) The receiver shall make provisions for the continued
847 health, safety, and welfare of all patients of the hospital and:

848 (a) Shall exercise those powers and perform those duties
849 set out by the court.

850 (b) Shall operate the hospital in such a manner as to
851 ensure safety and adequate health care for the patients.

852 (c) Shall take such action as is reasonably necessary to
853 protect or conserve the assets or property of the hospital for
854 which the receiver is appointed, or the proceeds from any
855 transfer thereof, and may use them only in the performance of
856 the powers and duties set forth in this section and by order of
857 the court.

858 (d) May use the building, fixtures, furnishings, and any
859 accompanying consumable goods in the provision of care and
860 services to patients and to any other persons receiving services
861 from the hospital at the time the petition for receivership was
862 filed. The receiver shall collect payments for all goods and
863 services provided to patients or others during the period of the
864 receivership at the same rate of payment charged by the owners
865 at the time the petition for receivership was filed, or at a
866 fair and reasonable rate otherwise approved by the court for
867 private-pay patients. The receiver may apply to the agency for a
868 rate increase for patients eligible for care under Title XIX of

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869 the Social Security Act if the hospital is not receiving the
870 maximum allowable payment and expenditures justify an increase
871 in the rate.

872 (e) May correct or eliminate any deficiency in the
873 structure or furnishings of the hospital that endangers the
874 safety or health of patients while they remain in the hospital,
875 provided the total cost of correction does not exceed \$100,000.
876 The court may order expenditures for this purpose in excess of
877 \$100,000 on application from the receiver after notice to the
878 owner and a hearing.

879 (f) May let contracts and hire agents and employees to
880 carry out the powers and duties of the receiver under this
881 section.

882 (g) Shall honor all leases, mortgages, and secured
883 transactions governing the building in which the hospital is
884 located and all goods and fixtures in the building of which the
885 receiver has taken possession, but only to the extent of
886 payments that, in the case of a rental agreement, are for the
887 use of the property during the period of receivership, or that,
888 in the case of a purchase agreement, become due during the
889 period of receivership.

890 (h) Shall have full power to direct, manage, and discharge
891 employees of the hospital, subject to any contract rights they
892 may have. The receiver shall pay employees at the rate of
893 compensation, including benefits, approved by the court. A
894 receivership does not relieve the owner of any obligation to
895 employees made prior to the appointment of a receiver that has
896 not been carried out by the receiver.

897 (i) Shall be entitled to take possession of all property
898 or assets of patients that are in the possession of a hospital
899 or its owner. The receiver shall preserve all property or assets
900 and all patient records of which the receiver takes possession
901 and shall provide for the prompt transfer of the property,
902 assets, and records to the new placement of any transferred
903 patient. An inventory list certified by the owner and receiver
904 shall be made at the time the receiver takes possession of the
905 hospital.

906 (4) (a) A person who is served with notice of an order of
907 the court appointing a receiver and of the receiver's name and
908 address shall be liable to pay the receiver for any goods or
909 services provided by the receiver after the date of the order if
910 the person would have been liable for the goods or services as
911 supplied by the owner. The receiver shall give a receipt for
912 each payment and shall keep a copy of each receipt on file. The
913 receiver shall deposit accounts received in a separate account
914 and shall use this account for all disbursements.

915 (b) The receiver may bring an action to enforce the
916 liability created by paragraph (a).

917 (c) A payment to the receiver of any sum owing to the
918 hospital or its owner shall discharge any obligation to the
919 hospital to the extent of the payment.

920 (5) (a) A receiver may petition the court that he or she
921 not be required to honor any lease, mortgage, secured
922 transaction, or other wholly or partially executory contract
923 entered into by the owner of the hospital if the rent, price, or
924 rate of interest required to be paid under the agreement was

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925 substantially in excess of a reasonable rent, price, or rate of
926 interest at the time the contract was entered into or if any
927 material provision of the agreement was unreasonable when
928 compared to contracts negotiated under similar conditions. Any
929 relief in this form provided by the court shall be limited to
930 the life of the receivership, unless otherwise determined by the
931 court.

932 (b) If the receiver is in possession of real estate or
933 goods subject to a lease, mortgage, or security interest which
934 the receiver has obtained a court order to avoid under paragraph
935 (a), and if the real estate or goods are necessary for the
936 continued operation of the hospital under this section, the
937 receiver may apply to the court to set a reasonable rental,
938 price, or rate of interest to be paid by the receiver during the
939 duration of the receivership. The court shall hold a hearing on
940 the application within 15 days. The receiver shall send notice
941 of the application to any known persons who own the property
942 involved or mortgage holders at least 10 days prior to the
943 hearing. Payment by the receiver of the amount determined by the
944 court to be reasonable is a defense to any action against the
945 receiver for payment or for possession of the goods or real
946 estate subject to the lease, security interest, or mortgage
947 involved by any person who received such notice, but the payment
948 does not relieve the owner of the hospital of any liability for
949 the difference between the amount paid by the receiver and the
950 amount due under the original lease, security interest, or
951 mortgage involved.

952 (6) The court shall set the compensation of the receiver,

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953 which shall be considered a necessary expense of a receivership.

954 (7) A receiver may be held liable in a personal capacity
955 only for the receiver's own gross negligence, intentional acts,
956 or breach of fiduciary duty.

957 (8) The court may require a receiver to post a bond.

958 (9) The court may terminate a receivership when:

959 (a) The court determines that the receivership is no
960 longer necessary because the conditions that gave rise to the
961 receivership no longer exist; or

962 (b) All of the patients in the hospital have been
963 transferred or discharged.

964 (10) Within 30 days after the termination of a
965 receivership, unless this time period is extended by the court,
966 the receiver shall give the court a complete accounting of all
967 property of which the receiver has taken possession, of all
968 funds collected and disbursed, and of the expenses of the
969 receivership.

970 (11) Nothing in this section shall be deemed to relieve
971 any owner, administrator, or employee of a hospital placed in
972 receivership of any civil or criminal liability incurred, or of
973 any duty imposed by law, by reason of acts or omissions of the
974 owner, administrator, or employee prior to the appointment of a
975 receiver; nor shall anything contained in this section be
976 construed to suspend during the receivership any obligation of
977 the owner, administrator, or employee for payment of taxes or
978 other operating and maintenance expenses of the hospital, or of
979 the owner, administrator, employee, or any other person for the
980 payment of mortgages or liens. The owner shall retain the right

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981 to sell or mortgage any hospital under receivership, subject to
 982 approval of the court that ordered the receivership. A licensee
 983 that is placed in receivership by the court is liable for all
 984 expenses and costs incurred by the Rural Hospital Patient
 985 Protection Trust Fund that are related to capital improvement
 986 and operating costs and are no more than 10 percent above the
 987 hospital's Medicaid rate and which occur as a result of the
 988 receivership.

989 Section 8. Section 395.6071, Florida Statutes, is created
 990 to read:

991 395.6071 Rural Hospital Patient Protection Trust Fund.--

992 (1) A Rural Hospital Patient Protection Trust Fund shall
 993 be established for the purpose of collecting and disbursing
 994 funds generated from a \$1 fee assessed on each inpatient
 995 discharge from a rural hospital as defined in s. 408.07. Such
 996 funds shall be used for the continued operation of the hospital
 997 and transition to another owner. Such funds may be used for the
 998 purpose of paying for the appropriate alternate placement, care,
 999 and treatment of patients who are removed from a facility
 1000 licensed under this part in which the agency determines that
 1001 existing conditions or practices constitute an immediate danger
 1002 to the health, safety, or security of the patients. If the
 1003 agency determines that it is in the best interest of the health,
 1004 safety, or security of the patients to provide for an orderly
 1005 removal of the patients from the facility, the agency may use
 1006 such funds to maintain and care for the patients in the facility
 1007 pending removal and alternative placement. The maintenance and
 1008 care of the patients shall be under the direction and control of

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1009 a receiver appointed pursuant to s. 395.6070. However, funds may
1010 be expended in an emergency upon the filing of a petition for a
1011 receiver, upon the declaration of a state of local emergency
1012 pursuant to s. 252.38(3)(a)5., or upon a duly authorized local
1013 order of evacuation of a facility by emergency personnel to
1014 protect the health and safety of the patients.

1015 (2) The agency is authorized to establish for each
1016 facility, subject to intervention by the agency, a separate bank
1017 account for the deposit to the credit of the agency of any
1018 moneys received from the Rural Hospital Patient Protection Trust
1019 Fund or any other moneys received for the maintenance and care
1020 of patients in the facility, and the agency is authorized to
1021 disburse moneys from such account to pay obligations incurred
1022 for the purposes of this section. The agency is authorized to
1023 requisition moneys from the Rural Hospital Patient Protection
1024 Trust Fund in advance of an actual need for cash on the basis of
1025 an estimate by the agency of moneys to be spent under the
1026 authority of this section. Any bank account established under
1027 this section need not be approved in advance of its creation as
1028 required by s. 17.58, but shall be secured by depository
1029 insurance equal to or greater than the balance of such account
1030 or by the pledge of collateral security as provided in chapter
1031 280. The agency shall notify the Chief Financial Officer of any
1032 account so established and shall make a quarterly accounting to
1033 the Chief Financial Officer for all moneys deposited in such
1034 account.

1035 (3) Funds authorized under this section shall be expended
1036 on behalf of all patients transferred to an alternate placement,

1037 at the usual and customary charges of the facility used for the
 1038 alternate placement, provided no other source of private or
 1039 public funding is available. However, such funds may not be
 1040 expended on behalf of a patient who is eligible for Title XIX of
 1041 the Social Security Act, if the alternate placement accepts
 1042 Title XIX of the Social Security Act. Funds shall be used for
 1043 maintenance and care of patients in a facility in receivership
 1044 only to the extent private or public funds, including funds
 1045 available under Title XIX of the Social Security Act, are not
 1046 available or are not sufficient to adequately manage and operate
 1047 the facility, as determined by the agency. The existence of the
 1048 Rural Hospital Patient Protection Trust Fund shall not make the
 1049 agency liable for the maintenance of any patient in any
 1050 facility. The state shall be liable for the cost of alternate
 1051 placement of patients removed from a deficient facility, or for
 1052 the maintenance of patients in a facility in receivership, only
 1053 to the extent that funds are available in the Rural Hospital
 1054 Patient Protection Trust Fund.

1055 (4) The agency is authorized to adopt rules pursuant to s.
 1056 120.53(1) and 120.54 necessary to implement this section.

1057 Section 9. Section 408.7054, Florida Statutes, is created
 1058 to read:

1059 408.7054 Rural Provider Service Network Development
 1060 Program.--

1061 (1) There is established within the Agency for Health Care
 1062 Administration the Rural Provider Service Network Development
 1063 Program to support the implementation of provider service
 1064 networks in rural counties of the state. The purpose of the

1065 program is to assist in the establishment of the infrastructure
 1066 needed for Medicaid reform relating to prepaid and at-risk
 1067 reimbursement plans to improve access to quality health care in
 1068 rural areas.

1069 (2) The responsibilities of the program are to:

1070 (a) Administer the rural hospital capital improvement
 1071 grant program established under s. 395.6061.

1072 (b) Administer the assistance program for financially
 1073 distressed rural and critical access hospitals established under
 1074 s. 395.6061(4).

1075 (c) Administer the rural provider service network
 1076 development grant program established in subsection (3).

1077 (3) There is established a rural provider service network
 1078 development grant program. The agency is authorized to provide
 1079 funding through a grant program to entities seeking to establish
 1080 rural provider service networks that have demonstrated an
 1081 interest and have experience in organizing rural health care
 1082 providers for this purpose.

1083 (4) Entities eligible for rural provider service network
 1084 development grants must:

1085 (a) Have a written agreement signed by prospective
 1086 members, 45 percent of whom must be providers in the targeted
 1087 service area.

1088 (b) Include all rural hospitals, at least one federally
 1089 qualified health center, and one county health department
 1090 located in the service area.

1091 (c) Have a defined service area, 80 percent of which
 1092 consists of rural counties.

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1093 (5) Each applicant for this funding shall provide the
1094 agency with a detailed written proposal that includes, at a
1095 minimum, a statement of need; a defined purpose; identification
1096 and explanation of the role of prospective partners; a signed
1097 memorandum of agreement or similar document attesting to the
1098 role of prospective partners; documented actions related to
1099 provider service network development; measurable objectives for
1100 the development of clinical and administrative infrastructure; a
1101 process of evaluation; and a process for developing a business
1102 plan and securing additional funding.

1103 (6) The agency is authorized to grant preferential funding
1104 to a rural provider service network based on the number of rural
1105 counties within the network's proposed service area that are
1106 Medically Underserved Areas or Health Professional Shortage
1107 Areas as defined by the Health Resources Services
1108 Administration, Office of Rural Health Policy, and based on
1109 whether the provider service network has a principal place of
1110 business located in a rural county in the state.

1111 (7) The agency is granted authority to develop rules
1112 pursuant to s. 120.53(1) and 120.54 necessary to implement this
1113 section.

1114 Section 10. Subsection (43) of section 408.07, Florida
1115 Statutes, is amended to read:

1116 408.07 Definitions.--As used in this chapter, with the
1117 exception of ss. 408.031-408.045, the term:

1118 (43) "Rural hospital" means an acute care hospital
1119 licensed under chapter 395, having 100 or fewer licensed beds
1120 and an emergency room, and which is:

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1121 (a) The sole provider within a county with a population
 1122 density of no greater than 100 persons per square mile;
 1123 (b) An acute care hospital, in a county with a population
 1124 density of no greater than 100 persons per square mile, which is
 1125 at least 30 minutes of travel time, on normally traveled roads
 1126 under normal traffic conditions, from another acute care
 1127 hospital within the same county;
 1128 (c) A hospital supported by a tax district or subdistrict
 1129 whose boundaries encompass a population of 100 persons or fewer
 1130 per square mile;
 1131 (d) A hospital with a service area that has a population
 1132 of 100 persons or fewer per square mile. As used in this
 1133 paragraph, the term "service area" means the fewest number of
 1134 zip codes that account for 75 percent of the hospital's
 1135 discharges for the most recent 5-year period, based on
 1136 information available from the hospital inpatient discharge
 1137 database in the State Center for Health Statistics at the Agency
 1138 for Health Care Administration; or
 1139 (e) A critical access hospital.
 1140
 1141 Population densities used in this subsection must be based upon
 1142 the most recently completed United States census. A hospital
 1143 that received funds under s. 409.9116 for a quarter beginning no
 1144 later than July 1, 2002, is deemed to have been and shall
 1145 continue to be a rural hospital from that date through June 30,
 1146 2012, if the hospital continues to have 100 or fewer licensed
 1147 beds and an emergency room, or meets the criteria of s.
 1148 395.602(2) (d)~~(e)~~4. An acute care hospital that has not

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1149 | previously been designated as a rural hospital and that meets
1150 | the criteria of this subsection shall be granted such
1151 | designation upon application, including supporting
1152 | documentation, to the Agency for Health Care Administration.

1153 | Section 11. Subsection (12) of section 409.908, Florida
1154 | Statutes, is amended to read:

1155 | 409.908 Reimbursement of Medicaid providers.--Subject to
1156 | specific appropriations, the agency shall reimburse Medicaid
1157 | providers, in accordance with state and federal law, according
1158 | to methodologies set forth in the rules of the agency and in
1159 | policy manuals and handbooks incorporated by reference therein.
1160 | These methodologies may include fee schedules, reimbursement
1161 | methods based on cost reporting, negotiated fees, competitive
1162 | bidding pursuant to s. 287.057, and other mechanisms the agency
1163 | considers efficient and effective for purchasing services or
1164 | goods on behalf of recipients. If a provider is reimbursed based
1165 | on cost reporting and submits a cost report late and that cost
1166 | report would have been used to set a lower reimbursement rate
1167 | for a rate semester, then the provider's rate for that semester
1168 | shall be retroactively calculated using the new cost report, and
1169 | full payment at the recalculated rate shall be effected
1170 | retroactively. Medicare-granted extensions for filing cost
1171 | reports, if applicable, shall also apply to Medicaid cost
1172 | reports. Payment for Medicaid compensable services made on
1173 | behalf of Medicaid eligible persons is subject to the
1174 | availability of moneys and any limitations or directions
1175 | provided for in the General Appropriations Act or chapter 216.
1176 | Further, nothing in this section shall be construed to prevent

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1177 or limit the agency from adjusting fees, reimbursement rates,
1178 lengths of stay, number of visits, or number of services, or
1179 making any other adjustments necessary to comply with the
1180 availability of moneys and any limitations or directions
1181 provided for in the General Appropriations Act, provided the
1182 adjustment is consistent with legislative intent.

1183 (12) (a) A physician shall be reimbursed the lesser of the
1184 amount billed by the provider or the Medicaid maximum allowable
1185 fee established by the agency.

1186 (b) The agency shall adopt a fee schedule, subject to any
1187 limitations or directions provided for in the General
1188 Appropriations Act, based on a resource-based relative value
1189 scale for pricing Medicaid physician services. Under this fee
1190 schedule, physicians shall be paid a dollar amount for each
1191 service based on the average resources required to provide the
1192 service, including, but not limited to, estimates of average
1193 physician time and effort, practice expense, and the costs of
1194 professional liability insurance. The fee schedule shall provide
1195 increased reimbursement for preventive and primary care services
1196 and lowered reimbursement for specialty services by using at
1197 least two conversion factors, one for cognitive services and
1198 another for procedural services. The fee schedule shall not
1199 increase total Medicaid physician expenditures unless moneys are
1200 available, ~~and shall be phased in over a 2-year period beginning~~
1201 ~~on July 1, 1994.~~ The Agency for Health Care Administration shall
1202 seek the advice of a 16-member advisory panel in formulating and
1203 adopting the fee schedule. The panel shall consist of Medicaid
1204 physicians licensed under chapters 458 and 459 and shall be

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1205 composed of 50 percent primary care physicians and 50 percent
1206 specialty care physicians.

1207 (c) Notwithstanding paragraph (b), reimbursement fees to
1208 physicians for providing total obstetrical services to Medicaid
1209 recipients, which include prenatal, delivery, and postpartum
1210 care, shall be at least \$1,500 per delivery for a pregnant woman
1211 with low medical risk and at least \$2,000 per delivery for a
1212 pregnant woman with high medical risk. However, reimbursement to
1213 physicians working in Regional Perinatal Intensive Care Centers
1214 designated pursuant to chapter 383, for services to certain
1215 pregnant Medicaid recipients with a high medical risk, may be
1216 made according to obstetrical care and neonatal care groupings
1217 and rates established by the agency. Nurse midwives licensed
1218 under part I of chapter 464 or midwives licensed under chapter
1219 467 shall be reimbursed at no less than 80 percent of the low
1220 medical risk fee. The agency shall by rule determine, for the
1221 purpose of this paragraph, what constitutes a high or low
1222 medical risk pregnant woman and shall not pay more based solely
1223 on the fact that a caesarean section was performed, rather than
1224 a vaginal delivery. The agency shall by rule determine a
1225 prorated payment for obstetrical services in cases where only
1226 part of the total prenatal, delivery, or postpartum care was
1227 performed. The Department of Health shall adopt rules for
1228 appropriate insurance coverage for midwives licensed under
1229 chapter 467. Prior to the issuance and renewal of an active
1230 license, or reactivation of an inactive license for midwives
1231 licensed under chapter 467, such licensees shall submit proof of
1232 coverage with each application.

1233 (d) Notwithstanding other provisions of this subsection,
 1234 the agency shall pay physicians licensed under chapter 458 or
 1235 chapter 459 who have a provider agreement with a rural health
 1236 network as established in s. 381.0406 a 10-percent bonus over
 1237 the Medicaid physician fee schedule for any physician service
 1238 provided within the geographic boundary of a county defined as a
 1239 rural county by the most recent United States Census.

1240 Section 12. Subsection (6) of section 409.9116, Florida
 1241 Statutes, is amended to read:

1242 409.9116 Disproportionate share/financial assistance
 1243 program for rural hospitals.--In addition to the payments made
 1244 under s. 409.911, the Agency for Health Care Administration
 1245 shall administer a federally matched disproportionate share
 1246 program and a state-funded financial assistance program for
 1247 statutory rural hospitals. The agency shall make
 1248 disproportionate share payments to statutory rural hospitals
 1249 that qualify for such payments and financial assistance payments
 1250 to statutory rural hospitals that do not qualify for
 1251 disproportionate share payments. The disproportionate share
 1252 program payments shall be limited by and conform with federal
 1253 requirements. Funds shall be distributed quarterly in each
 1254 fiscal year for which an appropriation is made. Notwithstanding
 1255 the provisions of s. 409.915, counties are exempt from
 1256 contributing toward the cost of this special reimbursement for
 1257 hospitals serving a disproportionate share of low-income
 1258 patients.

1259 (6) This section applies only to hospitals that were
 1260 defined as statutory rural hospitals, or their successor-in-

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1261 interest hospital, prior to January 1, 2001. Any additional
 1262 hospital that is defined as a statutory rural hospital, or its
 1263 successor-in-interest hospital, on or after January 1, 2001, is
 1264 not eligible for programs under this section unless additional
 1265 funds are appropriated each fiscal year specifically to the
 1266 rural hospital disproportionate share and financial assistance
 1267 programs in an amount necessary to prevent any hospital, or its
 1268 successor-in-interest hospital, eligible for the programs prior
 1269 to January 1, 2001, from incurring a reduction in payments
 1270 because of the eligibility of an additional hospital to
 1271 participate in the programs. A hospital, or its successor-in-
 1272 interest hospital, which received funds pursuant to this section
 1273 before January 1, 2001, and which qualifies under s.
 1274 395.602(2) (d) ~~(e)~~, shall be included in the programs under this
 1275 section and is not required to seek additional appropriations
 1276 under this subsection.

1277 Section 13. Paragraph (b) of subsection (2) of section
 1278 1009.65, Florida Statutes, is amended to read:

1279 1009.65 Medical Education Reimbursement and Loan Repayment
 1280 Program.--

1281 (2) From the funds available, the Department of Health
 1282 shall make payments to selected medical professionals as
 1283 follows:

1284 (b) All payments shall be contingent on continued proof of
 1285 primary care practice in an area defined in s. 395.602(2) (d) ~~(e)~~,
 1286 or an underserved area designated by the Department of Health,
 1287 provided the practitioner accepts Medicaid reimbursement if
 1288 eligible for such reimbursement. Correctional facilities, state

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1289 hospitals, and other state institutions that employ medical
1290 personnel shall be designated by the Department of Health as
1291 underserved locations. Locations with high incidences of infant
1292 mortality, high morbidity, or low Medicaid participation by
1293 health care professionals may be designated as underserved.

1294 Section 14. Section 395.605, Florida Statutes, is
1295 repealed.

1296 Section 15. This act shall take effect July 1, 2006.