

1                                   A bill to be entitled  
2       An act relating to health care; amending s. 381.0402,  
3       F.S.; requiring the Department of Health to cooperate with  
4       specified medical schools in maintaining and evaluating  
5       the area health education center network; expanding the  
6       purposes of the network; requiring the department to  
7       contract with the medical schools to provide funds to the  
8       network; providing that the persons to be served by the  
9       network are "medically underserved populations" rather  
10      than "low-income people"; requiring that the center assist  
11      in linking the provision of primary care services to  
12      medically underserved populations and to provide for the  
13      education of students in the health care professions and  
14      health care providers serving medically underserved  
15      populations, as well as medical students, interns, and  
16      residents; reducing the percentage of funds that the  
17      department is authorized to spend on administering and  
18      evaluating the network; amending s. 381.0405, F.S.;  
19      revising the purpose and functions of the Office of Rural  
20      Health in the Department of Health; requiring the  
21      Secretary of Health and the Secretary of Health Care  
22      Administration to appoint an advisory council to advise  
23      the Office of Rural Health; providing for terms of office  
24      of the members of the advisory council; authorizing per  
25      diem and travel reimbursement for members of the advisory  
26      council; requiring the Office of Rural Health to submit an  
27      annual report to the Governor and the Legislature;  
28      amending s. 381.0406, F.S.; revising legislative findings

29 | and intent with respect to rural health networks;  
30 | redefining the term "rural health network"; establishing  
31 | requirements for membership in rural health networks;  
32 | adding functions for the rural health networks; revising  
33 | requirements for the governance and organization of rural  
34 | health networks; revising the services to be provided by  
35 | provider members of rural health networks; requiring  
36 | coordination among rural health networks and area health  
37 | education centers, health planning councils, and regional  
38 | education consortia; establishing requirements for funding  
39 | rural health networks; establishing performance standards  
40 | for rural health networks; establishing requirements for  
41 | the receipt of grant funding; requiring the Office of  
42 | Rural Health to monitor rural health networks; authorizing  
43 | the Department of Health to establish rules governing  
44 | rural health network grant programs and performance  
45 | standards; creating s. 381.7366, F.S.; creating the Office  
46 | of Minority Health within the Department of Health;  
47 | providing legislative intent; providing for organization  
48 | and duties of the office; providing for responsibilities  
49 | of the office and the department and coordination with  
50 | other agencies; amending s. 395.602, F.S.; defining the  
51 | term "critical access hospital"; deleting the definitions  
52 | of "emergency care hospital," and "essential access  
53 | community hospital"; revising the definition of "rural  
54 | primary care hospital"; amending s. 395.603, F.S. ;  
55 | deleting a requirement that the Agency for Health Care  
56 | Administration adopt a rule relating to deactivation of

57 rural hospital beds under certain circumstances; requiring  
58 that critical access hospitals and rural primary care  
59 hospitals maintain a certain number of actively licensed  
60 beds; amending s. 395.604, F.S.; removing emergency care  
61 hospitals and essential access community hospitals from  
62 certain licensure requirements; specifying certain special  
63 conditions for rural primary care hospitals; amending s.  
64 395.6061, F.S.; specifying the purposes of capital  
65 improvement grants for rural hospitals; modifying the  
66 conditions for receiving a grant; authorizing the  
67 Department of Health to award grants for remaining funds  
68 to certain rural hospitals; amending s. 409.908, F.S.;  
69 revising a provision relating to the phase-in of a  
70 Medicaid physician fee schedule to delete obsolete  
71 language; amending s. 499.012, F.S.; revising permit  
72 requirements for a limited prescription drug veterinary  
73 wholesaler; providing for certain certification to the  
74 Department of Health by a limited prescription drug  
75 veterinary wholesaler; amending ss. 408.07, 409.9116, and  
76 1009.65, F.S.; conforming cross-references; repealing s.  
77 395.605, F.S., relating to the licensure of emergency care  
78 hospitals; repealing s. 468.807, F.S., relating to  
79 temporary licenses to practice orthotics, prosthetics, or  
80 pedorthics; providing a contingent effective date.

81  
82 Be It Enacted by the Legislature of the State of Florida:

83  
84 Section 1. Section 381.0402, Florida Statutes, is amended

85 to read:

86 381.0402 Area health education center network.--The  
 87 department, in cooperation with ~~the state-approved~~ medical  
 88 schools located in this state which form the area health  
 89 education center network in this state, shall maintain and  
 90 evaluate ~~organize~~ an area health education center network  
 91 focused ~~based on earlier medically indigent demonstration~~  
 92 ~~projects and shall evaluate the impact of each network~~ on  
 93 improving access to health services by persons who are medically  
 94 underserved. The network shall serve as ~~be~~ a catalyst for the  
 95 primary care training of health professionals by increasing  
 96 ~~through increased~~ opportunities for training in medically  
 97 underserved areas, increasing access to primary care services,  
 98 providing health workforce recruitment, enhancing the quality of  
 99 health care, and addressing current and emerging public health  
 100 issues.

101 (1) The department shall contract with the medical schools  
 102 to assist in funding the ~~an~~ area health education center  
 103 network, which links the provision of primary care services to  
 104 medically underserved populations, and which provides for low-  
 105 ~~income persons with~~ the education of:

106 (a) Medical students, interns, and residents. The network  
 107 shall:

108 ~~(a) Be coordinated with and under contract with the state-~~  
 109 ~~approved medical schools, which shall be responsible for the~~  
 110 ~~clinical training and supervision.~~

111 ~~1.(b)~~ Divide the state into service areas within the  
 112 network for ~~with each state-approved medical school~~ coordinating

113 the recruitment ~~recruiting~~, training, and retention of medical  
 114 students within its assigned area.

115 ~~(c) Use a multidisciplinary approach with appropriate~~  
 116 ~~medical supervision.~~

117 2.(d) Use current community resources, such as county  
 118 health departments, federally funded community or migrant health  
 119 ~~primary care centers,~~ and ~~or~~ other primary health care  
 120 providers, as community-based sites for training medical  
 121 students, interns, and residents.

122 3. Use a multidisciplinary approach with appropriate  
 123 medical supervision.

124 (b) Students in the health care professions. The network  
 125 shall:

126 1. Facilitate the recruitment, training, and retention of  
 127 students in the health care professions within service areas.

128 2. Use community resources, such as county health  
 129 departments, federally funded community or migrant health  
 130 centers, and other primary health care providers, as sites for  
 131 training students in the health care professions.

132 3. Use a multidisciplinary approach with appropriate  
 133 supervision.

134 (c) Health care providers serving medically underserved  
 135 populations. The network shall:

136 1. Assist providers in medically underserved areas and  
 137 other safety net providers in remaining current in their fields  
 138 through a variety of community resource initiatives.

139 2. Strengthen the health care safety net in this state by  
 140 enhancing services and increasing access to care in medically

141 underserved areas.

142 3. Provide other services, such as library and information  
 143 resources, continuing professional education, technical  
 144 assistance, and other support services, for providers who serve  
 145 in medically underserved areas.

146 (2) The department shall establish criteria and procedures  
 147 for quality assurance, performance evaluations, periodic audits,  
 148 and other appropriate safeguards for the network.

149 (3) The department shall make every effort to assure that  
 150 the network does ~~participating medical schools do~~ not  
 151 discriminate among enrollees with respect to age, race, sex, or  
 152 health status. However, the network ~~such schools~~ may target  
 153 high-risk medically needy population groups.

154 (4) The department may use no more than 2 ~~5~~ percent of the  
 155 annual appropriation for administering and evaluating the  
 156 network.

157 (5) Notwithstanding subsection (4), the department may not  
 158 use any portion of the annual appropriation to administer and  
 159 evaluate the network. This subsection expires July 1, 2007.

160 Section 2. Section 381.0405, Florida Statutes, is amended  
 161 to read:

162 381.0405 Office of Rural Health.--

163 (1) ESTABLISHMENT.--The Department of Health shall  
 164 establish an Office of Rural Health, which shall assist rural  
 165 health care providers in improving the health status and health  
 166 care of rural residents of this state and help rural health care  
 167 providers to integrate their efforts and prepare for prepaid and  
 168 at-risk reimbursement. The Office of Rural Health shall

169 | coordinate its activities with rural health networks established  
 170 | under s. 381.0406, local health councils established under s.  
 171 | 408.033, the area health education center network established  
 172 | under ~~pursuant to~~ s. 381.0402, and ~~with~~ any appropriate research  
 173 | and policy development centers within universities that have  
 174 | state-approved medical schools. The Office of Rural Health may  
 175 | enter into a formal relationship with any center that designates  
 176 | the office as an affiliate of the center.

177 |         (2) PURPOSE.--The Office of Rural Health shall actively  
 178 | foster the development of service-delivery systems and  
 179 | cooperative agreements to enhance the provision of high-quality  
 180 | health care services in rural areas and serve as a catalyst for  
 181 | improved health services to residents ~~citizens~~ in rural areas of  
 182 | the state.

183 |         (3) GENERAL FUNCTIONS.--The office shall:

184 |             (a) Integrate policies related to physician workforce,  
 185 | hospitals, public health, and state regulatory functions.

186 |             (b) Work with rural stakeholders in order to foster the  
 187 | development of strategic planning that addresses ~~Propose~~  
 188 | ~~solutions to~~ problems affecting health care delivery in rural  
 189 | areas.

190 |             (c) Develop, in coordination with the rural health  
 191 | networks, standards, guidelines, and performance objectives for  
 192 | rural health networks.

193 |             (d) Foster the expansion of rural health network service  
 194 | areas to include rural counties that are not covered by a rural  
 195 | health network.

196 |             ~~(e)~~ (e) Seek grant funds from foundations and the Federal

197 Government.

198 (f) Administer state grant programs for rural hospitals  
 199 and rural health networks.

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

201 (a) Identify federal and state rural health programs and  
 202 provide information and technical assistance to rural providers  
 203 regarding participation in such programs.

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

208 (c) Foster the creation of regional health care systems  
 209 that promote cooperation through cooperative agreements, rather  
 210 than competition.

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

213 (e) Design initiatives and promote cooperative agreements  
 214 in order to improve access to primary care, prehospital  
 215 emergency care, inpatient acute care, and emergency medical  
 216 services and promote the coordination of such services in rural  
 217 areas.

218 (f) Assume responsibility for state coordination of ~~the~~  
 219 ~~Rural Hospital Transition Grant Program, the Essential Access~~  
 220 ~~Community Hospital Program, and other~~ federal rural hospital and  
 221 rural health care grant programs.

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

223 (a) Assist ~~Help~~ rural health care providers in recruiting  
 224 ~~obtain~~ health care practitioners by promoting the location and



225 relocation of health care practitioners in rural areas and  
 226 promoting policies that create incentives for practitioners to  
 227 serve in rural areas.

228 (b) Provide technical assistance to hospitals, community  
 229 and migrant health centers, and other health care providers that  
 230 serve residents of rural areas.

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

233 (d) Provide technical assistance to rural health networks  
 234 in the development of their long-range development plans.

235 (e) Provide links to best practices and other technical-  
 236 assistance resources on its website.

237 (6) RESEARCH ~~PUBLICATIONS~~ AND SPECIAL STUDIES.--The office  
 238 shall:

239 (a) Conduct policy and research studies.

240 (b) Conduct health status studies of rural residents.

241 (c) Collect relevant data on rural health care issues for  
 242 use in program planning and ~~department~~ policy development.

243 (7) ADVISORY COUNCIL.--The Secretary of Health and the  
 244 Secretary of Health Care Administration shall each appoint no  
 245 more than five members. In making appointments, the Secretary of  
 246 Health and the Secretary of Health Care Administration shall  
 247 solicit nominations from interested parties and ensure, to the  
 248 extent practicable, that the council membership reflects a  
 249 balance of expertise in health care operations management,  
 250 practice, health policy, and public health service in rural  
 251 communities. The council shall advise the office regarding its  
 252 responsibilities under this section and ss. 381.0406 and

253 395.6061. Members shall be appointed for 4-year staggered terms  
254 and may be reappointed to a second term of office. Members shall  
255 serve without compensation, but are entitled to reimbursement  
256 for per diem and travel expenses as provided in s. 112.061. The  
257 department shall provide staff and other administrative  
258 assistance reasonably necessary to assist the advisory council  
259 in carrying out its duties. The advisory council shall work with  
260 stakeholders to develop recommendations that address barriers  
261 and identify options for establishing provider networks in rural  
262 counties.

263 (8) REPORTS.--Beginning January 1, 2008, and annually  
264 thereafter, the Office of Rural Health shall submit a report to  
265 the Governor, the President of the Senate, and the Speaker of  
266 the House of Representatives summarizing the activities of the  
267 office, including the grants obtained or administered by the  
268 office and the status of rural health networks and rural  
269 hospitals in the state. The report must also include  
270 recommendations that address barriers and identify options for  
271 establishing provider networks in rural counties.

272 (9)~~(7)~~ APPROPRIATION.--The Legislature shall appropriate  
273 such sums as are necessary to support the Office of Rural  
274 Health.

275 Section 3. Section 381.0406, Florida Statutes, is amended  
276 to read:

277 381.0406 Rural health networks.--

278 (1) LEGISLATIVE FINDINGS AND INTENT.--

279 (a) The Legislature finds that, in rural areas, access to  
280 health care is limited and the quality of health care is

281 negatively affected by inadequate financing, difficulty in  
 282 recruiting and retaining skilled health professionals, and the  
 283 ~~because of~~ a migration of patients to urban areas for general  
 284 acute care and specialty services.

285 (b) The Legislature further finds that the efficient and  
 286 effective delivery of health care services in rural areas  
 287 requires:

- 288 1. The integration of public and private resources;
- 289 2. The introduction of innovative outreach methods;
- 290 3. The adoption of quality improvement and cost-  
 291 effectiveness measures;
- 292 4. The organization of health care providers into joint  
 293 contracting entities;
- 294 5. Establishing referral linkages;
- 295 6. The analysis of costs and services in order to prepare  
 296 health care providers for prepaid and at-risk financing; and
- 297 7. The coordination of health care providers.

298 (c) The Legislature further finds that the availability of  
 299 a continuum of quality health care services, including  
 300 preventive, primary, secondary, tertiary, and long-term care, is  
 301 essential to the economic and social vitality of rural  
 302 communities.

303 (d) The Legislature further finds that health care  
 304 providers in rural areas are not prepared for market changes  
 305 such as the introduction of managed care and capitation-  
 306 reimbursement methodologies into health care services.

307 (e) ~~(d)~~ The Legislature further finds that the creation of  
 308 rural health networks can help to alleviate these problems.

309 Rural health networks shall act in the broad public interest  
 310 and, to the extent possible, seek to improve the accessibility,  
 311 quality, and cost-effectiveness of rural health care by  
 312 planning, developing, coordinating, and providing ~~be structured~~  
 313 ~~to provide~~ a continuum of quality health care services for rural  
 314 residents through the cooperative efforts of rural health  
 315 network members and other health care providers.

316 ~~(f)(e)~~ The Legislature further finds that rural health  
 317 networks shall have the goal of increasing the financial  
 318 stability of statutory rural hospitals by linking rural hospital  
 319 services to other services in a continuum of health care  
 320 services and by increasing the utilization of statutory rural  
 321 hospitals whenever ~~for~~ appropriate health care services ~~whenever~~  
 322 ~~feasible, which shall help to ensure their survival and thereby~~  
 323 support the economy and protect the health and safety of rural  
 324 residents.

325 ~~(g)(f)~~ Finally, the Legislature finds that rural health  
 326 networks may serve as "laboratories" to determine the best way  
 327 of organizing rural health services and linking to out-of-area  
 328 services that are not available locally in order, to move the  
 329 state closer to ensuring that everyone has access to health  
 330 care, and to promote cost-containment ~~cost-containment~~ efforts.  
 331 The ultimate goal of rural health networks shall be to ensure  
 332 that quality health care is available and efficiently delivered  
 333 to all persons in rural areas.

334 (2) DEFINITIONS.--

335 (a) "Rural" means an area having ~~with~~ a population density  
 336 of fewer ~~less~~ than 100 individuals per square mile or an area

337 defined by the most recent United States Census as rural.

338 (b) "Health care provider" means any individual, group, or  
 339 entity, public or private, which ~~that~~ provides health care,  
 340 including ~~+~~ preventive health care, primary health care,  
 341 secondary and tertiary health care, hospital ~~in-hospital~~ health  
 342 care, public health care, and health promotion and education.

343 (c) "Rural health network" or "network" means a nonprofit  
 344 legal entity whose principal place of business is in a rural  
 345 area, whose members consist ~~consisting~~ of rural and urban health  
 346 care providers and others, and which ~~that~~ is established  
 347 ~~organized~~ to plan, develop, organize, and deliver health care  
 348 services on a cooperative basis in a rural area, ~~except for some~~  
 349 ~~secondary and tertiary care services.~~

350 (3) NETWORK MEMBERSHIP.--

351 (a) Because each rural area is unique, with a different  
 352 health care provider mix, health care provider membership may  
 353 vary, but all networks shall include members that provide health  
 354 promotion and disease-prevention services, public health  
 355 services, comprehensive primary care, emergency medical care,  
 356 and acute inpatient care.

357 (b) Each county health department shall be a member of the  
 358 rural health network whose service area includes the county in  
 359 which the county health department is located. Federally  
 360 qualified health centers and emergency medical services  
 361 providers are encouraged to become members of the rural health  
 362 networks in the areas in which their patients reside or receive  
 363 services.

364 (c) ~~(4)~~ Network membership shall be available to all health

365 care providers in the network service area if, ~~provided that~~  
 366 they render care to all patients referred to them from other  
 367 network members; and ~~comply with network quality assurance, quality~~  
 368 improvement, and utilization-management ~~and risk management~~  
 369 requirements; and ~~abide by the terms and conditions of network~~  
 370 provider agreements ~~in paragraph (11) (c), and provide services~~  
 371 ~~at a rate or price equal to the rate or price negotiated by the~~  
 372 ~~network.~~

373 (4) ~~(5)~~ NETWORK SERVICE AREAS. ~~--~~ Network service areas are  
 374 ~~do not~~ required ~~need~~ to conform to local political boundaries or  
 375 state administrative district boundaries. The geographic area of  
 376 one rural health network, however, may not overlap the territory  
 377 of any other rural health network.

378 (5) ~~(6)~~ NETWORK FUNCTIONS. ~~--~~ Networks shall:

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

382 (b) ~~(7)~~ ~~Networks shall~~ Make available health promotion,  
 383 disease prevention, and primary care services, in order to  
 384 improve the health status of rural residents and to contain  
 385 health care costs.

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

390 (c) ~~(9)~~ Encourage members through training and educational  
 391 programs to adopt standards of care and promote the evidence-  
 392 based practice of medicine. Networks shall establish standard

393 protocols, coordinate and share patient records, and develop  
394 patient information exchange systems in order to improve the  
395 quality of and access to services.

396 (d) Develop quality-improvement programs and train network  
397 members and other health care providers in the use of such  
398 programs.

399 (e) Develop disease-management systems and train network  
400 members and other health care providers in the use of such  
401 systems.

402 (f) Promote outreach to areas that have a high need for  
403 services.

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

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

409 (i) Develop and implement a long-range development plan  
410 for an integrated system of care that is responsive to the  
411 unique local health needs and the area health care services  
412 market. Each rural health network long-range development plan  
413 must address strategies to improve access to specialty care,  
414 train health care providers to use standards of care for chronic  
415 illness, develop disease-management capacity, and link to state  
416 and national quality-improvement initiatives. The initial long-  
417 range development plan must be submitted to the Office of Rural  
418 Health for review and approval no later than July 1, 2008, and  
419 thereafter the plans must be updated and submitted to the Office  
420 of Rural Health every 3 years.

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

423 ~~(6)~~~~(11)~~ NETWORK GOVERNANCE AND ORGANIZATION.--

424 (a) Networks shall be incorporated as not-for-profit  
 425 corporations under chapter 617, with articles of incorporation  
 426 that set forth purposes consistent with this section ~~the laws of~~  
 427 ~~the state.~~

428 (b) Each network ~~Networks~~ shall have an independent a  
 429 board of directors that derives membership from local  
 430 government, health care providers, businesses, consumers,  
 431 advocacy groups, and others. Boards of other community health  
 432 care entities may not serve in whole as the board of a rural  
 433 health network; however, some overlap of board membership with  
 434 other community organizations is encouraged. Network staff must  
 435 provide an annual orientation and strategic planning activity  
 436 for board members.

437 (c) Network boards of directors shall have the  
 438 responsibility of determining the content of health care  
 439 provider agreements that link network members. The written  
 440 agreements between the network and its health care provider  
 441 members must specify participation in the essential functions of  
 442 the network and shall specify:

- 443 1. Who provides what services.
- 444 2. The extent to which the health care provider provides  
 445 care to persons who lack health insurance or are otherwise  
 446 unable to pay for care.
- 447 3. The procedures for transfer of medical records.
- 448 4. The method used for the transportation of patients



449 between providers.

450 5. Referral and patient flow including appointments and  
451 scheduling.

452 6. Payment arrangements for the transfer or referral of  
453 patients.

454 (d) There shall be no liability on the part of, and no  
455 cause of action of any nature shall arise against, any member of  
456 a network board of directors, or its employees or agents, for  
457 any lawful action taken by them in the performance of their  
458 administrative powers and duties under this subsection.

459 (7) ~~(12)~~ NETWORK PROVIDER MEMBER SERVICES.--

460 (a) Networks, to the extent feasible, shall seek to  
461 develop services that provide for a continuum of care for all  
462 residents ~~patients~~ served by the network. Each network shall  
463 recruit members that can provide ~~include~~ the following core  
464 services: disease prevention, health promotion, comprehensive  
465 primary care, emergency medical care, and acute inpatient care.  
466 Each network shall seek to ensure the availability of  
467 comprehensive maternity care, including prenatal, delivery, and  
468 postpartum care for uncomplicated pregnancies, ~~either~~ directly,  
469 by contract, or through referral agreements. Networks shall, to  
470 the extent feasible, develop local services and linkages among  
471 health care providers in order to ~~also~~ ensure the availability  
472 of the following services: ~~within the specified timeframes,~~  
473 ~~either directly, by contract, or through referral agreements:~~

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

475 ~~1.a.~~ Home health care.

476 ~~2.b.~~ Hospice care.

477 ~~2. Services accessible within 30 minutes travel time or~~  
 478 ~~less.~~

479 3.a. Emergency medical services, including advanced life  
 480 support, ambulance, and basic emergency room services.

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

482 ~~e.~~ prenatal and postpartum care for uncomplicated  
 483 pregnancies.

484 ~~5.d.~~ Community-based services for elders, such as adult  
 485 day care and assistance with activities of daily living.

486 ~~6.e.~~ Public health services, including communicable  
 487 disease control, disease prevention, health education, and  
 488 health promotion.

489 ~~7.f.~~ Outpatient mental health ~~psychiatric~~ and substance  
 490 abuse treatment services.

491 ~~3. Services accessible within 45 minutes travel time or~~  
 492 ~~less.~~

493 8.a. Hospital acute inpatient care for persons whose  
 494 illnesses or medical problems are not severe.

495 ~~9.b.~~ ~~Level I obstetrical care, which is~~ Labor and delivery  
 496 for low-risk patients.

497 ~~10.e.~~ Skilled nursing services and long-term care,  
 498 including nursing home care.

499 (b) Networks shall seek to foster linkages with out-of-  
 500 area services to the extent feasible in order to ensure the  
 501 availability of:

502 ~~1.d.~~ Dialysis.

503 ~~2.e.~~ Osteopathic and chiropractic manipulative therapy.

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

505 ~~3.a.~~ Specialist physician care.

506 ~~4.b.~~ Hospital acute inpatient care for severe illnesses  
507 and medical problems.

508 ~~5.e.~~ ~~Level II and III obstetrical care, which is~~ Labor and  
509 delivery care for high-risk patients and neonatal intensive  
510 care.

511 ~~6.d.~~ Comprehensive medical rehabilitation.

512 ~~7.e.~~ Inpatient mental health ~~psychiatric~~ and substance  
513 abuse treatment services.

514 ~~8.f.~~ Magnetic resonance imaging, lithotripter treatment,  
515 oncology, advanced radiology, and other technologically advanced  
516 services.

517 ~~9.g.~~ Subacute care.

518 (8) COORDINATION WITH OTHER ENTITIES.--

519 (a) Area health education centers, health planning  
520 councils, and regional education consortia having technological  
521 expertise in continuing education shall participate in the rural  
522 health networks' preparation of long-range development plans.  
523 The Department of Health may require written memoranda of  
524 agreement between a network and an area health education center  
525 or health planning council.

526 (b) Rural health networks shall initiate activities, in  
527 coordination with area health education centers, to carry out  
528 the objectives of the adopted long-range development plan,  
529 including continuing education for health care practitioners  
530 performing functions such as disease management, continuous  
531 quality improvement, telemedicine, long-distance learning, and  
532 the treatment of chronic illness using standards of care. As

533 used in this section, the term "telemedicine" means the use of  
534 telecommunications to deliver or expedite the delivery of health  
535 care services.

536 (c) Health planning councils shall support the preparation  
537 of network long-range development plans through data collection  
538 and analysis in order to assess the health status of area  
539 residents and the capacity of local health services.

540 (d) Regional education consortia that have the technology  
541 available to assist rural health networks in establishing  
542 systems for the exchange of patient information and for long-  
543 distance learning are encouraged to provide technical assistance  
544 upon the request of a rural health network.

545 (e)-(b) Networks shall actively participate with area  
546 health education center programs, whenever feasible, in  
547 developing and implementing recruitment, training, and retention  
548 programs directed at positively influencing the supply and  
549 distribution of health care professionals serving in, or  
550 receiving training in, network areas.

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

554 ~~(d) To promote the most efficient use of resources,~~  
555 ~~networks shall emphasize disease prevention, early diagnosis and~~  
556 ~~treatment of medical problems, and community care alternatives~~  
557 ~~for persons with mental health and substance abuse disorders who~~  
558 ~~are at risk to be institutionalized.~~

559 (f) (13) TRAUMA SERVICES.--In those network areas having  
560 which have an established trauma agency approved by the

561 Department of Health, the network shall seek the participation  
 562 of that trauma agency ~~must be a participant in the network.~~  
 563 Trauma services provided within the network area must comply  
 564 with s. 395.405.

565 (9) ~~(14)~~ NETWORK FINANCING.--

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

569 (b) The Department of Health shall establish grant  
 570 programs to provide funding to support the administrative costs  
 571 of developing and operating rural health networks.

572 (10) NETWORK PERFORMANCE STANDARDS.--The Department of  
 573 Health shall develop and enforce performance standards for rural  
 574 health network operations grants and rural health infrastructure  
 575 development grants.

576 (a) Operations grant performance standards must include,  
 577 but are not limited to, standards that require the rural health  
 578 network to:

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

581 2. Have sufficient staff who have the qualifications and  
 582 experience to perform the requirements of this section, as  
 583 assessed by the Office of Rural Health, or a written plan to  
 584 obtain such staff.

585 3. Comply with the department's grant-management standards  
 586 in a timely and responsive manner.

587 4. Comply with the department's standards for the  
 588 administration of federal grant funding, including assistance to

589 rural hospitals.

590 5. Demonstrate a commitment to network activities from  
591 area health care providers and other stakeholders, as described  
592 in letters of support.

593 (b) Rural health infrastructure development grant  
594 performance standards must include, but are not limited to,  
595 standards that require the rural health network to:

596 1. During the 2007-2008 fiscal year, develop a long-range  
597 development plan and, after July 1, 2008, have a long-range  
598 development plan that has been reviewed and approved by the  
599 Office of Rural Health.

600 2. Have two or more successful network-development  
601 activities, such as:

602 a. Management of a network-development or outreach grant  
603 from the federal Office of Rural Health Policy;

604 b. Implementation of outreach programs to address chronic  
605 disease, infant mortality, or assistance with prescription  
606 medication;

607 c. Development of partnerships with community and faith-  
608 based organizations to address area health problems;

609 d. Provision of direct services, such as clinics or mobile  
610 units;

611 e. Operation of credentialing services for health care  
612 providers or quality-assurance and quality-improvement  
613 initiatives that, whenever possible, are consistent with state  
614 or federal quality initiatives;

615 f. Support for the development of community health  
616 centers, local community health councils, federal designation as

617 a rural critical access hospital, or comprehensive community  
618 health planning initiatives; and

619 g. Development of the capacity to obtain federal, state,  
620 and foundation grants.

621 (11)-(15) NETWORK IMPLEMENTATION.--As funds become  
622 available, networks shall be developed and implemented in two  
623 phases.

624 (a) Phase I shall consist of a network planning and  
625 development grant program. Planning grants shall be used to  
626 organize networks, incorporate network boards, and develop  
627 formal provider agreements as provided for in this section. The  
628 Department of Health shall develop a request-for-proposal  
629 process to solicit grant applications.

630 (b) Phase II shall consist of a network operations grant  
631 program. As funds become available, certified networks that meet  
632 performance standards shall be eligible to receive grant funds  
633 to be used to help defray the costs of rural health network  
634 infrastructure development, patient care, and network  
635 administration. Rural health network infrastructure development  
636 includes, but is not limited to: recruitment and retention of  
637 primary care practitioners; enhancement of primary care services  
638 through the use of mobile clinics; development of preventive  
639 health care programs; linkage of urban and rural health care  
640 systems; design and implementation of automated patient records,  
641 outcome measurement, quality assurance, and risk management  
642 systems; establishment of one-stop service delivery sites;  
643 upgrading of medical technology available to network providers;  
644 enhancement of emergency medical systems; enhancement of medical

645 transportation; formation of joint contracting entities composed  
646 of rural physicians, rural hospitals, and other rural health  
647 care providers; establishment of comprehensive disease-  
648 management programs that meet Medicaid requirements;  
649 establishment of regional quality-improvement programs involving  
650 physicians and hospitals consistent with state and national  
651 initiatives; establishment of specialty networks connecting  
652 rural primary care physicians and urban specialists; development  
653 of regional broadband telecommunications systems that have the  
654 capacity to share patient information in a secure network,  
655 telemedicine, and long-distance learning capacity; and linkage  
656 between training programs for health care practitioners and the  
657 delivery of health care services in rural areas and development  
658 of telecommunication capabilities. A Phase II award may occur in  
659 the same fiscal year as a Phase I award.

660 (12)~~(16)~~ CERTIFICATION.--For the purpose of certifying  
661 networks that are eligible for Phase II funding, the Department  
662 of Health shall certify networks that meet the criteria  
663 delineated in this section and the rules governing rural health  
664 networks. The Office of Rural Health in the Department of Health  
665 shall monitor rural health networks in order to ensure continued  
666 compliance with established certification and performance  
667 standards.

668 (13)~~(17)~~ RULES.--The Department of Health shall establish  
669 rules that govern the creation and certification of networks,  
670 the provision of grant funds under Phase I and Phase II, and the  
671 establishment of performance standards including establishing  
672 outcome measures for networks.



673 Section 4. Section 381.7366, Florida Statutes, is created  
 674 to read:

675 381.7366 Office of Minority Health; legislative intent;  
 676 duties.--

677 (1) LEGISLATIVE INTENT.--The Legislature recognizes that  
 678 despite significant investments in health care programs certain  
 679 racial and ethnic populations suffer disproportionately with  
 680 chronic diseases when compared to the non-Hispanic white  
 681 population. The Legislature intends to address these disparities  
 682 by developing programs that target causal factors and recognize  
 683 the specific health care needs of racial and ethnic minorities.

684 (2) ORGANIZATION.--The Office of Minority Health is  
 685 established within the Department of Health. The office shall be  
 686 headed by a director who shall report directly to the Secretary  
 687 of Health.

688 (3) DUTIES.--The office shall:

689 (a) Protect and promote the health and well-being of  
 690 racial and ethnic populations in the state.

691 (b) Focus on the issue of health disparities between  
 692 racial and ethnic minority groups and the general population.

693 (c) Coordinate the department's initiatives, programs, and  
 694 policies to address racial and ethnic health disparities.

695 (d) Communicate pertinent health information to affected  
 696 racial and ethnic populations.

697 (e) Collect and analyze data on the incidence and  
 698 frequency of racial and ethnic health disparities.

699 (f) Promote and encourage cultural competence education  
 700 and training for health care professionals.

701 (g) Serve as a clearinghouse for the collection and  
 702 dissemination of information and research findings relating to  
 703 innovative approaches to the reduction or elimination of health  
 704 disparities.

705 (h) Dedicate resources to increase public awareness of  
 706 minority health issues.

707 (i) Seek increased funding for local innovative  
 708 initiatives and administer grants designed to support  
 709 initiatives that address health disparities and that can be  
 710 duplicated.

711 (j) Provide staffing and support for the Closing the Gap  
 712 grant program advisory committee.

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

715 (l) Collaborate with other public health care providers,  
 716 community and faith-based organizations, the private health care  
 717 system, historically black colleges and universities and other  
 718 minority institutions of higher education, medical schools, and  
 719 other health providers to establish a comprehensive and  
 720 inclusive approach to reducing health disparities.

721 (m) Encourage and support research in the causes of racial  
 722 and ethnic health disparities.

723 (n) Collaborate with health professional training programs  
 724 to increase the number of minority health care professionals.

725 (o) Provide an annual report to the Governor, the  
 726 President of the Senate, and the Speaker of the House of  
 727 Representatives on the activities of the office.

728 (4) RESPONSIBILITY AND COORDINATION.--The office and the

729 department shall direct and carry out the duties established  
 730 under this section and shall work with other state agencies to  
 731 accomplish these duties.

732 Section 5. Subsection (2) of section 395.602, Florida  
 733 Statutes, is amended to read:

734 395.602 Rural hospitals.--

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

736 (a) "Critical access hospital" means a hospital that meets  
 737 the definition of rural hospital in paragraph (d) and meets the  
 738 requirements for reimbursement by Medicare and Medicaid under 42  
 739 C.F.R. ss. 485.601-485.647. "Emergency care hospital" means a  
 740 medical facility which provides:

- 741 1. ~~Emergency medical treatment; and~~
- 742 2. ~~Inpatient care to ill or injured persons prior to their~~  
 743 ~~transportation to another hospital or provides inpatient medical~~  
 744 ~~care to persons needing care for a period of up to 96 hours. The~~  
 745 ~~96 hour limitation on inpatient care does not apply to respite,~~  
 746 ~~skilled nursing, hospice, or other nonacute care patients.~~

747 ~~(b) "Essential access community hospital" means any~~  
 748 ~~facility which:~~

- 749 1. ~~Has at least 100 beds;~~
- 750 2. ~~Is located more than 35 miles from any other essential~~  
 751 ~~access community hospital, rural referral center, or urban~~  
 752 ~~hospital meeting criteria for classification as a regional~~  
 753 ~~referral center;~~
- 754 3. ~~Is part of a network that includes rural primary care~~  
 755 ~~hospitals;~~
- 756 4. ~~Provides emergency and medical backup services to rural~~

757 ~~primary care hospitals in its rural health network;~~

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

760 ~~6. Accepts patients transferred from rural primary care~~  
 761 ~~hospitals in its network.~~

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

765 (c)~~(d)~~ "Rural area health education center" means an area  
 766 health education center (AHEC), as authorized by Pub. L. No. 94-  
 767 484, which provides services in a county with a population  
 768 density of no greater than 100 persons per square mile.

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

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

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

779 3. A hospital supported by a tax district or subdistrict  
 780 whose boundaries encompass a population of 100 persons or fewer  
 781 per square mile;

782 4. A hospital in a constitutional charter county with a  
 783 population of over 1 million persons that has imposed a local  
 784 option health service tax pursuant to law and in an area that

785 was directly impacted by a catastrophic event on August 24,  
 786 1992, for which the Governor of Florida declared a state of  
 787 emergency pursuant to chapter 125, and has 120 beds or less that  
 788 serves an agricultural community with an emergency room  
 789 utilization of no less than 20,000 visits and a Medicaid  
 790 inpatient utilization rate greater than 15 percent;

791 5. A hospital with a service area that has a population of  
 792 100 persons or fewer per square mile. As used in this  
 793 subparagraph, the term "service area" means the fewest number of  
 794 zip codes that account for 75 percent of the hospital's  
 795 discharges for the most recent 5-year period, based on  
 796 information available from the hospital inpatient discharge  
 797 database in the Florida Center for Health Information and Policy  
 798 Analysis at the Agency for Health Care Administration; or

799 6. A hospital designated as a critical access hospital, as  
 800 defined in s. 408.07(15).

801  
 802 Population densities used in this paragraph must be based upon  
 803 the most recently completed United States census. A hospital  
 804 that received funds under s. 409.9116 for a quarter beginning no  
 805 later than July 1, 2002, is deemed to have been and shall  
 806 continue to be a rural hospital from that date through June 30,  
 807 2012, if the hospital continues to have 100 or fewer licensed  
 808 beds and an emergency room, or meets the criteria of  
 809 subparagraph 4. An acute care hospital that has not previously  
 810 been designated as a rural hospital and that meets the criteria  
 811 of this paragraph shall be granted such designation upon  
 812 application, including supporting documentation to the Agency

813 for Health Care Administration.

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

- 817 1. Twenty-four-hour emergency medical care;
- 818 2. Temporary inpatient care for periods of 96 ~~72~~ hours or  
 819 less to patients requiring stabilization before discharge or  
 820 transfer to another hospital. The 96-hour ~~72-hour~~ limitation  
 821 does not apply to respite, skilled nursing, hospice, or other  
 822 nonacute care patients; and
- 823 3. Has at least ~~no more than~~ six licensed acute care  
 824 inpatient beds.

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

829 Section 6. Subsection (1) of section 395.603, Florida  
 830 Statutes, is amended to read:

831 395.603 Deactivation of general hospital beds; rural  
 832 hospital impact statement.--

833 (1) ~~The agency shall establish, by rule, a process by~~  
 834 ~~which~~ A rural hospital, as defined in s. 395.602, which that  
 835 seeks licensure as a rural primary care hospital or ~~as an~~  
 836 ~~emergency care hospital, or~~ becomes a certified rural health  
 837 clinic as defined in Pub. L. No. 95-210, or becomes a primary  
 838 care program such as a county health department, community  
 839 health center, or other similar outpatient program that provides  
 840 preventive and curative services, may deactivate general

841 hospital beds. A critical access hospital or a rural primary  
 842 care hospital ~~hospitals and emergency care hospitals~~ shall  
 843 maintain the number of actively licensed general hospital beds  
 844 necessary for the facility to be certified for Medicare  
 845 reimbursement. Hospitals that discontinue inpatient care to  
 846 become rural health care clinics or primary care programs shall  
 847 deactivate all licensed general hospital beds. All hospitals,  
 848 clinics, and programs with inactive beds shall provide 24-hour  
 849 emergency medical care by staffing an emergency room. Providers  
 850 with inactive beds shall be subject to the criteria in s.  
 851 395.1041. The agency shall specify in rule requirements for  
 852 making 24-hour emergency care available. Inactive general  
 853 hospital beds shall be included in the acute care bed inventory,  
 854 maintained by the agency for certificate-of-need purposes, for  
 855 10 years from the date of deactivation of the beds. After 10  
 856 years have elapsed, inactive beds shall be excluded from the  
 857 inventory. The agency shall, at the request of the licensee,  
 858 reactivate the inactive general beds upon a showing by the  
 859 licensee that licensure requirements for the inactive general  
 860 beds are met.

861 Section 7. Section 395.604, Florida Statutes, is amended  
 862 to read:

863 395.604 ~~Other~~ Rural primary care hospitals ~~hospital~~  
 864 ~~programs~~ . . .

865 (1) The agency may license rural primary care hospitals  
 866 subject to federal approval for participation in the Medicare  
 867 and Medicaid programs. Rural primary care hospitals shall be  
 868 treated in the same manner as ~~emergency care hospitals and rural~~

869 hospitals with respect to ss. ~~395.605(2)(8)(a),~~  
870 408.033(2)(b)3.7 and 408.038.

871 (2) ~~The agency may designate essential access community~~  
872 ~~hospitals.~~

873 ~~(3)~~ The agency may adopt licensure rules for rural primary  
874 care hospitals ~~and essential access community hospitals.~~ Such  
875 rules must conform to s. 395.1055.

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

879 (4) For the purpose of participation in the Medical  
880 Education Reimbursement and Loan Repayment Program as defined in  
881 s. 1009.65 or other loan repayment or incentive programs  
882 designed to relieve medical workforce shortages, the department  
883 shall treat rural primary care hospitals in the same manner as  
884 rural hospitals.

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

889 (6) Rural hospitals that make application under the  
890 certificate-of-need program to be licensed as rural primary care  
891 hospitals shall receive expedited review as defined in s.  
892 408.032. Rural primary care hospitals seeking relicensure as  
893 acute care general hospitals shall also receive expedited  
894 review.

895 (7) Rural primary care hospitals are exempt from  
896 certificate-of-need requirements for home health and hospice



897 services and for swing beds in a number that does not exceed  
 898 one-half of the facility's licensed beds.

899 (8) Rural primary care hospitals shall have agreements  
 900 with other hospitals, skilled nursing facilities, home health  
 901 agencies, and providers of diagnostic-imaging and laboratory  
 902 services that are not provided on site but are needed by  
 903 patients.

904 ~~(4) The department may seek federal recognition of~~  
 905 ~~emergency care hospitals authorized by s. 395.605 under the~~  
 906 ~~essential access community hospital program authorized by the~~  
 907 ~~Omnibus Budget Reconciliation Act of 1989.~~

908 Section 8. Section 395.6061, Florida Statutes, is amended  
 909 to read:

910 395.6061 Rural hospital capital improvement.--There is  
 911 established a rural hospital capital improvement grant program.

912 (1) A rural hospital as defined in s. 395.602 may apply to  
 913 the department for a grant to acquire, repair, improve, or  
 914 upgrade systems, facilities, or equipment. The grant application  
 915 must provide information that includes:

916 (a) A statement indicating the problem the rural hospital  
 917 proposes to solve with the grant funds;

918 (b) The strategy proposed to resolve the problem;

919 (c) The organizational structure, financial system, and  
 920 facilities that are essential to the proposed solution;

921 (d) The projected longevity of the proposed solution after  
 922 the grant funds are expended;

923 (e) Evidence of participation in a rural health network as  
 924 defined in s. 381.0406 and evidence that, after July 1, 2008,

925 the application is consistent with the rural health network's  
 926 long-range development plan;

927 (f) Evidence that the rural hospital has difficulty in  
 928 obtaining funding or that funds available for the proposed  
 929 solution are inadequate;

930 (g) Evidence that the grant funds will assist in  
 931 maintaining or returning the hospital to an economically stable  
 932 condition or that any plan for closure of the hospital or  
 933 realignment of services will involve development of innovative  
 934 alternatives for the provision of needed discontinued services;

935 (h) Evidence of a satisfactory record-keeping system to  
 936 account for grant fund expenditures within the rural county; and

937 (i) ~~A rural health network plan that includes a~~  
 938 ~~description of how the plan was developed, the goals of the~~  
 939 ~~plan, the links with existing health care providers under the~~  
 940 ~~plan,~~ Indicators quantifying the hospital's financial status  
 941 ~~well being~~, measurable outcome targets, and the current physical  
 942 and operational condition of the hospital.

943 (2) Each rural hospital as defined in s. 395.602 shall  
 944 receive a minimum of \$200,000 ~~\$100,000~~ annually, subject to  
 945 legislative appropriation, upon application to the Department of  
 946 Health, for projects to acquire, repair, improve, or upgrade  
 947 systems, facilities, or equipment.

948 (3) Any remaining funds may ~~shall~~ annually be disbursed to  
 949 rural hospitals in accordance with this section. The Department  
 950 of Health shall establish, by rule, criteria for awarding grants  
 951 for any remaining funds, which must be used exclusively for the  
 952 support and assistance of rural hospitals as defined in s.

953 395.602, including criteria relating to the level of charity  
954 ~~uncompensated~~ care rendered by the hospital, the financial  
955 stability of the hospital, financial and quality indicators for  
956 the hospital, whether the project is sustainable beyond the  
957 funding period, the hospital's ability to improve or expand  
958 services, the hospital's participation in a rural health network  
959 as defined in s. 381.0406, and the proposed use of the grant by  
960 the rural hospital to resolve a specific problem. The department  
961 must consider any information submitted in an application for  
962 the grants in accordance with subsection (1) in determining  
963 eligibility for and the amount of the grant, ~~and none of the~~  
964 ~~individual items of information by itself may be used to deny~~  
965 ~~grant eligibility.~~

966 (4) The department shall ensure that the funds are used  
967 solely for the purposes specified in this section. The total  
968 grants awarded pursuant to this section shall not exceed the  
969 amount appropriated for this program.

970 Section 9. Paragraph (b) of subsection (12) of section  
971 409.908, Florida Statutes, is amended to read:

972 409.908 Reimbursement of Medicaid providers.--Subject to  
973 specific appropriations, the agency shall reimburse Medicaid  
974 providers, in accordance with state and federal law, according  
975 to methodologies set forth in the rules of the agency and in  
976 policy manuals and handbooks incorporated by reference therein.  
977 These methodologies may include fee schedules, reimbursement  
978 methods based on cost reporting, negotiated fees, competitive  
979 bidding pursuant to s. 287.057, and other mechanisms the agency  
980 considers efficient and effective for purchasing services or

981 goods on behalf of recipients. If a provider is reimbursed based  
982 on cost reporting and submits a cost report late and that cost  
983 report would have been used to set a lower reimbursement rate  
984 for a rate semester, then the provider's rate for that semester  
985 shall be retroactively calculated using the new cost report, and  
986 full payment at the recalculated rate shall be effected  
987 retroactively. Medicare-granted extensions for filing cost  
988 reports, if applicable, shall also apply to Medicaid cost  
989 reports. Payment for Medicaid compensable services made on  
990 behalf of Medicaid eligible persons is subject to the  
991 availability of moneys and any limitations or directions  
992 provided for in the General Appropriations Act or chapter 216.  
993 Further, nothing in this section shall be construed to prevent  
994 or limit the agency from adjusting fees, reimbursement rates,  
995 lengths of stay, number of visits, or number of services, or  
996 making any other adjustments necessary to comply with the  
997 availability of moneys and any limitations or directions  
998 provided for in the General Appropriations Act, provided the  
999 adjustment is consistent with legislative intent.

1000 (12)

1001 (b) The agency shall adopt a fee schedule, subject to any  
1002 limitations or directions provided for in the General  
1003 Appropriations Act, based on a resource-based relative value  
1004 scale for pricing Medicaid physician services. Under this fee  
1005 schedule, physicians shall be paid a dollar amount for each  
1006 service based on the average resources required to provide the  
1007 service, including, but not limited to, estimates of average  
1008 physician time and effort, practice expense, and the costs of

1009 professional liability insurance. The fee schedule shall provide  
 1010 increased reimbursement for preventive and primary care services  
 1011 and lowered reimbursement for specialty services by using at  
 1012 least two conversion factors, one for cognitive services and  
 1013 another for procedural services. The fee schedule shall not  
 1014 increase total Medicaid physician expenditures unless moneys are  
 1015 available, ~~and shall be phased in over a 2 year period beginning~~  
 1016 ~~on July 1, 1994.~~ The Agency for Health Care Administration shall  
 1017 seek the advice of a 16-member advisory panel in formulating and  
 1018 adopting the fee schedule. The panel shall consist of Medicaid  
 1019 physicians licensed under chapters 458 and 459 and shall be  
 1020 composed of 50 percent primary care physicians and 50 percent  
 1021 specialty care physicians.

1022 Section 10. Paragraph (h) of subsection (2) of section  
 1023 499.012, Florida Statutes, is amended to read:

1024 499.012 Wholesale distribution; definitions; permits;  
 1025 applications; general requirements.--

1026 (2) The following types of wholesaler permits are  
 1027 established:

1028 (h) Limited prescription drug veterinary wholesaler  
 1029 permit.--Unless engaging in the activities of and permitted as a  
 1030 prescription drug manufacturer, nonresident prescription drug  
 1031 manufacturer, prescription drug wholesaler, or out-of-state  
 1032 prescription drug wholesaler, a limited prescription drug  
 1033 veterinary wholesaler permit is required for any person that  
 1034 engages in the distribution in or into this state of veterinary  
 1035 prescription drugs and prescription drugs subject to, defined  
 1036 by, or described by s. 503(b) of the Federal Food, Drug, and

1037 Cosmetic Act under the following conditions:

1038 1. The limited prescription drug veterinary wholesaler,  
 1039 after being permitted as a limited prescription drug veterinary  
 1040 wholesaler, only distributes ~~person is engaged in the business~~  
 1041 ~~of wholesaling~~ prescription and veterinary legend drugs to  
 1042 persons:

1043 a. Licensed as veterinarians practicing on a full-time  
 1044 basis;

1045 b. Owning a veterinary establishment permitted pursuant to  
 1046 s. 474.215;

1047 ~~c.d.~~ Regularly and lawfully engaged in instruction in  
 1048 veterinary medicine;

1049 ~~d.e.~~ Regularly and lawfully engaged in law enforcement  
 1050 activities;

1051 ~~e.d.~~ For use in research not involving clinical use; ~~or~~

1052 ~~f.e.~~ For use in chemical analysis or physical testing or  
 1053 for purposes of instruction in law enforcement activities,  
 1054 research, or testing;

1055 g. Holding a prescription drug veterinary wholesaler  
 1056 permit or a limited prescription drug veterinary wholesaler  
 1057 permit; or

1058 h. Holding an authorization, license, or permit issued by  
 1059 another state to engage in the purchase or sale of prescription  
 1060 drugs for wholesale distribution, provided such persons are  
 1061 located outside of this state and are not authorized to purchase  
 1062 or sell prescription drugs for wholesale distribution in or into  
 1063 this state except as otherwise authorized in this subparagraph.

1064 2. No more than 30 percent of total annual prescription

1065 drug sales may be prescription drugs approved for human use  
1066 which are subject to, defined by, or described by s. 503(b) of  
1067 the Federal Food, Drug, and Cosmetic Act.

1068       3. The limited prescription drug veterinary wholesaler  
1069 certifies under oath to the department that the wholesaler will  
1070 not knowingly distribute prescription drugs defined in s. 503(b)  
1071 of the Federal Food, Drug, and Cosmetic Act in any state to any  
1072 person other than those specified in subparagraph 1. ~~The person~~  
1073 ~~is not permitted, licensed, or otherwise authorized in any state~~  
1074 ~~to wholesale prescription drugs subject to, defined by, or~~  
1075 ~~described by s. 503(b) of the Federal Food, Drug, and Cosmetic~~  
1076 ~~Act to any person who is authorized to sell, distribute,~~  
1077 ~~purchase, trade, or use these drugs on or for humans.~~

1078       4. A limited prescription drug veterinary wholesaler that  
1079 applies to the department for a new permit or the renewal of a  
1080 permit must submit a bond of \$20,000, or other equivalent means  
1081 of security acceptable to the department, such as an irrevocable  
1082 letter of credit or a deposit in a trust account or financial  
1083 institution, payable to the Florida Drug, Device, and Cosmetic  
1084 Trust Fund. The purpose of the bond is to secure payment of any  
1085 administrative penalties imposed by the department and any fees  
1086 and costs incurred by the department regarding that permit which  
1087 are authorized under state law and which the permittee fails to  
1088 pay 30 days after the fine or costs become final. The department  
1089 may make a claim against such bond or security until 1 year  
1090 after the permittee's license ceases to be valid or until 60  
1091 days after any administrative or legal proceeding authorized in  
1092 ss. 499.001-499.081 which involves the permittee is concluded,

1093 including any appeal, whichever occurs later.

1094 5. A limited prescription drug veterinary wholesaler must  
 1095 maintain at all times a license or permit to engage in the  
 1096 wholesale distribution of prescription drugs in compliance with  
 1097 laws of the state in which it is a resident.

1098 6. A limited prescription drug veterinary wholesaler must  
 1099 comply with the requirements for wholesale distributors under s.  
 1100 499.0121, except that a limited prescription drug veterinary  
 1101 wholesaler is not required to provide a pedigree paper as  
 1102 required by s. 499.0121(6)(f) upon the wholesale distribution of  
 1103 a prescription drug to a veterinarian or to the owner of a  
 1104 veterinary establishment permitted pursuant to s. 474.215.

1105 7. A limited prescription drug veterinary wholesaler may  
 1106 not return to inventory for subsequent wholesale distribution  
 1107 any prescription drug subject to, defined by, or described by s.  
 1108 503(b) of the Federal Food, Drug, and Cosmetic Act which has  
 1109 been returned by a veterinarian or by the owner of a veterinary  
 1110 establishment permitted pursuant to s. 474.215.

1111 8. An out-of-state prescription drug wholesaler's permit  
 1112 or a limited prescription drug veterinary wholesaler permit is  
 1113 not required for an intracompany sale or transfer of a  
 1114 prescription drug from an out-of-state establishment that is  
 1115 duly licensed to engage in the wholesale distribution of  
 1116 prescription drugs in its state of residence to a licensed  
 1117 limited prescription drug veterinary wholesaler in this state if  
 1118 both wholesalers conduct wholesale distributions of prescription  
 1119 drugs under the same business name. The recordkeeping  
 1120 requirements of s. 499.0121(6) must be followed for this



1121 transaction.

1122 Section 11. Subsection (43) of section 408.07, Florida  
 1123 Statutes, is amended to read:

1124 408.07 Definitions.--As used in this chapter, with the  
 1125 exception of ss. 408.031-408.045, the term:

1126 (43) "Rural hospital" means an acute care hospital  
 1127 licensed under chapter 395, having 100 or fewer licensed beds  
 1128 and an emergency room, and which is:

1129 (a) The sole provider within a county with a population  
 1130 density of no greater than 100 persons per square mile;

1131 (b) An acute care hospital, in a county with a population  
 1132 density of no greater than 100 persons per square mile, which is  
 1133 at least 30 minutes of travel time, on normally traveled roads  
 1134 under normal traffic conditions, from another acute care  
 1135 hospital within the same county;

1136 (c) A hospital supported by a tax district or subdistrict  
 1137 whose boundaries encompass a population of 100 persons or fewer  
 1138 per square mile;

1139 (d) A hospital with a service area that has a population  
 1140 of 100 persons or fewer per square mile. As used in this  
 1141 paragraph, the term "service area" means the fewest number of  
 1142 zip codes that account for 75 percent of the hospital's  
 1143 discharges for the most recent 5-year period, based on  
 1144 information available from the hospital inpatient discharge  
 1145 database in the Florida Center for Health Information and Policy  
 1146 Analysis at the Agency for Health Care Administration; or

1147 (e) A critical access hospital.

1148

1149 Population densities used in this subsection must be based upon  
 1150 the most recently completed United States census. A hospital  
 1151 that received funds under s. 409.9116 for a quarter beginning no  
 1152 later than July 1, 2002, is deemed to have been and shall  
 1153 continue to be a rural hospital from that date through June 30,  
 1154 2012, if the hospital continues to have 100 or fewer licensed  
 1155 beds and an emergency room, or meets the criteria of s.  
 1156 395.602(2)(d)4. ~~s. 395.602(2)(e)4.~~ An acute care hospital that  
 1157 has not previously been designated as a rural hospital and that  
 1158 meets the criteria of this subsection shall be granted such  
 1159 designation upon application, including supporting  
 1160 documentation, to the Agency for Health Care Administration.

1161 Section 12. Subsection (6) of section 409.9116, Florida  
 1162 Statutes, is amended to read:

1163 409.9116 Disproportionate share/financial assistance  
 1164 program for rural hospitals.--In addition to the payments made  
 1165 under s. 409.911, the Agency for Health Care Administration  
 1166 shall administer a federally matched disproportionate share  
 1167 program and a state-funded financial assistance program for  
 1168 statutory rural hospitals. The agency shall make  
 1169 disproportionate share payments to statutory rural hospitals  
 1170 that qualify for such payments and financial assistance payments  
 1171 to statutory rural hospitals that do not qualify for  
 1172 disproportionate share payments. The disproportionate share  
 1173 program payments shall be limited by and conform with federal  
 1174 requirements. Funds shall be distributed quarterly in each  
 1175 fiscal year for which an appropriation is made. Notwithstanding  
 1176 the provisions of s. 409.915, counties are exempt from

1177 contributing toward the cost of this special reimbursement for  
 1178 hospitals serving a disproportionate share of low-income  
 1179 patients.

1180 (6) This section applies only to hospitals that were  
 1181 defined as statutory rural hospitals, or their successor-in-  
 1182 interest hospital, prior to January 1, 2001. Any additional  
 1183 hospital that is defined as a statutory rural hospital, or its  
 1184 successor-in-interest hospital, on or after January 1, 2001, is  
 1185 not eligible for programs under this section unless additional  
 1186 funds are appropriated each fiscal year specifically to the  
 1187 rural hospital disproportionate share and financial assistance  
 1188 programs in an amount necessary to prevent any hospital, or its  
 1189 successor-in-interest hospital, eligible for the programs prior  
 1190 to January 1, 2001, from incurring a reduction in payments  
 1191 because of the eligibility of an additional hospital to  
 1192 participate in the programs. A hospital, or its successor-in-  
 1193 interest hospital, which received funds pursuant to this section  
 1194 before January 1, 2001, and which qualifies under s.  
 1195 395.602(2)(d) ~~s. 395.602(2)(e)~~, shall be included in the  
 1196 programs under this section and is not required to seek  
 1197 additional appropriations under this subsection.

1198 Section 13. Paragraph (b) of subsection (2) of section  
 1199 1009.65, Florida Statutes, is amended to read:

1200 1009.65 Medical Education Reimbursement and Loan Repayment  
 1201 Program.--

1202 (2) From the funds available, the Department of Health  
 1203 shall make payments to selected medical professionals as  
 1204 follows:

1205 (b) All payments shall be contingent on continued proof of  
1206 primary care practice in an area defined in s. 395.602(2)(d) ~~s.~~  
1207 ~~395.602(2)(e)~~, or an underserved area designated by the  
1208 Department of Health, provided the practitioner accepts Medicaid  
1209 reimbursement if eligible for such reimbursement. Correctional  
1210 facilities, state hospitals, and other state institutions that  
1211 employ medical personnel shall be designated by the Department  
1212 of Health as underserved locations. Locations with high  
1213 incidences of infant mortality, high morbidity, or low Medicaid  
1214 participation by health care professionals may be designated as  
1215 underserved.

1216 Section 14. Sections 395.605 and 468.807, Florida Statutes,  
1217 are repealed.

1218 Section 15. This act shall take effect July 1, 2007, only  
1219 if specific appropriations are made in the General  
1220 Appropriations Act for fiscal year 2007-2008 to the Department  
1221 of Health to fund the rural hospital capital improvement grant  
1222 program.