

106TH CONGRESS
1ST SESSION

H. R. 1579

To provide for payments to children's hospitals that operate graduate medical education programs.

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 1999

Mrs. JOHNSON of Connecticut (for herself, Mr. BROWN of Ohio, Mr. THOMAS, Mr. GREENWOOD, Mr. BILIRAKIS, Mr. DINGELL, Mr. PORTER, Mr. YOUNG of Florida, Mr. STARK, Mr. CAMP, Mr. RAMSTAD, Ms. DUNN, Mr. NEAL of Massachusetts, Mr. PORTMAN, Mr. KLECZKA, Mr. ENGLISH, Mr. LEWIS of Georgia, Mr. WELLER, Mr. MCINNIS, Mr. BILBRAY, Mr. WAXMAN, Mr. HALL of Texas, Mr. CALLAHAN, Mr. GREEN of Texas, Mr. DIXON, Mr. OLVER, Ms. KILPATRICK, Mr. BACHUS, Mr. BAIRD, Mr. BALADACCI, Mr. BENTSEN, Mr. BLAGOJEVICH, Mr. CAPUANO, Mr. COOK, Mr. DAVIS of Illinois, Mr. DELAHUNT, Mr. FRANK of Massachusetts, Mr. GEJDENSON, Mr. HILLIARD, Mr. INSLEE, Ms. EDDIE BERNICE JOHNSON of Texas, Mrs. JONES of Ohio, Mr. KUCINICH, Mr. LAFALCE, Mr. LATOURETTE, Mr. LARSON, Mrs. MALONEY of New York, Mr. MALONEY of Connecticut, Mr. MCGOVERN, Mr. MOAKLEY, Mr. NEY, Mr. OBERSTAR, Ms. PRYCE of Ohio, Mr. RILEY, Mr. RODRIGUEZ, Mr. RUSH, Mr. SESSIONS, Ms. SCHAKOWSKY, Mr. TANCREDO, Mr. TRAFICANT, Mr. SANDLIN, Mr. SHOWS, Mr. VENTO, Mr. WEYGAND, and Mr. BECERRA) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for payments to children's hospitals that operate graduate medical education programs.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Children’s Hospitals
5 Education and Research Act of 1999”.

6 **SEC. 2. PROGRAM OF PAYMENTS TO CHILDREN’S HOS-**
7 **PITALS THAT OPERATE GRADUATE MEDICAL**
8 **EDUCATION PROGRAMS.**

9 (a) PAYMENTS.—The Secretary shall make two pay-
10 ments under this section to each children’s hospital for
11 each of fiscal years 2000 and 2001, one for the direct ex-
12 penses and the other for indirect expenses associated with
13 operating approved graduate medical residency training
14 programs.

15 (b) AMOUNT OF PAYMENTS.—

16 (1) IN GENERAL.—Subject to paragraph (2),
17 the amounts payable under this section to a chil-
18 dren’s hospital for an approved graduate medical
19 residency training program for a fiscal year are each
20 of the following amounts:

21 (A) DIRECT EXPENSE AMOUNT.—The
22 amount determined under subsection (c) for di-
23 rect expenses associated with operating ap-
24 proved graduate medical residency training pro-
25 grams.

1 (B) INDIRECT EXPENSE AMOUNT.—The
2 amount determined under subsection (d) for in-
3 direct expenses associated with the treatment of
4 more severely ill patients and the additional
5 costs relating to teaching residents in such pro-
6 grams.

7 (2) CAPPED AMOUNT.—

8 (A) IN GENERAL.—The total of the pay-
9 ments made to children’s hospitals under para-
10 graph (1)(A) or paragraph (1)(B) in a fiscal
11 year shall not exceed the funds appropriated
12 under paragraph (1) or (2), respectively, of sub-
13 section (f) for such payments for that fiscal
14 year.

15 (B) PRO RATA REDUCTIONS OF PAYMENTS
16 FOR DIRECT EXPENSES.—If the Secretary de-
17 termines that the amount of funds appropriated
18 under subsection (f)(1) for a fiscal year is in-
19 sufficient to provide the total amount of pay-
20 ments otherwise due for such periods under
21 paragraph (1)(A), the Secretary shall reduce
22 the amounts so payable on a pro rata basis to
23 reflect such shortfall.

24 (c) AMOUNT OF PAYMENT FOR DIRECT GRADUATE
25 MEDICAL EDUCATION.—

1 (1) IN GENERAL.—The amount determined
2 under this subsection for payments to a children’s
3 hospital for direct graduate expenses relating to ap-
4 proved graduate medical residency training pro-
5 grams for a fiscal year is equal to the product of—

6 (A) the updated per resident amount for
7 direct graduate medical education, as deter-
8 mined under paragraph (2)); and

9 (B) the average number of full-time equiv-
10 alent residents in the hospital’s graduate ap-
11 proved medical residency training programs (as
12 determined under section 1886(h)(4) of the So-
13 cial Security Act (42 U.S.C. 1395ww(h)(4)))
14 during the fiscal year.

15 (2) UPDATED PER RESIDENT AMOUNT FOR DI-
16 RECT GRADUATE MEDICAL EDUCATION.—The up-
17 dated per resident amount for direct graduate med-
18 ical education for a hospital for a fiscal year is an
19 amount determined as follows:

20 (A) DETERMINATION OF HOSPITAL SINGLE
21 PER RESIDENT AMOUNT.—The Secretary shall
22 compute for each hospital operating an ap-
23 proved graduate medical education program (re-
24 gardless of whether or not it is a children’s hos-
25 pital) a single per resident amount equal to the

1 average (weighted by number of full-time equiv-
2 alent residents) of the primary care per resident
3 amount and the non-primary care per resident
4 amount computed under section 1886(h)(2) of
5 the Social Security Act for cost reporting peri-
6 ods ending during fiscal year 1997.

7 (B) DETERMINATION OF WAGE AND NON-
8 WAGE-RELATED PROPORTION OF THE SINGLE
9 PER RESIDENT AMOUNT.—The Secretary shall
10 estimate the average proportion of the single
11 per resident amounts computed under subpara-
12 graph (A) that is attributable to wages and
13 wage-related costs.

14 (C) STANDARDIZING PER RESIDENT
15 AMOUNTS.—The Secretary shall establish a
16 standardized per resident amount for each such
17 hospital—

18 (i) by dividing the single per resident
19 amount computed under subparagraph (A)
20 into a wage-related portion and a non-
21 wage-related portion by applying the pro-
22 portion determined under subparagraph
23 (B);

24 (ii) by dividing the wage-related por-
25 tion by the factor applied under section

1 1886(d)(3)(E) of the Social Security Act
2 (42 U.S.C. 1395ww(d)(3)(E)) for dis-
3 charges occurring during fiscal year 1999
4 for the hospital's area; and

5 (iii) by adding the non-wage-related
6 portion to the amount computed under
7 clause (ii).

8 (D) DETERMINATION OF NATIONAL AVER-
9 AGE.—The Secretary shall compute a national
10 average per resident amount equal to the aver-
11 age of the standardized per resident amounts
12 computed under subparagraph (C) for such hos-
13 pitals, with the amount for each hospital
14 weighted by the average number of full-time
15 equivalent residents at such hospital.

16 (E) APPLICATION TO INDIVIDUAL HOS-
17 PITALS.—The Secretary shall compute for each
18 such hospital that is a children's hospital a per
19 resident amount—

20 (i) by dividing the national average
21 per resident amount computed under sub-
22 paragraph (D) into a wage-related portion
23 and a non-wage-related portion by applying
24 the proportion determined under subpara-
25 graph (B);

1 (ii) by multiplying the wage-related
2 portion by the factor described in subpara-
3 graph (C)(ii) for the hospital's area; and

4 (iii) by adding the non-wage-related
5 portion to the amount computed under
6 clause (ii).

7 (F) UPDATING RATE.—The Secretary shall
8 update such per resident amount for each such
9 children's hospital by the estimated percentage
10 increase in the consumer price index for all
11 urban consumers during the period beginning
12 October 1997 and ending with the midpoint of
13 the hospital's cost reporting period that begins
14 during fiscal year 2000.

15 (d) AMOUNT OF PAYMENT FOR INDIRECT MEDICAL
16 EDUCATION.—

17 (1) IN GENERAL.—The amount determined
18 under this subsection for payments to a children's
19 hospital for indirect expenses associated with the
20 treatment of more severely ill patients and the addi-
21 tional costs related to the teaching of residents for
22 a fiscal year is equal to an amount determined ap-
23 propriate by the Secretary.

24 (2) FACTORS.—In determining the amount
25 under paragraph (1), the Secretary shall—

1 (A) take into account variations in case
2 mix among children's hospitals and the number
3 of full-time equivalent residents in the hospitals'
4 approved graduate medical residency training
5 programs; and

6 (B) assure that the aggregate of the pay-
7 ments for indirect expenses associated with the
8 treatment of more severely ill patients and the
9 additional costs related to the teaching of resi-
10 dents under this section in a fiscal year are
11 equal to the amount appropriated for such ex-
12 penses for the fiscal year involved under sub-
13 section (f)(2).

14 (e) MAKING OF PAYMENTS.—

15 (1) INTERIM PAYMENTS.—The Secretary shall
16 determine, before the beginning of each fiscal year
17 involved for which payments may be made for a hos-
18 pital under this section, the amounts of the pay-
19 ments for direct graduate medical education and in-
20 direct medical education for such fiscal year and
21 shall (subject to paragraph (2)) make the payments
22 of such amounts in 26 equal interim installments
23 during such period.

24 (2) WITHHOLDING.—The Secretary shall with-
25 hold up to 25 percent from each interim installment

1 for direct graduate medical education paid under
2 paragraph (1).

3 (3) RECONCILIATION.—At the end of each fis-
4 cal year for which payments may be made under this
5 section, the hospital shall submit to the Secretary
6 such information as the Secretary determines to be
7 necessary to determine the percent (if any) of the
8 total amount withheld under paragraph (2) that is
9 due under this section for the hospital for the fiscal
10 year. Based on such determination, the Secretary
11 shall recoup any overpayments made, or pay any
12 balance due. The amount so determined shall be
13 considered a final intermediary determination for
14 purposes of applying section 1878 of the Social Se-
15 curity Act (42 U.S.C. 1395oo) and shall be subject
16 to review under that section in the same manner as
17 the amount of payment under section 1886(d) of
18 such Act (42 U.S.C. 1395ww(d)) is subject to review
19 under such section.

20 (f) AUTHORIZATION OF APPROPRIATIONS.—

21 (1) DIRECT GRADUATE MEDICAL EDUCATION.—

22 (A) IN GENERAL.—There are hereby au-
23 thorized to be appropriated, out of any money
24 in the Treasury not otherwise appropriated, for
25 payments under subsection (b)(1)(A) —

1 (i) for fiscal year 2000, \$90,000,000;

2 and

3 (ii) for fiscal year 2001, \$95,000,000.

4 (B) CARRYOVER OF EXCESS.—The
5 amounts appropriated under subparagraph (A)
6 for fiscal year 2000 shall remain available for
7 obligation through the end of fiscal year 2001.

8 (2) INDIRECT MEDICAL EDUCATION.—There
9 are hereby authorized to be appropriated, out of any
10 money in the Treasury not otherwise appropriated,
11 for payments under subsection (b)(1)(A) —

12 (A) for fiscal year 2000, \$190,000,000;

13 and

14 (B) for fiscal year 2001, \$190,000,000.

15 (f) RELATION TO MEDICARE AND MEDICAID PAY-
16 MENTS.—Notwithstanding any other provision of law,
17 payments under this section to a hospital for fiscal years
18 2000 and 2001—

19 (1) are in lieu of any amounts otherwise pay-
20 able to the hospital under section 1886(h) or
21 1886(d)(5)(B) of the Social Security Act (42 U.S.C.
22 1395ww(h); 1395ww(d)(5)B)) for portions of cost
23 reporting periods occurring during such fiscal years;
24 but

1 (2) shall not affect the amounts otherwise pay-
2 able to such hospitals under a State medicaid plan
3 under title XIX of such Act (42 U.S.C. 1396 et
4 seq.).

5 (g) DEFINITIONS.—In this section:

6 (1) APPROVED GRADUATE MEDICAL RESIDENCY
7 TRAINING PROGRAM.—The term “approved graduate
8 medical residency training program” has the mean-
9 ing given the term “approved medical residency
10 training program” in section 1886(h)(5)(A) of the
11 Social Security Act (42 U.S.C. 1395ww(h)(5)(A)).

12 (2) CHILDREN’S HOSPITAL.—The term “chil-
13 dren’s hospital” means a hospital described in sec-
14 tion 1886(d)(1)(B)(iii) of the Social Security Act
15 (42 U.S.C. 1395ww(d)(1)(B)(iii)).

16 (3) DIRECT GRADUATE MEDICAL EDUCATION
17 COSTS.—The term “direct graduate medical edu-
18 cation costs” has the meaning given such term in
19 section 1886(h)(5)(C) of the Social Security Act (42
20 U.S.C. 1395ww(h)(5)(C)).

21 (4) SECRETARY.—The term “Secretary” means
22 the Secretary of Health and Human Services.

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