## CHAMBER ACTION

The Health & Families Council recommends the following:

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## Council/Committee Substitute

Remove the entire bill and insert:

A bill to be entitled

An act relating to rural health care; amending s. 381.0405, F.S.; revising the purpose and functions of the Office of Rural Health in the Department of Health; requiring the Secretary of Health and the Secretary of Health Care Administration to appoint an advisory council to advise the office; providing for terms of office of the members of the advisory council; authorizing per diem and travel reimbursement for members of the advisory council; requiring a report to the Governor and Legislature; amending s. 381.0406, F.S.; revising legislative findings and intent with respect to rural health networks; revising definitions; providing additional functions of and requirements for membership in rural health networks; requiring rural health networks to submit rural health infrastructure development plans to the office by a specified date; revising provisions relating to the governance and organization of rural health networks; revising the services to be provided by provider members

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of rural health networks; requiring coordination among rural health networks and area health education centers and health planning councils; establishing performance standards; establishing a grant program for funding rural health networks; defining projects that may be funded through the grant program; requiring the department to establish rules governing rural health network grant programs and performance standards; amending s. 395.602, F.S.; defining "critical access hospital"; revising and deleting definitions; amending s. 395.603, F.S.; deleting a requirement that the Agency for Health Care Administration adopt a rule relating to deactivation of rural hospital beds under certain circumstances; requiring that rural critical access hospitals maintain a certain number of actively licensed beds; amending s. 395.604, F.S.; removing emergency care hospitals and essential access community hospitals from certain licensure requirements; specifying certain special conditions for rural primary care hospitals; amending s. 395.6061, F.S.; specifying the purpose of the rural hospital capital improvement grant program; providing for grant management by the department; modifying the conditions for receiving a grant; providing for preferential assistance for financially distressed rural hospitals; providing purpose of the program; providing requirements for receiving certain assistance; requiring a participation agreement and providing for contents thereof; creating s. 408.7054, F.S.; establishing the Rural Provider Service Network Page 2 of 38

Development Program; providing purposes; authorizing the agency to provide funding through a grant program for the establishment of rural provider service networks; providing eligibility requirements; authorizing preferential funding to certain providers; authorizing the agency to adopt rules; amending ss. 408.07, 409.9116, and 1009.65, F.S.; conforming cross-references; repealing s. 395.605, F.S., relating to the licensure of emergency care hospitals; creating s. 381.7366, F.S.; establishing the Office of Minority Health; providing legislative intent; providing for organization, duties, and responsibilities; requiring a report to the Governor and Legislature; providing an effective date.

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

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

381.0405 Office of Rural Health.--

establish an Office of Rural Health, which shall assist rural health care providers in improving the health status and health care of rural residents of this state and assist rural health care providers in integrating their efforts. The Office of Rural Health shall coordinate its activities with rural health networks established under s. 381.0406, local health councils established under s. 408.033, the area health education center network established under pursuant to s. 381.0402, and with any Page 3 of 38

appropriate research and policy development centers within universities that have state-approved medical schools. The Office of Rural Health may enter into a formal relationship with any center that designates the office as an affiliate of the center.

- (2) PURPOSE.--The Office of Rural Health shall actively foster the provision of <a href="https://high-quality.nealth.care">high-quality</a> health care services in rural areas and serve as a catalyst for improved health services to residents <a href="https://distribution.com/citizens">citizens</a> in rural areas of the state.
  - (3) GENERAL FUNCTIONS. -- The office shall:

- (a) Integrate policies related to physician workforce, hospitals, public health, and state regulatory functions.
- (b) Work with rural stakeholders in order to foster the development of strategic planning that addresses Propose solutions to problems affecting health care delivery in rural areas.
- (c) Foster the expansion of rural health network service areas to include rural counties that are not served by a rural health network.
- $\underline{\text{(d)}}$  Seek grant funds from foundations and the Federal Government.
- (e) Administer state grant programs for rural health networks.
  - (4) COORDINATION. -- The office shall:
- (a) Identify federal and state rural health programs and provide <u>information and</u> technical assistance to rural providers regarding participation in such programs.

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

- (c) Foster the creation of regional health care systems that promote cooperation, rather than competition.
- (d) Coordinate the department's rural health care activities, programs, and policies.

- (e) Design initiatives to improve access to <u>primary</u>, <u>acute</u>, <u>and</u> emergency medical services <u>and promote the</u> <u>coordination of such services</u> in rural areas.
- (f) Assume responsibility for state coordination of the Rural Hospital Transition Grant Program, the Essential Access Community Hospital Program, and other federal rural health care grant programs.
  - (5) TECHNICAL ASSISTANCE. -- The office shall:
- (a) Assist Help rural health care providers in recruiting obtain health care practitioners by promoting the location and relocation of health care practitioners in rural areas and promoting policies that create incentives for practitioners to serve in rural areas.
- (b) Provide technical assistance to hospitals, community and migrant health centers, and other health care providers that serve residents in rural areas.
- (c) <u>Assist with the</u> design <u>of</u> strategies to improve health care workforce recruitment and placement programs.

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

- (e) Provide links to best practices and other technical assistance resources on the office's Internet website.
- (6) ADVISORY COUNCIL.--The Secretary of Health and the Secretary of Health Care Administration shall each appoint no more than five members with relevant health care operations management, practice, and policy experience to an advisory council to advise the office regarding its responsibilities under this section and ss. 381.0406, 395.6061, and 395.6063.

  Members must be appointed for 4-year staggered terms and may be reappointed to a second term of office. Members shall serve without compensation but are entitled to reimbursement for per diem and travel expenses as provided in s. 112.061. The council may appoint technical advisory teams as needed. The department shall provide staff and other administrative assistance reasonably necessary to assist the advisory council in carrying out its duties.
- (7) REPORTS.--Beginning January 1, 2007, and annually thereafter, the Office of Rural Health shall submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives summarizing the activities of the office, including the grants obtained or administered by the office and the status of rural health networks and rural hospitals in the state. The report must also include recommendations for improvements in health care delivery in rural areas of the state.

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(8) (6) RESEARCH PUBLICATIONS AND SPECIAL STUDIES. -- The office shall:

Conduct policy and research studies. (a)

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- Conduct health status studies of rural residents.
- Collect relevant data on rural health care issues for use in department policy development.
- (9) <del>(7)</del> APPROPRIATION. -- The Legislature shall appropriate such sums as are necessary to support the Office of Rural 168 169 Health.
  - Section 2. Section 381.0406, Florida Statutes, is amended to read:
    - 381.0406 Rural health networks.--
    - LEGISLATIVE FINDINGS AND INTENT. --
    - The Legislature finds that, in rural areas, access to (a) health care is limited and the quality of health care is negatively affected by inadequate financing, difficulty in recruiting and retaining skilled health professionals, and the because of a migration of patients to urban areas for general acute care and specialty services.
    - The Legislature further finds that the efficient and (b) effective delivery of health care services in rural areas requires:
      - The integration of public and private resources; 1.
      - 2. The introduction of innovative outreach methods;
    - The adoption of quality improvement and costeffectiveness measures;
- 187 The organization of health care providers into joint 188 contracting entities;

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The establishment of referral linkages;

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- The analysis of costs and services in order to prepare health care providers for prepaid and at-risk financing; and
  - The coordination of health care providers.
- The Legislature further finds that the availability of a continuum of quality health care services, including preventive, primary, secondary, tertiary, and long-term care, is essential to the economic and social vitality of rural communities.
- The Legislature further finds that health care (d) providers in rural areas are not prepared for market changes such as the introduction of managed care and capitationreimbursement methodologies into health care services.
- (e) (d) The Legislature further finds that the creation of rural health networks can help to alleviate these problems. Rural health networks shall act in the broad public interest and, to the extent possible, seek to improve the accessibility, quality, and cost-effectiveness of rural health care by planning, developing, coordinating, and providing be structured to provide a continuum of quality health care services for rural residents through the cooperative efforts of rural health network members and other health care providers.
- (f) The Legislature further finds that rural health networks shall have the goal of increasing the financial stability of statutory rural hospitals by linking rural hospital services to other services in a continuum of health care services and by increasing the utilization of statutory rural hospitals whenever for appropriate health care services whenever

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feasible, which shall help to ensure their survival and thereby support the economy and protect the health and safety of rural residents.

- $\underline{(g)}$  Finally, the Legislature finds that rural health networks may serve as "laboratories" to determine the best way of organizing rural health services and linking to out-of-area services that are not available locally in order, to move the state closer to ensuring that everyone has access to health care, and to promote cost containment efforts. The ultimate goal of rural health networks shall be to ensure that quality health care is available and efficiently delivered to all persons in rural areas.
  - (2) DEFINITIONS.--

- (a) "Rural" means an area  $\underline{\text{having}}$  with a population density of  $\underline{\text{fewer}}$  less than 100 individuals per square mile or an area defined by the most recent United States Census as rural.
- (b) "Health care provider" means any individual, group, or entity, public or private, which that provides health care, including: preventive health care, primary health care, secondary and tertiary health care, hospital in hospital health care, public health care, and health promotion and education.
- (c) "Rural health network" or "network" means a nonprofit legal entity, whose members consist consisting of rural and urban health care providers and others, and which that is established organized to plan, develop, organize, and deliver health care services on a cooperative basis in a rural area, except for some secondary and tertiary care services.
  - (3) NETWORK MEMBERSHIP. --

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

- (b) Each county health department shall be a member of the rural health network whose service area includes the county in which the county health department is located. Federally qualified health centers and emergency medical services providers are encouraged to become members of the rural health networks in the areas in which their patients reside or receive services.
- (c) (4) Network membership shall be available to all health care providers in the network service area if, provided that they render care to all patients referred to them from other network members; comply with network quality assurance, quality improvement, and utilization-management and risk management requirements; and, abide by the terms and conditions of network provider agreements in paragraph (11)(c), and provide services at a rate or price equal to the rate or price negotiated by the network.
- <u>(4) (5)</u> <u>NETWORK SERVICE AREAS.--</u>Network <u>service</u> areas <u>are</u> do not <u>required</u> need to conform to local political boundaries or state administrative district boundaries. The geographic area of one rural health network, however, may not overlap the territory of any other rural health network.
  - (5) (6) NETWORK FUNCTIONS. -- Networks shall:

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(a) Seek to develop <u>linkages with provisions for referral</u> to tertiary inpatient care, specialty physician care, and to other services that are not available in rural service areas.

- (b) (7) Networks shall Make available health promotion, disease prevention, and primary care services, in order to improve the health status of rural residents and to contain health care costs.
- (8) Networks may have multiple points of entry, such as through private physicians, community health centers, county health departments, certified rural health clinics, hospitals, or other providers; or they may have a single point of entry.
- (c) (9) Encourage members through training and educational programs to adopt standards of care, and promote the evidence-based practice of medicine. Networks shall establish standard protocols, coordinate and share patient records, and develop patient information exchange systems in order to improve quality and access to services.
- (d) Develop quality-improvement programs and train network members and other health care providers in the use of such programs.
- (e) Develop disease-management systems and train network members and other health care providers in the use of such systems.
- (f) Promote outreach to areas with a high need for services.
- (g) Seek to develop community care alternatives for elders who would otherwise be placed in nursing homes.

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(h) Emphasize community care alternatives for persons with mental health and substance abuse disorders who are at risk of being admitted to an institution.

- (i) Develop and implement a rural health infrastructure development plan for an integrated system of care that is responsive to the unique local health needs and the area health care services market. Each rural health infrastructure development plan must address strategies to improve access to specialty care, train health care providers to use standards of care for chronic illness, develop disease-management capacity, and link to state and national quality-improvement initiatives. The initial development plan must be submitted to the Office of Rural Health for review and approval no later than July 1, 2007, and thereafter the plans must be updated and submitted to the Office of Rural Health every 3 years.
- (10) Networks shall develop risk management and quality assurance programs for network providers.
  - (6) (11) NETWORK GOVERNANCE AND ORGANIZATION. --
- (a) Networks shall be incorporated <u>as not-for-profit</u>

  <u>corporations</u> under <u>chapter 617</u>, with articles of incorporation

  <u>that set forth purposes consistent with this section</u> the laws of the state.
- (b) <u>Each network</u> Networks shall have <u>an independent</u> a board of directors that derives membership from local government, health care providers, businesses, consumers, advocacy groups, and others. <u>Boards of other community health care entities may not serve in whole as the board of a rural health network; however, some overlap of board membership with</u>

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328 other community organizations is encouraged. Network staff must 329 provide an annual orientation and strategic planning activity 330 for board members.

- Network boards of directors shall have the responsibility of determining the content of health care provider agreements that link network members. The written agreements between the network and its health care provider members must specify participation in the essential functions of the network and shall specify:
  - Who provides what services. 1.

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- The extent to which the health care provider provides care to persons who lack health insurance or are otherwise unable to pay for care.
  - The procedures for transfer of medical records.
- The method used for the transportation of patients between providers.
- Referral and patient flow including appointments and scheduling.
- Payment arrangements for the transfer or referral of patients.
- There shall be no liability on the part of, and no cause of action of any nature shall arise against, any member of a network board of directors, or its employees or agents, for any lawful action taken by them in the performance of their administrative powers and duties under this subsection.
  - (7) <del>(12)</del> NETWORK PROVIDER MEMBER SERVICES.--
- Networks, to the extent feasible, shall seek to develop services that provide for a continuum of care for all

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residents patients served by the network. Each network shall recruit members that can provide include the following core services: disease prevention, health promotion, comprehensive primary care, emergency medical care, and acute inpatient care. Each network shall seek to ensure the availability of comprehensive maternity care, including prenatal, delivery, and postpartum care for uncomplicated pregnancies, either directly, by contract, or through referral agreements. Networks shall, to the extent feasible, develop local services and linkages among health care providers to also ensure the availability of the following services: within the specified timeframes, either directly, by contract, or through referral agreements:

- 1. Services available in the home.
- 1.<del>a.</del> Home health care.
  - 2.<del>b.</del> Hospice care.

- 2. Services accessible within 30 minutes travel time or less.
- 3.a. Emergency medical services, including advanced life support, ambulance, and basic emergency room services.
  - 4.b. Primary care, including.
- e. prenatal and postpartum care for uncomplicated pregnancies.
- 5.d. Community-based services for elders, such as adult day care and assistance with activities of daily living.
- $\underline{6.e.}$  Public health services, including communicable disease control, disease prevention, health education, and health promotion.

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383	7.f. Outpatient mental health psychiatric and substance
384	abuse services.
385	3. Services accessible within 45 minutes travel time or
386	<del>less.</del>
387	8.a. Hospital acute inpatient care for persons whose
388	illnesses or medical problems are not severe.
389	9.b. Level I obstetrical care, which is Labor and delivery
390	for low-risk patients.
391	10.e. Skilled nursing services and, long-term care,
392	including nursing home care.
393	(b) Networks shall seek to foster linkages with out-of-
394	area services to the extent feasible to ensure the availability
395	of:
396	<u>1.d.</u> Dialysis.
397	2.e. Osteopathic and chiropractic manipulative therapy.
398	4. Services accessible within 2 hours travel time or less.
399	3.a. Specialist physician care.
400	4.b. Hospital acute inpatient care for severe illnesses
401	and medical problems.
402	5.c. Level II and III obstetrical care, which is Labor and
403	delivery care for high-risk patients and neonatal intensive
404	care.
405	6.d. Comprehensive medical rehabilitation.
406	7.e. Inpatient mental health psychiatric and substance
407	abuse services.
408	8.f. Magnetic resonance imaging, lithotripter treatment,
409	oncology advanced radiology and other technologically advanced

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

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services.

9.<del>g.</del> Subacute care.

- (8) COORDINATION WITH OTHER ENTITIES. --
- (a) Area health education centers and health planning councils shall participate in the rural health networks' preparation of development plans. The Department of Health may require a written memorandum of agreement between a network and an area health education center or health planning council.
- (b) Rural health networks shall initiate activities, in coordination with area health education centers, to carry out the objectives of the adopted development plan, including continuing education for health care practitioners performing functions such as disease management, continuous quality improvement, telemedicine, long-distance learning, and the treatment of chronic illness using standards of care. As used in this section, the term "telemedicine" means the use of telecommunications to deliver or expedite the delivery of health care services.
- (c) Rural health networks shall contract with local health planning councils to support the preparation of development plans through data collection and analysis in order to assess the health status of area residents and the capacity of local health services.
- (d) (b) Networks shall actively participate with area health education center programs, whenever feasible, in developing and implementing recruitment, training, and retention programs directed at positively influencing the supply and distribution of health care professionals serving in, or receiving training in, network areas.

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

- (d) To promote the most efficient use of resources, networks shall emphasize disease prevention, early diagnosis and treatment of medical problems, and community care alternatives for persons with mental health and substance abuse disorders who are at risk to be institutionalized.
- (e) (13) TRAUMA SERVICES.—In those network areas having which have an established trauma agency approved by the Department of Health, the network shall seek the participation of that trauma agency must be a participant in the network.

  Trauma services provided within the network area must comply with s. 395.405.
  - (9) <del>(14)</del> NETWORK FINANCING. --

- (a) Networks may use all sources of public and private funds to support network activities. Nothing in this section prohibits networks from becoming managed care providers.
- (b) The Department of Health shall establish grant programs to provide funding to support the administrative costs of developing and operating rural health networks.
- (10) NETWORK PERFORMANCE STANDARDS.--The Department of

  Health shall develop and enforce performance standards for rural
  health network operations grants and rural health infrastructure
  development grants.
- (a) Operations grant performance standards must include, but are not limited to, standards that require the rural health network to:

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1. Have a qualified board of directors that meets at least quarterly.

- 2. Have sufficient staff who have the qualifications and experience to perform the requirements of this section, as assessed by the Office of Rural Health, or a written plan to obtain such staff.
- 3. Comply with the department's grant management standards in a timely and responsive manner.
- 4. Comply with the department's standards for the administration of federal grant funding, including assistance to rural hospitals.
- 5. Demonstrate a commitment to network activities from area health care providers and other stakeholders, as described in letters of support.
- (b) Rural health infrastructure development grant performance standards must include, but are not limited to, standards that require the rural health network to:
- 1. During the 2006-2007 fiscal year prepare a development plan and, after July 1, 2007, have a development plan that has been reviewed and approved by the Office of Rural Health.
- 2. Have two or more successful network-development activities, such as:
- a. Management of a network development or outreach grant from the federal Office of Rural Health Policy;
- b. Implementation of outreach programs to address chronic
   disease, infant mortality, or assistance with prescription
   medication;

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c. Development of partnerships with community and faithbased organizations to address area health problems;

- <u>d.</u> Provision of direct services, such as clinics or mobile units;
- e. Operation of credentialing services for health care providers or quality assurance and quality improvement initiatives that, whenever possible, are consistent with state or federal quality initiatives;
- f. Support for the development of community health centers, local community health councils, federal designation as a rural critical access hospital, or comprehensive community health planning initiatives; and
- g. Development of the capacity to obtain federal, state, and foundation grants.
- $\underline{\text{(11)}}$  NETWORK IMPLEMENTATION.--As funds become available, networks shall be developed and implemented in two phases.
- (a) Phase I shall consist of a network planning and development grant program. Planning grants shall be used to organize networks, incorporate network boards, and develop formal provider agreements as provided for in this section. The Department of Health shall develop a request-for-proposal process to solicit grant applications.
- (b) Phase II shall consist of <u>a</u> network operations <u>grant</u> <u>program</u>. As funds become available, certified networks <u>that meet</u> <u>performance standards</u> shall be eligible to receive grant funds to be used to help defray the costs of <u>rural health</u> network infrastructure development, patient care, and network

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522	administration. Rural health network infrastructure development
523	includes, but is not limited to: recruitment and retention of
524	primary care practitioners; enhancements of primary care
525	services through the use of mobile clinics; development of
526	preventive health care programs; linkage of urban and rural
527	health care systems; design and implementation of automated
528	patient records, outcome measurement, quality assurance, and
529	risk management systems; establishment of one-stop service
530	delivery sites; upgrading of medical technology available to
531	network providers; enhancement of emergency medical systems;
532	enhancement of medical transportation; formation of joint
533	contracting entities composed of rural physicians, rural
534	hospitals, and other rural health care providers; establishment
535	of comprehensive disease management programs that meet Medicaid
536	requirements; establishment of regional quality improvement
537	programs involving physicians and hospitals consistent with
538	state and national initiatives; establishment of specialty
539	networks connecting rural primary care physicians and urban
540	specialists; development of regional broadband
541	telecommunications systems that have the capacity to share
542	patient information in a secure network, telemedicine, and long-
543	distance learning capacity; and linkage between training
544	programs for health care practitioners and the delivery of
545	health care services in rural areas and development of
546	telecommunication capabilities. A Phase II award may occur in
547	the same fiscal year as a Phase I award.
548	(12) (16) CERTIFICATION For the purpose of certifying
549	networks that are eligible for Phase II funding, the Department Page 20 of 38

of Health shall certify networks that meet the criteria delineated in this section and the rules governing rural health networks. The Office of Rural Health in the Department of Health shall monitor rural health networks in order to ensure continued compliance with established certification and performance standards.

(13) (17) RULES.--The Department of Health shall establish rules <u>pursuant to s. 120.536(1)</u> and 120.54 that govern the creation and certification of networks, <u>the provision of grant funds under Phase I and Phase II, and the establishment of performance standards including establishing outcome measures for networks.</u>

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

395.602 Rural hospitals.--

- (2) DEFINITIONS. -- As used in this part:
- (a) "Critical access hospital" means a hospital that meets the definition of rural hospital in paragraph (d) and meets the requirements for reimbursement by Medicare and Medicaid under 42 C.F.R. ss. 485.601-485.647. "Emergency care hospital" means a medical facility which provides:
  - 1. Emergency medical treatment; and
- 2. Inpatient care to ill or injured persons prior to their transportation to another hospital or provides inpatient medical care to persons needing care for a period of up to 96 hours. The 96 hour limitation on inpatient care does not apply to respite, skilled nursing, hospice, or other nonacute care patients.

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577 (b) "Essential access community hospital" means any 578 facility which: 579 1. Has at least 100 beds; 580 2. Is located more than 35 miles from any other essential 581 access community hospital, rural referral center, or urban 582 hospital meeting criteria for classification as a regional 583 referral center; 584 3. Is part of a network that includes rural primary care 585 hospitals; 4. Provides emergency and medical backup services to rural 586 587 primary care hospitals in its rural health network; 5. Extends staff privileges to rural primary care hospital 588 589 physicians in its network; and 590 6. Accepts patients transferred from rural primary care hospitals in its network. 591 (b) (c) "Inactive rural hospital bed" means a licensed 592 acute care hospital bed, as defined in s. 395.002(14), that is 593 594 inactive in that it cannot be occupied by acute care inpatients. (c) (d) "Rural area health education center" means an area 595 596 health education center (AHEC), as authorized by Pub. L. No. 94-484, that which provides services in a county with a population 597 density of no greater than 100 persons per square mile. 598 (d) <del>(e)</del> "Rural hospital" means an acute care hospital 599 600 licensed under this chapter, having 100 or fewer licensed beds 601 and an emergency room, that which is: 602 The sole provider within a county with a population

density of no greater than 100 persons per square mile;

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

- 3. A hospital supported by a tax district or subdistrict whose boundaries encompass a population of 100 persons or fewer per square mile;
- 4. A hospital in a constitutional charter county with a population of over 1 million persons that has imposed a local option health service tax pursuant to law and in an area that was directly impacted by a catastrophic event on August 24, 1992, for which the Governor of Florida declared a state of emergency pursuant to chapter 125, and has 120 beds or fewer less that serves an agricultural community with an emergency room utilization of no less than 20,000 visits and a Medicaid inpatient utilization rate greater than 15 percent;
- 5. A hospital with a service area that has a population of 100 persons or fewer per square mile. As used in this subparagraph, the term "service area" means the fewest number of zip codes that account for 75 percent of the hospital's discharges for the most recent 5-year period, based on information available from the hospital inpatient discharge database in the State Center for Health Statistics at the Agency for Health Care Administration; or
- 6. A hospital designated as a critical access hospital, as defined in s. 408.07(15).

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

- $\underline{\text{(e)}}$  "Rural primary care hospital" means any facility  $\underline{\text{that}}$  meeting the criteria in paragraph (e) or s. 395.605 which provides:
  - Twenty-four-hour emergency medical care;
- 2. Temporary inpatient care for periods of  $\underline{96}$   $\overline{72}$  hours or less to patients requiring stabilization before discharge or transfer to another hospital. The  $\underline{96}$ -hour  $\underline{72}$ -hour limitation does not apply to respite, skilled nursing, hospice, or other nonacute care patients; and
- 3. Has  $\underline{\text{at least}}$  no more than six licensed acute care inpatient beds.
- $\underline{\text{(f)}}_{\text{(g)}}$  "Swing-bed" means a bed  $\underline{\text{that}}$  which can be used interchangeably as either a hospital, skilled nursing facility (SNF), or intermediate care facility (ICF) bed pursuant to 42 C.F.R. parts 405, 435, 440, 442, and 447.

Section 4. Subsection (1) of section 395.603, Florida Statutes, is amended to read:

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

The agency shall establish, by rule, a process by which A rural hospital, as defined in s. 395.602, that seeks licensure as a rural primary care hospital or as an emergency care hospital, or becomes a certified rural health clinic as defined in Pub. L. No. 95-210, or becomes a primary care program such as a county health department, community health center, or other similar outpatient program that provides preventive and curative services, may deactivate general hospital beds. A rural critical access hospital Rural primary care hospitals and emergency care hospitals shall maintain the number of actively licensed general hospital beds necessary for the facility to be certified for Medicare reimbursement. Hospitals that discontinue inpatient care to become rural health care clinics or primary care programs shall deactivate all licensed general hospital beds. All hospitals, clinics, and programs with inactive beds shall provide 24-hour emergency medical care by staffing an emergency room. Providers with inactive beds shall be subject to the criteria in s. 395.1041. The agency shall specify in rule requirements for making 24-hour emergency care available. Inactive general hospital beds shall be included in the acute care bed inventory, maintained by the agency for certificate-ofneed purposes, for 10 years from the date of deactivation of the beds. After 10 years have elapsed, inactive beds shall be excluded from the inventory. The agency shall, at the request of Page 25 of 38

the licensee, reactivate the inactive general beds upon a showing by the licensee that licensure requirements for the inactive general beds are met.

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

- 395.604 Other Rural primary care hospitals hospital programs.--
- (1) The agency may license rural primary care hospitals subject to federal approval for participation in the Medicare and Medicaid programs. Rural primary care hospitals shall be treated in the same manner as emergency care hospitals and rural hospitals with respect to ss. 395.605(2)-(8)(a), 408.033(2)(b)3.7 and 408.038.
- (2) The agency may designate essential access community hospitals.
- (2)(3) The agency may adopt licensure rules for rural primary care hospitals and essential access community hospitals. Such rules must conform to s. 395.1055.
- (3) For the purpose of Medicaid swing-bed reimbursement pursuant to the Medicaid program, the agency shall treat rural primary care hospitals in the same manner as rural hospitals.
- (4) For the purpose of participation in the Medical Education Reimbursement and Loan Repayment Program as defined in s. 1009.65 or other loan repayment or incentive programs designed to relieve medical workforce shortages, the department shall treat rural primary care hospitals in the same manner as rural hospitals.

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(5) For the purpose of coordinating primary care services described in s. 154.011(1)(c)10., the department shall treat rural primary care hospitals in the same manner as rural hospitals.

- (6) Rural hospitals that make application under the certificate-of-need program to be licensed as rural primary care hospitals shall receive expedited review as defined in s.

  408.032. Rural primary care hospitals seeking relicensure as acute care general hospitals shall also receive expedited review.
- (7) Rural primary care hospitals are exempt from certificate-of-need requirements for home health and hospice services and for swing beds in a number that does not exceed one-half of the facility's licensed beds.
- (8) Rural primary care hospitals shall have agreements with other hospitals, skilled nursing facilities, home health agencies, and providers of diagnostic-imaging and laboratory services that are not provided on site but are needed by patients.
- (4) The department may seek federal recognition of emergency care hospitals authorized by s. 395.605 under the essential access community hospital program authorized by the Omnibus Budget Reconciliation Act of 1989.
- Section 6. Section 395.6061, Florida Statutes, is amended to read:
- 395.6061 Rural hospital capital improvement.--There is established a rural hospital capital improvement grant program.

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

- 1. Assisting in the development of needed infrastructure.
- 2. Assisting financially distressed rural hospitals.
- 3. Ensuring accountability for state and federal funding.
- (b) The rural hospital capital improvement grant program includes technical assistance and grants managed by the agency.
- (2)(1) A rural hospital as defined in s. 395.602 may apply to the department for a <u>capital improvement</u> grant <u>to acquire</u>, repair, improve, or upgrade systems, facilities, or equipment.

  The grant application must provide information that includes:
- (a) A statement indicating the problem the rural hospital proposes to solve with the grant funds.  $\div$ 
  - (b) The strategy proposed to resolve the problem $\underline{\cdot}$
- (c) The organizational structure, financial system, and facilities that are essential to the proposed solution  $\underline{\cdot}$ ;
- (d) The projected longevity of the proposed solution after the grant funds are expended.  $\div$
- (e) Evidence of participation in a rural health network as defined in s. 381.0406 and evidence that the application is consistent with the required rural health infrastructure development plan.
- (f) Evidence that the rural hospital has difficulty in obtaining funding or that funds available for the proposed solution are inadequate.

(g) Evidence that the grant funds will assist in maintaining or returning the hospital to an economically stable condition or enable the transition to the status of rural primary care hospital or that any plan for closure of the hospital or realignment of services will involve development of innovative alternatives for the provision of needed discontinued services.

- (h) Evidence of a satisfactory record-keeping system to account for grant fund expenditures within the rural county.  $\div$
- (i) A rural health network plan that includes a description of how the plan was developed, the goals of the plan, the links with existing health care providers under the plan, Indicators quantifying the hospital's financial status well-being, measurable outcome targets, and the current physical and operational condition of the hospital.
- $\underline{(3)}$  Each rural hospital as defined in s. 395.602 shall receive a minimum of \$100,000 annually, subject to legislative appropriation, upon application to the Department of Health, for projects to acquire, repair, improve, or upgrade systems, facilities, or equipment.
- (4)(3) Any remaining funds shall annually be disbursed to rural hospitals in accordance with this section. The Department of Health shall establish, by rule, criteria for awarding grants for any remaining funds, which must be used exclusively for the support and assistance of rural hospitals as defined in s. 395.602, including criteria relating to the level of charity uncompensated care rendered by the hospital, the financial status of the hospital, the performance standards of the

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hospital, the participation in a rural health network as defined in s. 381.0406, and the proposed use of the grant by the rural hospital to resolve a specific problem. The department must consider any information submitted in an application for the grants in accordance with subsection (2) (1) in determining eligibility for and the amount of the grant, and none of the individual items of information by itself may be used to deny grant eligibility.

- (5) Financially distressed rural hospitals may receive preferential assistance under the capital improvement grant program to provide planning, management, and financial support. To receive this assistance the hospital must:
  - (a) Provide additional information that includes:
- 1. A statement of support from the board of directors of the hospital, the county commission, and the city commission.
- 2. Evidence that the rural hospital and the community have difficulty obtaining funding or that funds available for the proposed solution are inadequate.
- (b) Agree to be bound by the terms of a participation agreement with the agency, which may include:
- 1. The appointment of a health care expert under contract with the agency to analyze and monitor the hospital operations during the period of distress.
- 2. The establishment of minimum standards for the education and experience of the managers and administrators of the hospital.

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

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

- 5. The approval of any facility relocation plans.
- (6)(4) The department shall ensure that the funds are used solely for the purposes specified in this section. The total grants awarded pursuant to this section shall not exceed the amount appropriated for this program.
- Section 7. Section 408.7054, Florida Statutes, is created to read:
- 408.7054 Rural Provider Service Network Development

  Program.--
- Administration the Rural Provider Service Network Development

  Program to support the implementation of provider service

  networks in rural counties of the state. The purpose of the

  program is to assist in the establishment of the infrastructure

  needed for Medicaid reform relating to prepaid and at-risk

  reimbursement plans to improve access to quality health care in

  rural areas.
- (2) The agency is authorized to provide funding through a grant program to entities seeking to establish rural provider service networks that have demonstrated an interest and have experience in organizing rural health care providers for this purpose.

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(3) Entities eligible for rural provider service network development grants must:

- (a) Have a written agreement signed by prospective members, 45 percent of whom must be providers in the targeted service area.
- (b) Include all rural hospitals, at least one federally qualified health center, and one county health department located in the service area.
  - (c) Have a defined service area.

- (4) Each applicant for this funding shall provide the agency with a detailed written proposal that includes, at a minimum, a statement of need; a defined purpose; identification and explanation of the role of prospective partners; a signed memorandum of agreement or similar document attesting to the role of prospective partners; documented actions related to provider service network development; measurable objectives for the development of clinical and administrative infrastructure; a process of evaluation; and a process for developing a business plan and securing additional funding.
- (5) The agency is authorized to grant preferential funding to a rural provider service network based on the number of rural counties within the network's proposed service area that are Medically Underserved Areas or Health Professional Shortage Areas as defined by the Health Resources Services

  Administration, Office of Rural Health Policy, and based on whether the provider service network has a principal place of business located in a rural county in the state.

(6) The agency is granted authority to develop rules pursuant to ss. 120.53(1) and 120.54 necessary to implement this section.

Section 8. Subsection (43) of section 408.07, Florida Statutes, is amended to read:

- 408.07 Definitions.--As used in this chapter, with the exception of ss. 408.031-408.045, the term:
- (43) "Rural hospital" means an acute care hospital licensed under chapter 395, having 100 or fewer licensed beds and an emergency room, and which is:
- (a) The sole provider within a county with a population density of no greater than 100 persons per square mile;
- (b) An acute care hospital, in a county with a population density of no greater than 100 persons per square mile, which is at least 30 minutes of travel time, on normally traveled roads under normal traffic conditions, from another acute care hospital within the same county;
- (c) A hospital supported by a tax district or subdistrict whose boundaries encompass a population of 100 persons or fewer per square mile;
- (d) A hospital with a service area that has a population of 100 persons or fewer per square mile. As used in this paragraph, the term "service area" means the fewest number of zip codes that account for 75 percent of the hospital's discharges for the most recent 5-year period, based on information available from the hospital inpatient discharge database in the State Center for Health Statistics at the Agency for Health Care Administration; or

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(e) A critical access hospital.

Population densities used in this subsection must be based upon the most recently completed United States census. A hospital that received funds under s. 409.9116 for a quarter beginning no later than July 1, 2002, is deemed to have been and shall continue to be a rural hospital from that date through June 30, 2012, if the hospital continues to have 100 or fewer licensed beds and an emergency room, or meets the criteria of s. 395.602(2)(d)(e)4. An acute care hospital that has not previously been designated as a rural hospital and that meets the criteria of this subsection shall be granted such designation upon application, including supporting documentation, to the Agency for Health Care Administration.

Section 9. Subsection (6) of section 409.9116, Florida Statutes, is amended to read:

409.9116 Disproportionate share/financial assistance program for rural hospitals.--In addition to the payments made under s. 409.911, the Agency for Health Care Administration shall administer a federally matched disproportionate share program and a state-funded financial assistance program for statutory rural hospitals. The agency shall make disproportionate share payments to statutory rural hospitals that qualify for such payments and financial assistance payments to statutory rural hospitals that do not qualify for disproportionate share payments. The disproportionate share program payments shall be limited by and conform with federal requirements. Funds shall be distributed quarterly in each

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fiscal year for which an appropriation is made. Notwithstanding the provisions of s. 409.915, counties are exempt from contributing toward the cost of this special reimbursement for hospitals serving a disproportionate share of low-income patients.

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(6) This section applies only to hospitals that were defined as statutory rural hospitals, or their successor-ininterest hospital, prior to January 1, 2001. Any additional hospital that is defined as a statutory rural hospital, or its successor-in-interest hospital, on or after January 1, 2001, is not eligible for programs under this section unless additional funds are appropriated each fiscal year specifically to the rural hospital disproportionate share and financial assistance programs in an amount necessary to prevent any hospital, or its successor-in-interest hospital, eligible for the programs prior to January 1, 2001, from incurring a reduction in payments because of the eligibility of an additional hospital to participate in the programs. A hospital, or its successor-ininterest hospital, which received funds pursuant to this section before January 1, 2001, and which qualifies under s. 395.602(2)(d)<del>(e)</del>, shall be included in the programs under this section and is not required to seek additional appropriations under this subsection.

Section 10. Paragraph (b) of subsection (2) of section 1009.65, Florida Statutes, is amended to read:

1009.65 Medical Education Reimbursement and Loan Repayment Program.--

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

- (b) All payments shall be contingent on continued proof of primary care practice in an area defined in s. 395.602(2)(d)(e), or an underserved area designated by the Department of Health, provided the practitioner accepts Medicaid reimbursement if eligible for such reimbursement. Correctional facilities, state hospitals, and other state institutions that employ medical personnel shall be designated by the Department of Health as underserved locations. Locations with high incidences of infant mortality, high morbidity, or low Medicaid participation by health care professionals may be designated as underserved.
- Section 11. <u>Section 395.605</u>, Florida Statutes, is repealed.
- Section 12. Section 381.7366, Florida Statutes, is created to read:
- 381.7366 Office of Minority Health; legislative intent; duties.--
- (1) LEGISLATIVE INTENT.--The Legislature recognizes that despite significant investments in health care programs certain racial and ethnic populations suffer disproportionately with chronic diseases when compared to non-Hispanic whites. The Legislature intends to address these disparities by developing programs that target causal factors and recognize the specific health care needs of racial and ethnic minorities.
- (2) ORGANIZATION.--The Office of Minority Health is established within the Department of Health. The office shall be

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headed by a director who shall report directly to the Secretary

of Health.

(3) DUTIES. -- The office shall:

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- (a) Protect and promote the health and well-being of racial and ethnic populations in the state.
- (b) Focus on the issue of health disparities between racial and ethnic minority groups and the general population.
- (c) Coordinate the department's initiatives, programs, and policies to address racial and ethnic health disparities.
- (d) Communicate pertinent health information to affected racial and ethnic populations.
- (e) Collect and analyze data on the incidence and frequency of racial and ethnic health disparities.
- (f) Promote and encourage cultural competence education and training for healthcare professionals.
- (g) Serve as a clearinghouse for the collection and dissemination of information and research findings relating to innovative approaches to the reduction or elimination of health disparities.
- (h) Dedicate resources to increase public awareness of minority health issues.
- (i) Seek increased funding for local innovative initiatives and administer grants designed to support initiatives that address health disparities and that can be duplicated.
- 1012 <u>(j) Provide staffing and support for the Closing the Gap</u> 1013 grant advisory council.

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(k) Coordinate with other agencies, states, and the Federal Government to reduce or eliminate health disparities.

- (1) Collaborate with other public healthcare providers, community and faith-based organizations, the private healthcare system, historically black colleges and universities and other minority institutions of higher education, medical schools, and other health providers to establish a comprehensive and inclusive approach to reducing health disparities.
- (m) Encourage and support research into causes of racial and ethnic health disparities.
- (n) Collaborate with health professional training programs to increase the number of minority healthcare professionals.
- (o) Provide an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on the activities of the office.
- (4) RESPONSIBILITY AND COORDINATION.--The office and the department shall direct and carry out the duties established under this section and shall work with other state agencies in accomplishing these tasks.
  - Section 13. This act shall take effect July 1, 2006.